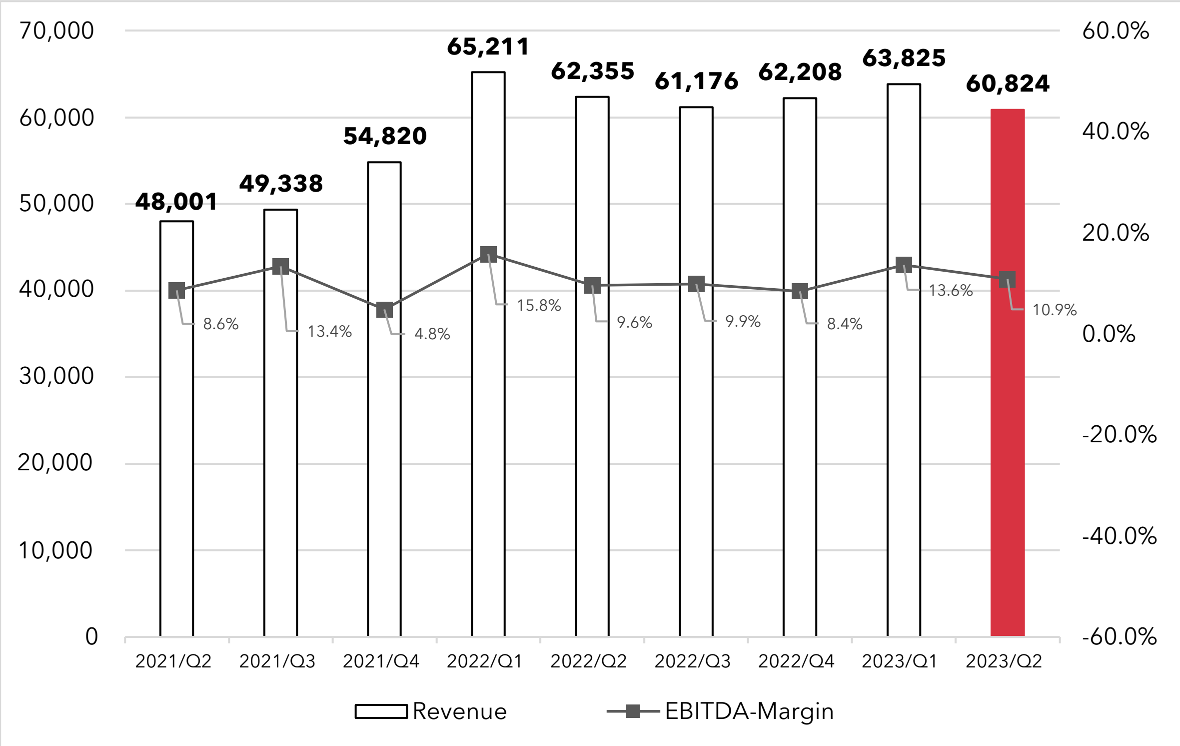
H1/2023

Interim financial report

Key figures

REVENUE BY QUARTER (IN EUR THOUSAND)



GROUP KEY FIGURES (IN EUR THOUSAND)

	2022/Q2	2022/Q3	2022/Q4	2023/Q1	2023/Q2
Revenue	62,355	61,176	62,208	63,825	**60,824**
EBITDA	5,964	6,079	5,226	8,668	**6,603**
as percentage of revenue	9.6	9.9	8.4	13.6	**10.9**
Consolidated profit/loss	-123	934	-586	2,357	**992**
as percentage of revenue	NA	1.5	NA	3.7	**1.6**
Equity	20,973	23,250	22,552	27,782	**25,129**
as percentage of total assets	11.3	12.6	13.1	15.3	**13.6**
Net debt	15,966	17,376	18,142	15,254	**14,859**
as percentage of equity	76	75	80	55	**59**
Share price at the end of the period (in EUR)	3.23	3.02	3.45	3.61	**3.32**
Earnings per share (in EUR) (undiluted)	-0.01	0.06	-0.04	0.15	**0.06**
Earnings per share (in EUR) (diluted)	-0.01	0.06	-0.04	0.15	**0.06**

FP achieves sound revenue and profit performance in first half of 2023

In the first six months of 2023, total revenue decreased by 2.3% to EUR 124.6 million, compared to EUR 127.6 million in the same period last year

Digital Business Solutions revenue increase

- Revenue rises by 9.6% to EUR 15.7 million
- Growth in all areas and revenue contribution from products from acquisitions
- Focus on solutions with clear customer value proposition continuing to pay off

Mailing, Shipping & Office Solutions revenue increase

- Revenue increases by 2.4% to EUR 75.0 million
- FP benefiting from recurring revenue and revenue contribution from integrated Azolver companies
- Negative exchange rate effects of EUR 1.0 million
- Previous year period impacted by positive one-off effects from postal rate change in Germany

Mail Services revenue decline as expected

- Revenue falls by 15.0 % to EUR 34.0 million as expected
- Previous year period benefited from pandemic-related one-off effects

EBITDA falls by 6.3% to EUR 15.3 million compared with EUR 16.3 million in the same period last year; EBITDA margin reaches 12.3%

Forecast for 2023 confirmed: Revenue of EUR 245 million to EUR 255 million and EBITDA of between EUR 28 million and EUR 31 million expected (EBITDA margin of 11.4% to 12.2%)

Dear shareholders and business partners,

The business performance in the first half of 2023 was in line with our expectations. At EUR 124.6 million, revenue remained below the previous year's level of EUR 127.6 million. The comparative period of the previous year was influenced by various positive one-off effects such as Deutsche Post's postal rate change and increased mailings in connection with the coronavirus pandemic. As expected, these one-off effects have not recurred in the current fiscal year. On a normalized basis, there was instead sound growth against the previous year.

Profitability also saw a corresponding satisfactory development. EBITDA amounted to EUR 15.3 million after EUR 16.3 million in the same period of the previous year, likewise reflecting the previous year's one-off effects. As a result, the FP Group's EBITDA margin reached 12.3%.

Overall, the business performance is in line with our expectations, so we are confirming our guidance for the fiscal year of revenue in a range between EUR 245 million and EUR 255 million and EBITDA between EUR 28 million and EUR 31 million.

We are confident that revenue and earnings will increase further as the implementation of our FUTURE@FP transformation programme progresses.

In the first half of 2023, we took many steps that will positively influence the future development of the Group. These include not only the streamlined segment reporting, which conveys the development of the now three business areas more concisely.

The operating companies of Azolver acquired last year are now fully integrated in the FP Group. They strengthen our presence on several European markets, particularly in the Nordic countries. We have gradually obtained the necessary certification for our franking machines in order for the planned replacement of the installed base in these markets.

In addition, we have invested in our product range again over the past few months in terms of both franking machines and digital solutions. We launched a new franking machine – the PostBase Vision A120 – that rounds off our range for medium and large letter volumes – in the year of FP's 100th anniversary.

Business with our digital solutions is characterised by expansion. We have further developed the platform that forms the basis for our digital business model with our SaaS-based solutions such as FP Sign and FP Parcel Shipping.

With FP Parcel Shipping, we have a stand-alone SaaS solution. A significant milestone was its market launch in Norway in the first quarter of 2023 and in the Netherlands in April 2023. Additional markets will follow.

We have integrated the solutions for internal logistics and parcel management taken on as part of acquisitions – Trax and pakadoo – in the Digital Business Solutions area, where they are being developed further in a focussed manner. We have onboarded a number of customers to these solution like universities and hospitals internationally.

With FP Sign, we are increasingly seeing success due to a combination of functions, price and customer-focussed development. Here we have introduced new features and integrated the product in new partner solutions, for example in SharePoint and ELO ECM-System. We have continued implementing new hardware and software to broaden our range with data-based services for input and output management.

Not least, we have managed to make the Mail Services area more profitable despite a number of positive one-off effects in the previous year.

Furthermore, we have achieved a significant milestone in our FUTURE@FP program with the go-live of the new ERP/CRM system in our first operating entities, and we are continuing the further implementation at full speed.

There is undoubtedly still plenty to do, but we can now see that the efforts of the past few years have paid off. FP is on its way to becoming an international technology group, as planned. However, this is still not reflected in the company's valuation on the capital market yet.

At this year's Annual General Meeting on 14 June 2023, we had the opportunity for an open discourse with interested investors. This dialogue is very important to us, which is why we chose to hold the meeting as an in-person event. And of course the fact that all agenda items were approved by a large majority was a positive endorsement.

We will keep informing you about the company's development as usual and would be delighted if you would continue to accompany us constructively on this journey.

Your Management Board

Carsten Lind	Ralf Spielberger
CEO	CFO

INTERIM GROUP MANAGEMENT REPORT

of Francotyp-Postalia Holding AG

for the period from 1 January to 30 June 2023

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

Non-binding convenience translation from German

1. General information on the Group

Francotyp-Postalia Holding AG (hereinafter also referred to as "FP Holding", the "company" or the "parent company"), headquartered in Berlin, is entered in the commercial register of the Local Court of Charlottenburg in Berlin (registration number: HRB 169096 B). Its business address is Prenzlauer Promenade 28, 13089 Berlin, Germany.

Francotyp-Postalia Holding AG is the parent company of direct and indirect subsidiaries (hereinafter referred to as the "FP Group", "FP", "Francotyp-Postalia" or "the company").

Francotyp-Postalia Holding AG's shares are admitted to trading in the Prime Standard (regulated market segment with additional post-admission obligations) of the Frankfurt Stock Exchange.

This interim management report should be read in conjunction with the condensed consolidated interim financial statements, including the notes to the condensed consolidated interim financial statements. The condensed consolidated interim financial statements are based on a number of assumptions and accounting policies, which are described in more detail in the notes to the consolidated financial statements as at 31 December 2022. The new or revised IFRS standards and IFRS interpretations required to be applied as at 30 June 2023 do not have any material impact on the FP Group's reporting.

The interim management report contains statements relating to the future about business, financial performance and income. These statements are based on assumptions and forecasts, which in turn are based on information available at present and current estimates. They are subject to a number of uncertainties and risks. Actual performance may thus differ significantly from expected performance. Beyond legal requirements, Francotyp-Postalia Holding AG is not obliged to update statements relating to the future.

The interim management report for the period from 1 January to 30 June 2023 is prepared in euro (EUR), the functional currency of Francotyp-Postalia Holding AG. Unless stated otherwise, all figures are rounded to euro millions (EUR million) to one decimal place. This may result in rounding differences and the percentages shown may not be exactly comparable to the figures to which they relate. The interim management report has been prepared for the reporting period from 1 January to 30 June 2023 (H1 2023). Unless stated otherwise, comparative figures in the statement of financial position relate to 31 December 2022, while comparative figures in the statement of comprehensive income and the cash flow statement relate to the period from 1 January to 30 June 2022 (H1 2022). In the statement of comprehensive income, the quarterly figures for the period from 1 April to 30 June 2023 (Q2 2023) and the corresponding comparative figures for the period from 1 April to 30 June 2022 (Q2 2022) are also provided.

The general statements made in the combined management report for fiscal year 2022 with regard to the Group's business activities, structure, strategy and management system as well as the area of research and development mostly continue to apply. In the interest of effective management of the Group based on the business strategy, in the first half of 2023 the definition of the business areas and consequently the internal reporting as well as the segment reporting were changed accordingly.

The company, with subsidiaries in various industrialized countries and a dense worldwide dealer network, divided its business activities into three business areas:

- Mailing, Shipping & Office Solutions (MSO),
- Mail Services,
- Digital Business Solutions (DBS).

Mailing, Shipping & Office Solutions

In the Mailing, Shipping & Office Solutions business area, the FP Group develops franking systems. FP produces and sells or leases these systems and offers customers a comprehensive range of products, services and support. The products FP offers to customers in this business area are not limited to franking machines and related hardware – its range also extends to other office supplies and solutions from the digital product spectrum.

Revenues and earnings from digital solutions and products are allocated to the Digital Business Solutions business area.

The business area is reflected in the segment reporting in the Mailing, Shipping & Office Solutions segment, which reports in accordance with local accounting standards.

Mail Services

The Mail Services business area comprises the franking service – collecting unfranked outbound mail and providing franking – and the consolidation service – collecting franked mail, sorting it by postcode and delivering it in batches to a regional office of Deutsche Post AG or an alternative postal distributor. Collection, postage-optimised sorting and delivery to postal service providers takes the pressure off companies with medium and high volumes of letters and helps to reduce the costs that this entails.

The business area is reflected in segment reporting in the Mail Services segment, which reports in accordance with local accounting standards.

Digital Business Solutions

The Digital Business Solutions business area comprises all digital activities with which FP is expanding its business model in a growth-oriented manner. In the Document Workflow Management area, this includes Input and Output Management, enabling customers to efficiently manage their incoming and outgoing mail. In Input Management, incoming physical and digital documents are collected, analysed according to the customer's specific criteria, evaluated and then fed into the customer's data or document system in an electronic form. In Output Management, FP takes care of printing, inserting, franking and handover to delivery services or delivery in digital form. The Business Process Management & Automation area comprises products and solutions for efficient and automated customer process workflows. In addition to digital signatures, this includes solutions for electronic legal transactions. The Shipping & Logistics area includes the SaaS-based parcel shipping software for parcel shipments as well as software solutions for inbound parcel management, asset tracking and internal logistics.

Revenues and earnings from digital solutions such as Parcel Shipping, which are sold through the MSO sales channel, are reported in the Digital Business Solutions business area.

The business area is reflected in segment reporting in the Digital Business Solutions segment, which reports in accordance with local accounting standards.

2. Economic conditions

The macroeconomic environment developed differently in the first half of 2023 across the globe. According to Eurostat,[1] seasonally adjusted gross domestic product (GDP) in the euro zone increased by 0.3% quarter-on-quarter between April and June. In the first quarter of 2023, GDP in the euro zone was unchanged. The German economy did not grow. In the second quarter of 2023, GDP was unchanged compared with the first quarter, according to the Federal Statistical Office[2]. In the first quarter, it had fallen by 0.1%. By contrast, the US economy is on the upswing. GDP[3] rose by 2.4% in the second quarter on an annualized basis. In the first quarter, economic output had already risen by 2.0%.

In July, the International Monetary Fund (IMF) slightly increased its global growth forecast for 2023. The experts expect global growth of 3.0%. This is 0.2 percentage points more than the forecast in April. For Germany, however, the economic research institutes have revised their forecast downward and now anticipate a 0.3% decline in GDP.

The euro/US dollar exchange rate plays an important role when it comes to the FP Group's exports to the US and also to other markets. In the first half of 2023, the euro depreciated slightly against the US dollar, with the average exchange rate coming to around USD 1.081 and thus falling below the previous year's level of USD 1.094 (- 1.2%). This change led to a positive effect on the Group's income statement. In the case of the British pound, there was a significant change in the average exchange rate in the first half of 2023 as compared to the same period of the previous year. The average exchange rate of GBP 0.878 was higher than the previous year's level of GBP 0.842 (+4.2%). Compared to the Canadian dollar, the average euro exchange rate also saw a significant year-on-year change in the first half of the year (+4.6%). The euro increased significantly against the Swedish krona (+7.8%) and also against the Norwegian krone (+12.9%). A higher euro exchange rate has a negative impact on the revenue and earnings development of the FP Group insofar as some of the revenue is generated

[1] Eurostat: https://ec.europa.eu/eurostat/en/web/products-euro-indicators/w/2-16082023-ap
[2] Federal Statistical Office https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/07/PD23_299_811.html
[3] BEA: https://www.bea.gov/news/2023/gross-domestic-product-second-quarter-2023-advance-estimate

in these currencies and converted into euro at Group level.

The FP Group is engaged in the processing of mail in foreign and domestic markets. According to statistics from the Universal Postal Union[4], around 260 billion letters are still being sent around the world each year, albeit with a downward trend (figures for 2022 not yet available). COVID-19 prompted a substantial decline in letter volumes in most countries, especially in 2020, far higher than the previously forecast trend for the next few years. In most countries, the forecast trends will move closer to the pre-COVID-19 trend again in the coming years. The current decreases in the individual countries[5] range between 2-3% (e.g. US) and 7-9% (e.g. France, Sweden). By contrast, the parcel market is enjoying growth on a mid-term level, which was again shored up by COVID-19. Global parcel volumes[6] in 2022 reached around 161 billion shipments, representing a 1% increase on 2021. The strong increase in 2020 and 2021, due mainly to COVID-19, weakened in most countries in 2022, as is also reflected in the low growth rate for 2022. In addition, the weaker economy is having an impact. Over the coming years, the trend is likely to level off around pre-COVID-19 rates again. The global volume is expected to see annual growth (CAGR) of 6% up to 2028. A trend of 3-4% for Germany[7] and 3% for the US[8] is currently anticipated for annual growth (CAGR) in parcel shipments over the next years.

3. Course of business

The FP Group's business performance in the first half of 2023 was in line with expectations. In the first six months of 2023, the company generated revenue of EUR 124.6 million compared to EUR 127.6 million in the same period of the previous year. There were negative exchange rate effects of EUR 1.1 million. As expected, the previous year's positive one-off effects such as the postal rate change in the franking business in Germany (EUR 2.9 million) and one-off customer orders in the mail consolidation business (EUR 10.0 million) did not recur. Not including these one-off effects, FP recorded an increase in revenue for the first six months of fiscal year 2023 compared with the same period of the previous year. The positive impact of the FUTURE@FP transformation programme shows in all three segments in the first half of the fiscal year.

Revenue in the Mailing, Shipping & Office Solutions business area of EUR 75.0 million was slightly above the previous year's level. The operating Azolver companies, which were acquired at the end of March 2022 and are now fully integrated, made a positive contribution and strengthen FP's market position, particularly in the Nordic countries. It should be noted here that the first half of 2022 was positively influenced in the amount of EUR 2.9 million by the postal rate change in Germany. At the same time, the environment remains challenging in light of the global decline in mail volumes. The Digital Business Solutions business area displayed a continued positive development and growth of revenue from EUR 14.3 million in the previous year to EUR 15.7 million in the first half of 2023. The company is expanding capacity for software development, accelerating the international roll-out of solutions and aligning its internal processes even more closely with customer-focused development. In the Mail Services business area, revenue declined to EUR 34.0 million year-on-year (EUR 40.0 million) as expected. In the first half of 2022, revenue was higher than usual due to one-off effects from pandemic-related staff absences at customers and one-time mailings. These one-off effects came to EUR 10.0 million in the first half of 2022.

EBITDA reached EUR 15.3 million compared with EUR 16.3 million in the same period of the previous year. Free cash flow came to EUR 5.5 million compared with EUR 7.4 million in the first half of 2022. FP thus displayed a sound performance, demonstrating the robustness of the Group's business model. The company also enjoys sufficient liquidity and – thanks to the existing syndicated loan agreement – financial flexibility and reserves. In view of the business performance in the first half of 2023, FP is confirming its forecast for the fiscal year as a whole. Further information can be found in the report on expected developments.

In the first half of 2023, the company continued to work on the FUTURE@FP transformation programme, which the Management Board had presented in April 2021. The aim is to transform the company into a sustainably profitable, international technology group in the long term. The cornerstones of the FUTURE@FP transformation programme are simultaneous adjustment of the cost base in line with revenue, the launch of a new, uniform ERP/CRM system, focussed market cultivation and a realignment of FP's digital

[4] Universal Postal Union: https://www.upu.int/en/Universal-Postal-Union/Activities/Research-Publications/Postal-Statistics
[5] US: https://facts.usps.com/table-facts/; France: https://www.lapostegroupe.com/en/investors/hub-investors

[6] Parcel Shipping Index: https://www.pitneybowes.com/us/shipping-index.html
7 BIEK KEP Study 2023: https://www.biek.de/publikationen/studien.html
[8] https://www.pitneybowes.com/us/shipping-index.html

offerings. The company is also continuing to invest in the product portfolio of franking machines – both in hardware and in the associated software solutions. In the Digital Business Solutions segment, FP offers signature solutions as well as various applications for secure electronic communication. In 2023, the FP Group launched its own SaaS solution Parcel Shipping on the Dutch and Norwegian market.

On 14 June 2023, Mr Johannes Boot was elected by 90.5% of the votes represented at the Annual General Meeting as a new member of the Supervisory Board until the Annual General Meeting in 2025. This corresponds to the remainder of the regular term of office of the members elected by the Annual General Meeting in June 2021. An additional election was required because Mr Lars Wittan had resigned as a Supervisory Board member at the end of the Annual General Meeting in 2023.

On 14 March 2023, Francotyp-Postalia Holding AG was informed that Obotritia Capital KGaA had sold its shares (formerly 28.01%) in Francotyp-Postalia Holding AG in full with effect from 7 March 2023. The new major shareholder became OSP Alpha Management Limited, Eden Island SC Mahe, which held 25.34% of the shares in the Company. OSP Alpha Management is backed by Dr. Dirk Markus. OSP Alpha Management Limited had sold its shares to Olive Tree Invest GmbH, Grünwald in full with effect from 25 April 2023. Olive Tree Invest GmbH, which holds now 25.34% of the shares in the Company, is backed by LOTUS FamilyInvest AG, Innsbruck, Austria.

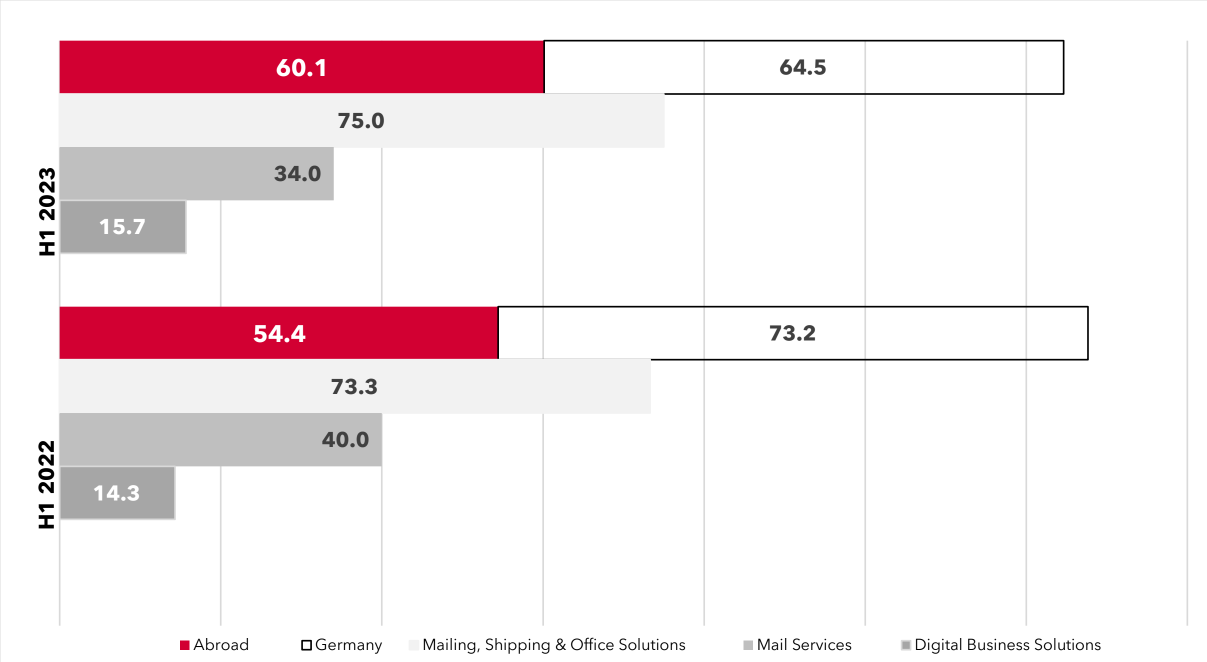
4. Position of the Group

4.1 Earnings position of the Group

The development in the material items in the consolidated statement of comprehensive income was as follows:

in EUR million	H1 2023	H1 2022	Q2 2023	Q2 2022
Revenue	**124.6**	**127.6**	**60.8**	**62.4**
Change in inventories	-0.1	0.5	-0.4	-0.2
Own work capitalised	3.9	3.2	1.8	1.4
Overall performance	**128.5**	**131.3**	**62.3**	**63.6**
Other operating income	1.0	0.9	0.4	0.6
Cost of materials	58.5	64.6	28.2	30.7
Employee benefit expanses	33.8	31.0	16.7	16.8
Expenses from impairment losses less income from reversals of impairment losses on trade receivables	1.1	1.2	0.6	0.2
Other operating expenses	20.9	19.1	10.6	10.5
EBITDA	**15.3**	**16.3**	**6.6**	**6.0**
Amortisation, depreciation and impairment	8.8	9.9	4.3	4.9
Net interest income	0.2	0.8	0.4	0.4
Other financial result	-0.3	1.0	0.1	0.7
Income taxes	-3.0	-3.0	-1.8	-2.2
Consolidated profit/loss	**3.3**	**5.2**	**1.0**	**-0.1**

4.1.1 Development of consolidated revenue



The first half of 2023 was subject to challenging economic conditions. Nonetheless, FP held its own well in this market environment and achieved a sound performance overall, demonstrating the robustness of the business model.

Revenue in the biggest business area – Mailing, Shipping & Office Solutions – rose by 2.4% to EUR 75.0 million in the first six months of 2023 (previous year: EUR 73.3 million). There were negative exchange rate effects of EUR 1.0 million. This area is dominated by the PostBase product family. The revenue development reflects the positive effects of the transformation programme.

In the biggest foreign market, the US, FP increased its revenue to EUR 28.5 million (previous year: EUR 27.1 million). In most European countries, revenue remained stable or decreased slightly. In Germany, the first half of 2022 was influenced by a positive effect of EUR 2.9 million in the course of the postal rate change. Revenue in Germany therefore slightly declined.

At the same time, the environment remains challenging in light of the global decline in mail volumes. Given the existing product range, which is based around the smaller letter volumes sector, and the high share of recurring revenue, the Group still enjoys a solid business model and is comparatively well positioned for the future in this market segment. Nonetheless, the franking machine business is undergoing a global downturn. This makes it all the more positive that FP also managed to generate organic growth in the first half of 2023.

Revenue in the Mail Services business area declined to EUR 34.0 million in the first half of 2023 compared with EUR 40.0 million in the same period of the previous year. In the first half of 2022, revenue was considerably higher than usual due to one-off effects from pandemic-related staff absences at customers and one-time mailings. These one-off effects came to EUR 10.0 million in the first half of 2022. Not including the one-off effects in the previous year, revenue growth was achieved in the first half of 2023. After positive experience in the pandemic, customer continue outsourcing the franking service, resulting in higher share of franking volumes in first half of 2023.

Revenue in the Digital Business Solutions (DBS) business area posted a year-on-year increase from EUR 14.3 million to EUR 15.7 million in the reporting period. In the DBS business area, FP is expanding its solutions and in the second quarter it continued the implementation of new hardware and software that it had begun in March 2023. The company is thus broadening its input and output management range with data-based services. Another revenue driver is FP Sign. Here, FP can hold its ground well on the market with a combination of functions and price, and especially with its approach to collaborating with customers:

- an easy-to-use product that covers most of the usual signature functions,
- additional services that are easy to install, e.g. white labeling, allowing for customer-specific adjustment,
- close involvement of customers in product development, e.g. with customer councils and high consulting standards.

FP is also implementing further integrations in the first half of the year, e.g. in ELO Digital Office, an established ECM system.

In the field of secure electronic communication, FP has been offering the special electronic mailbox for public authorities (beBPo) since 2022 already. Starting from January 2024, all companies and professional groups such as experts, interpreters and appraisers must also switch to digital communication with courts. This will take place using the electronic mailbox for citizens and organisations (eBO), which FP launched on the market in June 2023.

In the field of shipping and logistics, FP achieved important milestones with the market launch of FP Parcel Shipping in Norway in the first quarter of 2023 and in the Netherlands in the second quarter of 2023. These represent the first international market launches of FP's own SaaS solution. Additional markets will follow. With regard to solutions for internal logistics and inbound parcel management, FP has onboarded a number of customers like universities and hospitals internationally.

REVENUE BY PRODUCTS AND SERVICES

In EUR million	H1 2023	H1 2022	Change in %	Q2 2023	Q2 2022
Product sales income (Franking and Inserting)	**17.7**	17.9	-0.9	**8.7**	9.4
Service/customer service	**15.7**	16.5	-4.7	**7.7**	8.5
Consumables	**14.1**	12.8	10.5	**6.7**	5.8
Telepostage	**4.7**	4.7	0.7	**2.5**	2.8
Mail Services	**34.0**	40.0	-15.0	**16.8**	17.5
Software/Digital	**15.7**	14.3	9.6	**7.2**	6.6
Revenue in accordance with IFRS 15	**101.9**	**106.1**	**-4.0**	**49.6**	**50.7**
Finance lease	**7.9**	5.8	38.1	**4.2**	3.2
Operating lease	**15.0**	15.9	-5.5	**7.3**	8.5
Revenue in accordance with IFRS 16	**23.0**	**21.6**	**6.1**	**11.5**	**11.8**
Reduction in revenue due to currency effects from hedge accounting	**-0.2**	-0.2	23.0	**-0.2**	-0.1
Revenue total	**124.6**	**127.6**	**-2.3**	**60.8**	**62.4**
Non-recurring revenue	**34%**	32%		**34%**	36%
Recurring revenue	**67%**	68%		**66%**	64%

In service business, revenue decreased slightly year-on-year to EUR 15.7 million (previous year: EUR 16.5 million). Income from product sales in the franking and inserting category remained stable year-on-year at EUR 17.7 million (previous year: EUR 17.9 million). Revenue from leasing business increased in the first six months of 2023 by 6.1% compared with the previous year's level. In the Mail Services product category, there was a significant decline of 15.0% due to the one-off effects in the previous year, whereas Software/Digital grew by 9.6%.

4.1.2 Own work capitalised

Own work capitalised marked an increase to EUR 3.9 million in the first half of 2023 (+20.3% year-on-year) and was mainly attributable to leased products and increased development of new products.

4.1.3 Other operating income

The EUR 0.2 million increase in other operating income to EUR 1.0 million in the first half of 2023 was largely due to the derecognition of liabilities in the amount of EUR 0.3 million.

4.1.4 Cost of materials

In the first half of 2023, the FP Group's cost of materials decreased by 9.4% to EUR 58.5 million, compared with EUR 64.6 million in the same period of the previous year. This was attributable to reduced activities in the Mail Services business area and the product mix in the reporting period. Expenses for raw materials, consumables and supplies thus increased to EUR 22.1 million compared with EUR 21.7 million in the same period of the previous year. The general rise in costs for franking machine components contributed to this increase. At EUR 36.5 million, the cost of purchased services was down significantly on the same period of the previous year (EUR 42.9 million), mainly in line with the decline in revenue in the Mail Service business area. The cost of materials ratio – the cost of materials as a percentage of revenue – improved to 47.0% in the reporting period (previous year: 50.6%).

4.1.5 Employee benefit expenses

Employee benefit expenses increased by 8.9% to EUR 33.8 million in the first half of 2023 (previous year: EUR 31.0 million). The increase is mainly attributable to the acquisition of operating Azolver companies and also the expansion of software development capacity. The employee benefit ratio – employee benefit expenses as a percentage of revenue – increased from 24.3% to 27.1%.

4.1.6 Expenses from impairment losses less income from reversals of impairment losses on trade receivables

Expenses from impairment losses less income from reversals of impairment losses on trade receivables were EUR 1.1 million and thus slightly lower than in the previous year (EUR 1.2 million).

4.1.7 Other operating expenses

Other operating expenses rose by EUR 1.8 million year-on-year from EUR 19.1 million to EUR 20.9 million in the first half of 2023. Increases mainly relate to staff-related costs (EUR 0.7 million), external IT services (EUR 0.6 million) and costs for repairs and maintenance (EUR 0.5 million).

4.1.8 EBITDA

In the first half of 2023, the FP Group generated EBITDA of EUR 15.3 million (-6.3% year-on-year). The FP Group's EBITDA margin came to 12.3% after 12.8% in the same period of the previous year.

EBITDA was impacted mainly by the reduced revenue. It should also be noted that the comparative period of the previous year was characterised by positive one-off effects on both revenue and EBITDA.

4.1.9 Amortisation, depreciation and impairments

Amortisation, depreciation and impairment decreased by 11.4% year-on-year from EUR 9.9 million to EUR 8.8 million in the first half of 2023. This was due primarily to lower amortisation of intangible assets. In the same period of the previous year, impairment losses of EUR 0.4 million had been recognised on capitalised development costs of IoT projects.

4.1.10 Net interest income

Net interest income fell by EUR 0.6 million to EUR 0.2 million in the first half of 2023. This was due to increased interest expenses owed to banks and other financial liabilities as a result of the general rise in interest rates.

4.1.11 Other financial result

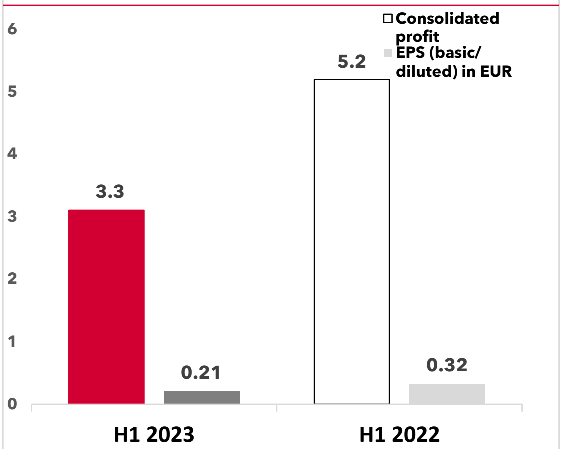
The FP Group posted an other financial result of EUR -0.3 million in the first half of 2023 (previous year: EUR 1.0 million). This development is primarily due to exchange rate effects on the measurement of intragroup items in the statement of financial position at the reporting date.

4.1.12 Income taxes

Expenses from income taxes totalled EUR 3.0 million in the first half of 2023 (previous year: EUR 3.0 million). This corresponds to a tax rate of 47.1% (previous year: 36.9%). The increase in the tax rate is mainly due to prior-period income tax expenses and unrecognised deferred tax assets on loss carryforwards.

4.1.13 Consolidated profit

CONSOLIDATED PROFIT (in EUR million and EPS (basic/diluted) in EUR)



Consolidated profit declined to EUR 3.3 million in the first half of 2023 after EUR 5.2 million in the first half of 2022. Net interest income and the financial result had a greater impact than the decline in EBITDA on the decline in consolidated profit. In the first half of 2023, the FP Group generated earnings per share (EPS) of EUR 0.21 (basic/diluted) after EUR 0.32 (basic/diluted) in the first half of 2022.

4.1.14 Summary of results per segment

The segments report according to local accounting standards. For further information, please refer to section II, "Segment reporting", in the notes to the condensed consolidated interim financial statements. The following table shows the revenue and EBITDA of the segments. Due to the change in the segment structure in first half of 2023, the previous year's figures have been adjusted in the interests of better comparability.

SUMMARY OF RESULTS PER SEGMENT

	Revenue			EBITDA		
In EUR million	H1 2023	H1 2022	Change in %	H1 2023	H1 2022	Change in %
Mailing, Shipping & Office Solutions [1]	76.2	74.1	2.9	16.3	21.0	-22.5
Mail Services [1]	34.0	40.0	-15.0	1.5	1.4	2.7
Digital Business Solutions [1]	15.0	14.1	6.5	0.5	0.3	62.6
Not allocated to any segment	0.3	0.1	382.2	-5.7	-3.1	85.3
Group reconciliation	-0.9	-0.6	36.3	2.7	-3.4	-179.4
Group	124.6	127.6	-2.3	15.3	16.3	-6.3

	Revenue			EBITDA		
In EUR million	Q2 2023	Q2 2022	Change in %	Q2 2023	Q2 2022	Change in %
Mailing, Shipping & Office Solutions [1]	37.5	38.7	-3.1	7.2	9.7	-25.6
Mail Services [1]	16.8	17.5	-4.2	0.6	0.4	46.0
Digital Business Solutions [1]	6.9	6.5	5.5	-0.2	-0.3	-34.9
Not allocated to any segment	0.2	0.0	n/a	-2.7	-2.0	37.5
Group reconciliation	-0.5	-0.4	17.1	1.7	-1.9	n/a
Group	60.8	62.4	-2.5	6.6	6.0	10.7

[1] Revenue with third parties and EBITDA, according to local accounting standards

4.2 Financial position of the Group

4.2.1 Principles and objectives of financial management

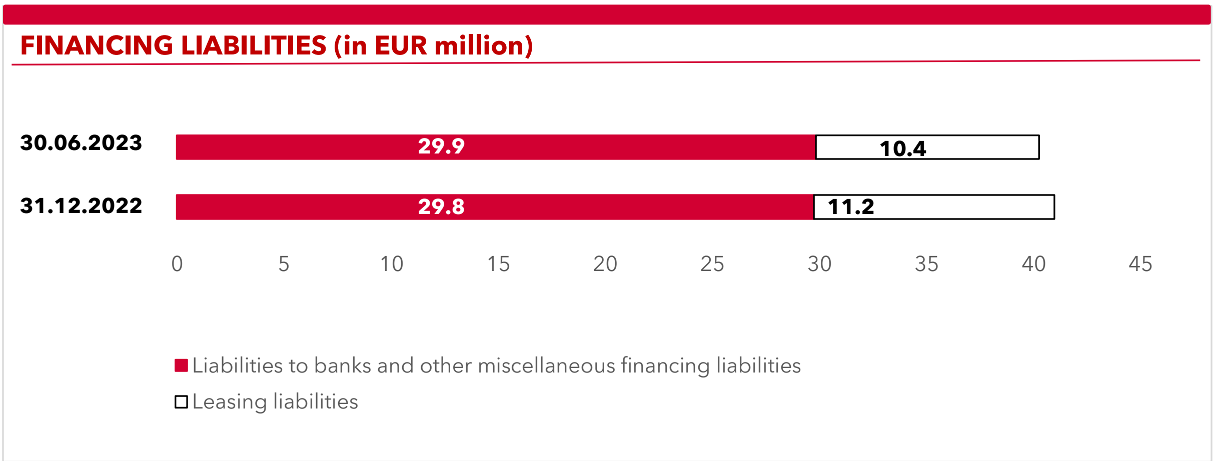
The main aim of financial management is to avoid financial risks and to ensure the financial flexibility of the FP Group. The Group achieves this objective by employing a variety of financial instruments. Various factors are taken into account when selecting the instrument, such as flexibility, loan terms, the existing maturity profile and finance costs. The long-term liquidity forecast is based on operational planning. A significant part of liquidity in the FP Group comes from the segment's operating activities and its resulting cash flow. The Group also uses loans from financial institutions and finance leases.

Dividend-bearing net profit and dividends

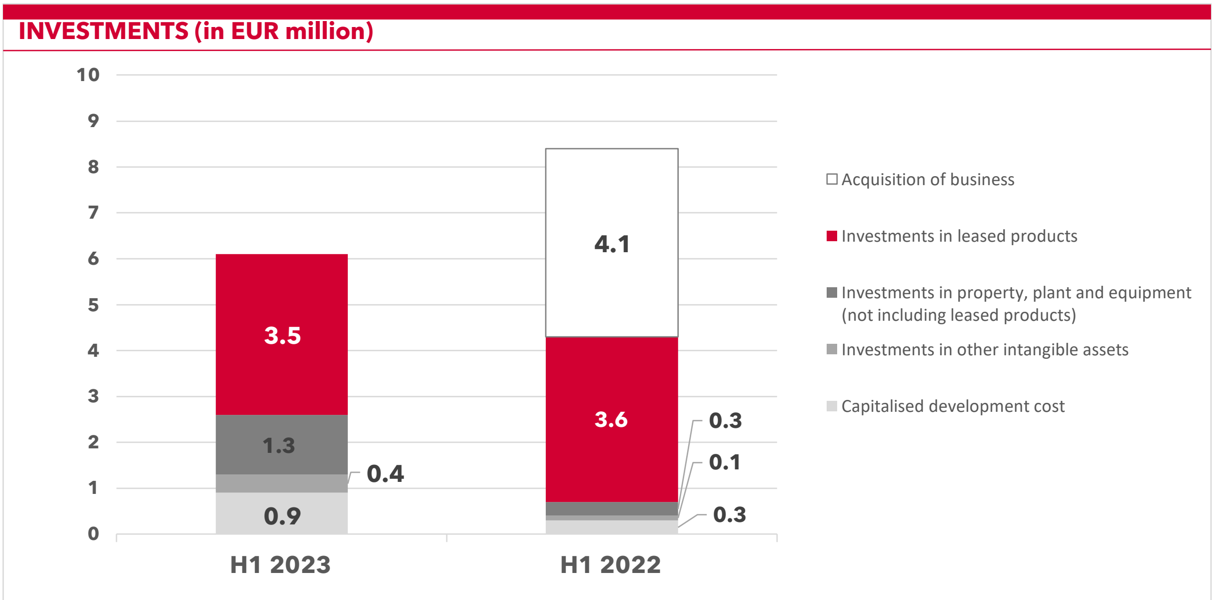
The FP Group's dividend policy still remains consistent, also in the context of implementing its new strategy. The aim is to allow shareholders to participate in the positive development of the company as a matter of principle. However, the company is currently focusing on securing and expanding existing Group liquidity in order to secure the FP Group's strategic and operational goals in the long term. Due to FP's transformation process and the securing of sustainable profitability as well as the Azolver acquisition in fiscal year 2022, the Management Board had made the proposal to the Supervisory Board not to distribute a dividend again for fiscal year 2022 and to carry forward Francotyp-Postalia Holding AG's retained earnings to new account. The Supervisory Board had agreed with this proposal and the Annual General Meeting also approved it.

4.2.3 Financing analysis

To finance itself, the FP Group primarily uses cash flow from operating activities as well as existing loan agreements with financial institutions and finance leases.



4.2.4 Investment analysis



The FP Group continued to invest in future growth in the first half of 2023. At EUR 6.1 million, investments in the first half of 2023 were below the previous year's level of EUR 8.2 million. This development was attributable to investment in the operating Azolver companies in March 2022 (EUR 4.1 million).

Investments in leased products, primarily in the US, the UK, Canada, France and the Netherlands, were at the previous year's level in the first half of 2023 (EUR 3.5 million compared with EUR 3.6 million in the previous year). Investments in property, plant and equipment (not including leased products) increased to EUR 1.3 million (previous year: EUR 0.3 million), particularly due to investments in connection with the launch of the new product PostBase Vision A120 and the replacement of the hardware base as part of the Group-wide ERP project.

Investments in capitalised development costs totalled EUR 0.9 million in the first half of 2023 (previous year: EUR 0.3 million). This included investments in new products in the MSO business area as well as in the Digital Business Solutions business area.

4.2.5 Liquidity analysis

LIQUIDITY ANALYSIS (IN EUR MILLION)

	H1 2023	H1 2022
Cash flow from operating activities	11.7	15.6
Cash flow from investing activities	-6.1	-8.2
Free cash flow	**5.5**	**7.4**
Cash flow from financing activities	-2.9	-0.2
Change in cash	**2.6**	**7.2**
Change in cash due to currency translation	0.0	0.2
Cash at the beginning of the period	22.8	19.7
Cash at the end of the period	**25.4**	**27.1**

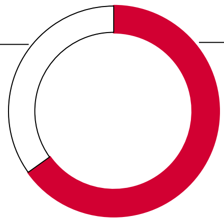
At EUR 11.7 million, the operating cash flow after six months of 2023 was below the previous year's figure of EUR 15.6 million, chiefly due to the decline in consolidated profit. The FP Group also focussed consistently and successfully on cost control and liquidity management.

The negative cash flow from investing activities amounted to EUR 6.1 million in the first half of 2023, which was lower than in the same period of the previous year (EUR 8.2 million). A key indicator for this difference is the transaction to acquire the Azolver companies that was completed in the previous year. Please see the section on Investment Analysis (section 4.2.4) for further information.

The free cash flow was positive at EUR 5.5 million (previous year: EUR 7.4 million) despite the decline in operating cash flow and due to lower investments in the first half of 2023.

The cash flow from financing activities in the first half of 2023 was attributable mainly to payments for the repayment of lease liabilities (EUR 2.3 million) and payments from the share buyback programme EUR 0.7 million).

COMITTED, BUT NOT FULLY UTILISED CREDIT FACILITIES AS AT 30.06.2023 (in EUR million)



In accordance with the syndicated loan agreement, the FP Group has undertaken to comply with two defined financial covenants:

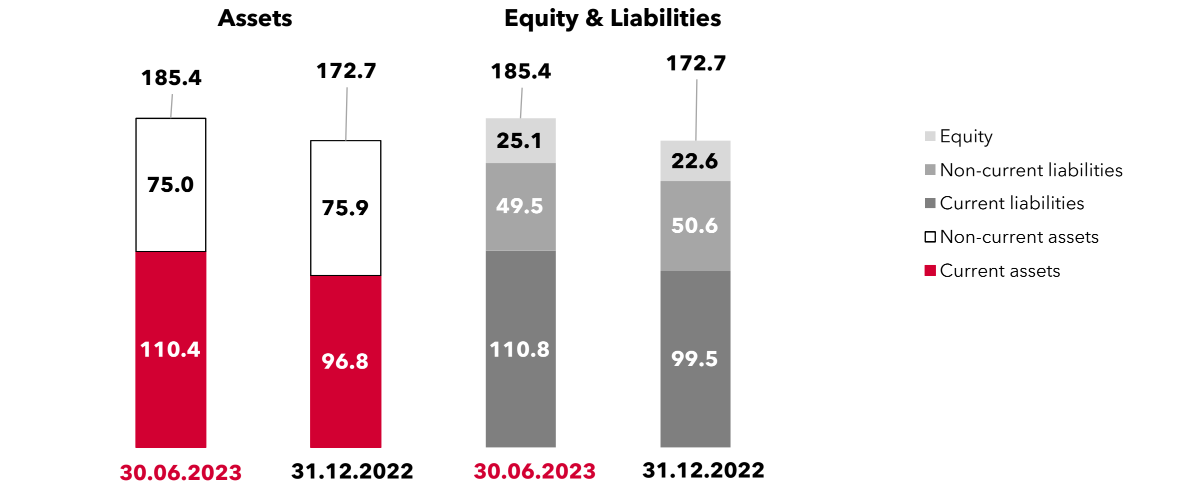
$$\text{Leverage} = \frac{\text{Total net debt}}{\begin{array}{c}\text{Adjusted EBITDA}\\ \text{(if required, adjusted for non-recurring effects)}\end{array}} \leq 3{,}0\times$$

$$\text{Interest Cover} = \frac{\begin{array}{c}\text{Adjusted EBITDA}\\ \text{(if required, adjusted for non-recurring effects)}\end{array}}{\begin{array}{c}\text{Net interest income}\\ \text{(adjusted for IAS 23 Borrowing Costs)}\end{array}} \geq 5{,}0\times$$

As per the agreement, non-recurring effects are (partially) adjusted for calculating the covenants using a simplified calculation system. All credit conditions were complied with consistently throughout the first half of 2023, as in 2022. Both in the first half of 2023 and in the same period of 2022, the FP Group was able to meet its payment obligations at all times.

4.3 Asset position of the Group

STATEMENT OF FINANCIAL POSITION STRUCTURE (in EUR million)



The FP Group's total assets increased by EUR 12.7 million in the first half of 2023. The expansion of total assets largely resulted from the inclusion of restricted cash (telepostage) from a subsidiary in Italy in the amount of EUR 9.2 million. Other financial liabilities include an offsetting amount in liabilities from telepostage funds in the same amount.

4.3.1 Non-current and current assets

NON-CURRENT AND CURRENT ASSETS

In EUR million	30 June 2023	31 Dec. 2022
Intangible assets	**18.5**	19.8
Property, plant and equipment	**27.1**	26.9
Right of use assets	**10.1**	11.0
Non-current financial assets	**16.6**	15.8
Non-current non-financial assets	**1.4**	1.4
Deferred tax assets	**1.2**	1.1
Non-current assets	**75.0**	**75.9**
Inventories	**19.3**	19.5
Trade receivables	**21.5**	20.7
Other current financial assets	**14.5**	13.8
Other current non-financial assets	**8.5**	8.4
Cash and cash equivalents	**46.7**	34.4
Current assets	**110.4**	**96.8**
Total	**185.4**	**172.7**

Non-current assets decreased slightly to EUR 75.0 million in the first half of 2023 compared with EUR 75.9 million as at the end of 2022.

The EUR 1.3 million decline in intangible assets was mainly due to the amortisation of internally generated intangible assets.

The EUR 0.3 million increase in property, plant and equipment resulted primarily from new investments in connection with the launch of the product PostBase Vision A120 and the replacement of the hardware base as part of the Group-wide ERP/CRM project.

Right-of-use assets decreased by EUR 0.9 million. By contrast, non-current financial assets increased by EUR 0.8 million.

Current assets rose by EUR 13.6 million from EUR 96.8 million to EUR 110.4 million in the first half of 2023. This resulted chiefly from the EUR 12.3 million increase in cash and cash equivalents. Firstly, there was an increase of EUR 2.6 million in the Group's cash holdings. Secondly, restricted cash (telepostage funds) rose by EUR 9.7 million mainly as a result of assuming the telepostage funds of a subsidiary in Italy. In addition, trade receivables increased by EUR 0.8 million and other current financial assets by EUR 0.8 million.

The overall increase in non-current and current assets amounts to EUR 12.7 million.

4.3.2 Equity

As at 30 June 2023, the share capital of Francotyp-Postalia Holding AG amounted to EUR 16.3 million, divided into 16,301,456 no-par value bearer shares (previous year: 16,301,456).

The company held 593,305 treasury shares as at 30 June 2023 (end of 2022: 403,907). This corresponds to 3.6% of the share capital. The calculated value of treasury shares is openly deducted from equity. The difference from the purchase price is offset against the capital reserves.

Group equity increased by EUR 2.6 million from EUR 22.6 million as at 31 December 2022 to EUR 25.1 million as at 30 June 2023. This increase resulted from the change in treasury shares and the consolidated profit for the first half of 2023.

4.3.3 Non-current and current liabilities

NON-CURRENT AND CURRENT LIABILITIES

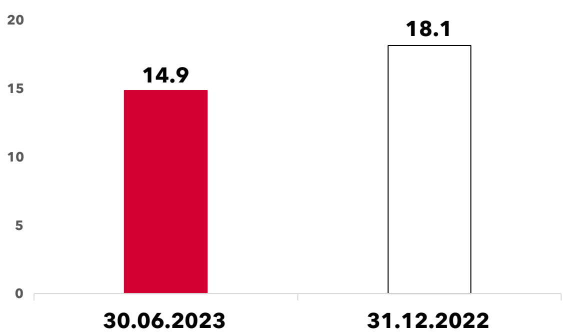
In EUR million	30 June 2023	31 Dec. 2022
Provisions for pensions and similar obligations	**14.5**	14.6
Other provisions and deferred tax liabilities	**4.6**	5.0
Financing liabilities	**28.7**	29.5
Other financial liabilities	**0.6**	0.4
Other non-financial liabilities	**1.1**	1.1
Non-current liabilities	**49.5**	**50.6**
Tax liabilities	**4.6**	4.3
Other provisions	**12.5**	13.9
Financing liabilities	**11.6**	11.5
Trade payables	**13.1**	13.6
Other financial liabilities	**44.1**	34.6
Other non-financial liabilities	**24.8**	21.5
Current liabilities	**110.8**	**99.5**
Total	**160.2**	**150.1**

Non-current liabilities declined by EUR 1.1 million from EUR 50.6 million to EUR 49.5 million. This was chiefly due to the EUR 0.8 million decrease in financing liabilities and the EUR 0.2 million decrease in other provisions.

Current liabilities increased significantly by EUR 11.3 million from EUR 99.5 million to EUR 110.8 million. The main reason for this was a EUR 9.5 million rise in other financial liabilities mainly due to increased telepostage funds in Italy.

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.

DEVELOPMENT OF NET DEBT (in EUR million)



Net debt is calculated from financing liabilities less cash and cash equivalents. Financing liabilities include liabilities to banks and lease liabilities. Cash comprises cash and cash equivalents less restricted funds (postage credit managed by the FP Group). This applies to the calculation of the net debt ratio as a management parameter for the FP Group's capital structure as well as the presentation in the cash flow statement.

in EUR million	30.06.2023	31.12.2022
Financing liabilities	40.3	41.0
Cash (cash and cash equivalents less restricted	25.4	22.8
Net debt	**14.9**	**18.1**
Equity	25.1	22.6
Net debt ratio	**59%**	**80%**

As a result of the cost control and liquidity management measures, the FP Group's net debt decreased significantly from EUR 18.1 million to EUR 14.9 million over the course of the first half of 2023.

4.3.4 FP as lessor

As a lessor, the FP Group offers both operating and finance leases. These business models are reflected in the Group's statement of financial position and income statement. As at 30 June 2023, the "products" item under non-current assets contained assets with a carrying amount of EUR 20.5 million (previous year: EUR 20.4 million), which are leased to customers under operating leases. Finance leases with customers are shown under finance lease receivables; the non-current and current amounts totalled EUR 23.6 million as at the end of the reporting period (previous year: EUR 23.1 million).

4.4 Overall statement regarding the earnings, financial and asset position of the Group

The first half of 2023 was positive overall for FP. At EUR 124.6 million, revenue was below the previous year's level, which had been influenced by one-off effects (rate change in Germany, increased letter volume in Mail Services). EBITDA came to EUR 15.3 million in the first six months. Despite the continued challenging market environment in franking business, FP displayed a robust business performance in the first six months of 2023 and also continued to work on the FUTURE@FP transformation programme, which the Management Board had presented in April 2021. The aim is to transform the company into a sustainably profitable, international technology group in the long term.

The transformation programme is continuing to show positive effects. Taking account of the negative currency effects and the one-off effects in the previous year, the company's revenue and earnings figures are better than in 2022.

In 2023, FP will continue to invest in its products and solutions and press ahead with internationalisation, particularly in the digital sector.

The Management Board judges the business performance in the first half of 2023 to have been generally satisfactory.

5. Risk and opportunity report

The risks and opportunities for the Group are discussed in detail in the combined management report 2022. In the reporting period, there have been no material changes to the opportunities and risks described there.

6. Forecast report

6.1 Expected development of performance indicators

	2023 forecast
Revenue	245-255
EBITDA	28-31
EBITDA margin	11.4-12.2
Quality indicator – Germany and International	34.2
Improvement indicator	0.6

Performance in fiscal year 2023 will be determined both by the general economic environment and by the measures taken to further improve business development and profitability. Economic development is currently associated with uncertainties. In particular, growth in countries such as Germany and other European countries is expected to weaken. The international financial markets are also under pressure. And this current high level of uncertainty is also reflected in economic expectations, which could have corresponding effects on the FP Group's asset, financial and earnings position.

The FP Group is well positioned and will continue to push ahead with the transformation in 2023. The current development confirms that the company has chosen the right direction with the FUTURE@FP programme.

The Management Board is confirming its forecast for 2023 as a whole and anticipates revenue in a range between EUR 245 million and EUR 255 million, compared with EUR 251.0 million in the previous year.

The measures to sustainably improve profitability will continue to have an impact in fiscal year 2023. Depending on how revenue performs, the Management Board therefore expects EBITDA to be between EUR 28 million and EUR 31 million, corresponding to an EBITDA margin of between 11.4% and 12.2%. As before, this forecast does not take account of any exchange rate effects.

In the Mailing, Shipping & Office Solutions business area, the FP Group expects slight overall revenue growth and slightly improved EBITDA as well as a slightly improved EBITDA margin, particularly due to the measures taken as part of FUTURE@FP and the successful integration of the Azolver companies.

In the Digital Business Solutions business area, FP has created the conditions with a new positioning to successfully expand this into a substantial part of the company. This will have a positive impact on revenue, EBITDA and EBITDA margin in 2023, each of which is expected to increase slightly.

The Mail Services business area will continue to be affected by the general decline in letter volumes. In addition, the previous year was affected by positive one-off effects that will not recur in 2023. Therefore, despite some customer growth, an overall decline in revenue along with a stable EBITDA margin is expected for the 2023 business year.

The anticipated development of financial performance indicators for fiscal year 2023 is based on the assumption of constant exchange rates.

In terms of non-financial performance indicators, both the Product Quality Index as well as the improvement indicator are expected to temporarily deteriorate slightly during the start-up phase of the new PostBase Vision A120.

Berlin, 31 August 2023

The Management Board of Francotyp-Postalia Holding AG

Carsten Lind CEO	Ralf Spielberger CFO

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

of Francotyp-Postalia Holding AG

for the period from 1 January to 30 June 2023

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

Non-binding convenience translation from German

Consolidated Statement of Comprehensive Income for the Period from 1 January to 30 June 2023

In EUR thousand	H1 2023	H1 2022	Q2 2023	Q2 2022
Revenue	**124,649**	127,566	**60,824**	62,355
Change in inventory	**-58**	502	**-366**	-176
Own work capitalised	**3,905**	3,247	**1,847**	1,412
Other operating income	**1,034**	871	**421**	561
Cost of materials	**58,546**	64,606	**28,197**	30,691
a) Expenses for raw materials, consumables and supplies	**22,074**	21,702	**10,440**	11,710
b) Cost of purchased services	**36,472**	42,904	**17,757**	18,981
Employee benefit expenses	**33,789**	31,036	**16,741**	16,839
a) Wages and salaries	**28,341**	26,104	**14,044**	14,018
b) Social security contributions	**4,845**	4,483	**2,610**	2,497
c) Expenses for pensions and other benefits	**603**	450	**88**	325
Expenses from impairment losses less income from reversals of impairment losses on trade receivables	**1,061**	1,180	**626**	194
Other operating expenses	**20,865**	19,068	**10,559**	10,464
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**15,271**	16,297	**6,603**	5,964
Amortisation, depreciation and impairments	**8,756**	9,887	**4,350**	4,943
Earnings before interest and taxes (EBIT)	**6,515**	6,410	**2,253**	1,020
Net interest income	**156**	769	**391**	404
a) Interest and similar income	**1,389**	1,365	**731**	685
b) Interest and similar expenses	**1,233**	596	**339**	282
Other financial result	**-345**	1,039	**114**	686
Income taxes	**-2,977**	-3,031	**-1,767**	-2,233
Consolidated profit/loss	**3,348**	**5,186**	**992**	**-123**

In EUR thousand	H1 2023	H1 2022	Q2 2023	Q2 2022
Other comprehensive income				
Adjustments of provisions for pensions and similar obligations	-166	-206	-87	-103
thereof taxes	50	58	21	29
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-166**	**-206**	**-87**	**-103**
Foreign currency translation of financial statements of foreign entities	-151	1,951	-3,333	1,489
Net investment in foreign operations	0	39	0	19
thereof taxes	0	-17	0	-8
Cash flow hedges – Effective portion of changes in fair value	85	-763	103	-565
thereof taxes	-37	329	-44	243
Cash flow hedges – cost of hedging	-2	167	-38	102
thereof taxes	1	-72	16	-44
Cash flow hedges – reclassified to profit or loss	143	118	42	72
thereof taxes	-62	-51	-18	-31
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**76**	**1,512**	**-3,227**	**1,117**
Other comprehensive income after taxes	**-90**	**1,306**	**-3,314**	**1,014**
Total comprehensive income	**3,259**	**6,492**	**-2,322**	**891**
Consolidated profit/loss	3,348	5,186	992	-123
thereof attributable to shareholders of FP Holding	3,348	5,186	992	-123
Total comprehensive income/loss	3,259	6,492	-2,322	891
thereof attributable to shareholders of FP Holding	3,259	6,492	-2,322	891
Earnings per share (basic, in EUR)	0.21	0.32	0.06	-0.01
Earnings per share (diluted, in EUR)	0.21	0.32	0.06	-0.01

Consolidated Interim Statement of Financial Position as at 30 June 2023

ASSETS

In EUR thousand	30 June 2023	31 Dec. 2022
NON-CURRENT ASSETS	**74,954**	**75,887**
Intangible assets	**18,477**	19,780
Internally generated intangible assets	**5,679**	7,221
Customer relationships and other intangible assets acquired for consideration	**6,290**	6,878
Goodwill	**4,384**	4,408
Development projects in progress and advance payments	**2,124**	1,273
Property, plant and equipment	**27,147**	26,896
Land, land rights and buildings	**1,987**	2,091
Technical equipment and machinery	**1,446**	1,572
Other equipment, operating and office equipment	**3,052**	2,518
Leased products	**20,456**	20,444
Advance payments and assets under construction	**206**	270
Right of use assets	**10,119**	10,981
Non-current financial assets	**16,641**	15,813
Finance lease receivables	**16,226**	15,571
Other non-current financial assets	**415**	242
Non-current non-financial assets	**1,398**	1,363
Other non-current non-financial assets	**1,398**	1,363
Deferred tax assets	**1,172**	1,055
CURRENT ASSETS	**110,419**	**96,765**
Inventories	**19,275**	19,492
Raw materials, consumables and supplies	**6,883**	6,781
Work in progress	**360**	277
Finished goods and merchandise	**12,032**	12,434
Trade receivables	**21,543**	20,710
Other current financial assets	**14,458**	13,771
Finance lease receivables	**7,367**	7,479
Derivative financial instruments	**96**	94
Other financial assets	**6,994**	6,197
Other current non-financial assets	**8,485**	8,405
Income taxes receivable	**4,158**	4,288
Other non-financial assets	**4,326**	4,116
Cash and cash equivalents[1)]	**46,659**	34,387
Assets	**185,374**	**172,651**

[1)]Cash and cash equivalents include postage credit balances managed by the FP Group in the amount of EUR 21,238 thousand (previous year: EUR 11,541 thousand).

EQUITY AND LIABILITIES

In EUR thousand	30 June 2023	31 Dec. 2022
EQUITY	**25,129**	**22,552**
Share capital	**16,301**	16,301
Capital reserves	**34,296**	34,296
Stock option reserve	**1,544**	1,544
Treasury shares	**-2,241**	-1,559
Loss carried forward	**-24,947**	-30,482
Consolidated profit after non-controlling interests	**3,348**	5,535
Other comprehensive income	**-3,173**	-3,083
NON-CURRENT LIABILITIES	**49,452**	**50,631**
Provisions for pensions and similar obligations	**14,521**	14,640
Other provisions	**854**	1,087
Financing liabilities	**28,702**	29,487
Other financial liabilities	**609**	385
Other non-financial liabilities	**1,065**	1,118
Deferred tax liabilities	**3,700**	3,914
CURRENT LIABILITIES	**110,793**	**99,469**
Tax liabilities	**4,637**	4,330
Other provisions	**12,496**	13,914
Financing liabilities	**11,578**	11,502
Trade payables	**13,131**	13,583
Other financial liabilities	**44,117**	34,595
thereof telepostage	***35,303***	*25,072*
Other non-financial liabilities	**24,834**	21,545
Equity and liabilities	**185,374**	**172,651**

Consolidated Cash Flow Statement for the Period from 1 January to 30 June 2023

In EUR thousand	H1 2023	H1 2022
1. Cash flow from operating activities		
Consolidated profit	3,348	5,186
Net income tax recognised in profit or loss	2,977	3,031
Net interest expense (+)/income (-) recognised in profit or loss	-156	-769
Amortisation, depreciation and impairment on non-current assets	8,756	9,886
Decrease (-)/increase (+) in provisions and tax liabilities	-4,846	-3,504
Loss (+)/gain (-) from the disposal of non-current assets	167	0
Decrease (+)/increase (-) in inventories, trade receivables and other assets	-1,741	-3,424
Decrease (+)/increase (-) in finance lease receivables	-544	-207
Decrease (-)/increase (+) in trade payables and other liabilities	3,059	3,557
Other non-cash expenses (+)/income (-)	569	576
Interest received	1,389	1,365
Interest paid	-1,010	-513
Income tax paid (-)/received (+)	-313	427
Cash flow from operating activities	11,654	15,613
2. Cash flow from investing activities		
Payments for the capitalisation of development costs	-927	-283
Proceeds from disposals of fixed assets	8	47
Payments for investments in intangible assets	-385	-69
Payment for investments in property, plant and equipment	-4,840	-3,840
Payments for investments in the acquisition of business operations	0	-4,077
Cash flow from investing activities	-6,144	-8,222
3. Cash flow from financing activities		
Bank loan repayments	-4	-960
Repayments of lease liabilities	-2,338	-2,026
Payments for the repurchase of treasury shares	-682	0
Proceeds from the assumption of bank loans	93	2,774
Cash flow from financing activities	-2,930	-212
Cash[1]		
Change in cash	2,580	7,179
Changes in cash due to currency translation	-5	156
Cash at the beginning of the period	22,846	19,721
Cash at the end of the period	25,421	**27,055**

[1] Postage credit balances managed by the FP Group amounting to EUR 21,238 thousand (previous year: EUR 11,124 thousand) are deducted from cash and cash equivalents and other liabilities.

Consolidated Statement of Changes in Equity for the Period from 1 January to 30 June 2023

In EUR thousand	Share capital	Capital reserves	Stock option reserve	Treasury shares	Consolidated profit/loss
Adjusted[1] equity as at 1 Jan. 2022	**16,301**	**34,296**	**1,544**	**-1,066**	**-30,482**
Consolidated profit 1 Jan. – 30 June 2022	**0**	**0**	**0**	**0**	**5,186**
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0
Adjustments of provisions for pensions and similar obligations	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Other comprehensive income 1 Jan. – 30 June 2022	**0**	**0**	**0**	**0**	**0**
Total comprehensive income 1 Jan. – 30 June 2022	**0**	**0**	**0**	**0**	**5,186**
Adjusted[1] equity as at 30 June 2022	**16,301**	**34,296**	**1,544**	**-1,066**	**-25,296**
Equity on 1 Jan. 2023	**16,301**	**34,296**	**1,544**	**-1,559**	**-24,947**
Consolidated profit 1 Jan. – 30 June 2023	**0**	**0**	**0**	**0**	**3,348**
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0
Adjustments of provisions for pensions and similar obligations	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Other comprehensive income 1 Jan. – 30 June 2023	**0**	**0**	**0**	**0**	**0**
Total comprehensive income 1 Jan. – 30 June 2023	**0**	**0**	**0**	**0**	**3,348**
Buyback of treasury shares	0	0	0	-682	0
Equity on 30 June 2023	**16,301**	**34,296**	**1,544**	**-2,241**	**-21,598**

[1] The changes in the comparative period H1 2022 were made in connection with an adjustment in accordance with IAS 8.41ff. It is explained in note (9) of the notes to the consolidated financial statements 2022.

	Other comprehensive income							
	Foreign currency translation	Net investment in foreign operations	Adjustment due to IAS 19	Difference amount from acquisition of shares of other shareholders	Reserve for cash flow hedge	Reserve for cost of hedging	Equity attributable to shareholders of FP Holding	Total equity
	-99	**21**	**-5,358**	**-439**	**-160**	**-79**	**14,480**	**14,480**
	0	**0**	**0**	**0**	**0**	**0**	**5,186**	**5,186**
	1,951	39	0	0	0	0	1,989	1,989
	0	0	-206	0	0	0	-206	-206
	0	0	0	0	-644	167	-478	-478
	1,951	**39**	**-206**	**0**	**-644**	**167**	**1,306**	**1,306**
	1,951	**39**	**-206**	**0**	**-644**	**167**	**6,492**	**6,492**
	1,853	**60**	**-5,564**	**-439**	**-805**	**88**	**20,972**	**20,972**
	393	**0**	**-2,722**	**-438**	**-380**	**64**	**22,552**	**22,552**
	0	**0**	**0**	**0**	**0**	**0**	**3,348**	**3,348**
	-151	0	0	0	0	0	-151	**-151**
	0	0	-166	0	0	0	-166	**-166**
	0	0	0	0	228	-2	227	**227**
	-151	**0**	**-166**	**0**	**228**	**-2**	**-90**	**-90**
	-151	**0**	**-166**	**0**	**228**	**-2**	**3,259**	**3,259**
	0	0	0	0	0	0	-682	**-682**
	242	**0**	**-2,888**	**-438**	**-151**	**62**	**25,129**	**25,129**

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

of Francotyp-Postalia Holding AG

for the period from 1 January to 30 June 2023

I. General information

(1) Information on the company

Francotyp-Postalia Holding AG (hereinafter also referred to as "FP Holding", the "company" or the "parent company"), headquartered in Berlin, is entered in the commercial register of the Local Court of Charlottenburg in Berlin under HRB 169096 B. Francotyp-Postalia Holding AG's registered office is in Berlin; its business address is Prenzlauer Promenade 28, 13089 Berlin, Germany.

Francotyp-Postalia Holding AG is the parent company of direct and indirect subsidiaries (hereinafter referred to as the "FP Group", "FP", "Francotyp-Postalia" or "the company").

Francotyp-Postalia Holding AG's shares are admitted to trading in the Prime Standard (regulated market segment with additional post-admission obligations) of the Frankfurt Stock Exchange.

The FP Group develops, produces and sells products and solutions for efficient mail processing and consolidation of business mail. Of growing importance are also the digital solutions for company's and authorities including applications for document workflow management, business process management & automation and shipping & logistics. The company has subsidiaries in various industrialised countries and a dense worldwide network of dealers.

(2) Accounting principles

Principles for the preparation of the financial statements

Francotyp-Postalia Holding AG acts as the parent company under which the FP Group is consolidated.

The consolidated interim financial statements have been prepared for the period from 1 January to 30 June 2023 (H1 2023). Unless stated otherwise, the comparative figures in the statement of financial position relate to 31 December 2022, while the comparative figures in the statement of comprehensive income, the cash flow statement and the statement of changes in equity relate to the period from 1 January to 30 June 2022 (H1 2022). In the statement of comprehensive income, the quarterly figures for the period from 1 April to 30 June 2023 (Q2 2023) and the corresponding comparative figures for the period from 1 April to 30 June 2022 (Q2 2022) are also provided.

The consolidated 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.

The FP Group's business activities generally are not affected by seasonal influences. For information on the relevant economic influences for the FP Group's business activities in the interim reporting period, please refer to the comments in the interim Group management report.

Statement of Compliance

The unaudited condensed consolidated interim financial statements for the period from 1 January to 30 June 2023 meet the requirements of IAS 34 (Interim Financial Reporting) of the International Financial Reporting Standards (IFRS) applicable to interim reports at the end of the reporting period and endorsed by the European Union (EU). These condensed consolidated interim financial statements should be read in conjunction with the interim Group management report.

The condensed consolidated interim financial statements do not contain all the information and notes that are required in consolidated annual financial statements and should therefore be read in conjunction with the consolidated annual financial statements as at 31 December 2022 (2022 consolidated financial statements). These consolidated annual financial statements were prepared in accordance with the EU-endorsed IFRS of the International Accounting Standards Board (IASB) and the IASB-approved interpretations of the IFRS Interpretations Committee (IFRS IC).

Accounting policies and application of new financial reporting standards

The accounting policies applied in the consolidated financial statements as at 31 December 2022 are generally unchanged.

The new or revised IFRS standards and IFRS interpretations required to be applied as at 30 June 2023 do not have any material impact on the FP Group's reporting.

(3) Consolidated group

The consolidated financial statements comprise the financial statements of FP Holding and its directly and indirectly controlled subsidiaries.

The consolidated group has changed as follows in comparison to the previous year.

The company FP Technology & Services OÜ was merged into the company Azolver Eesti OÜ on 30 January 2023.

(4) Currency translation

Currency translation is based on the following exchange rates:

	Closing rate		Average rate	
EUR 1 =	**30 June 2023**	**31 Dec. 2022**	**H1 2023**	**H1 2022**
CAD	**1.44150**	1.44390	**1.45525**	1.39086
CHF	**0.97880**	0.98505	**0.98790**	1.03226
DKK	**7.44740**	7.43645	**7.44560**	7.44021
GBP	**0.85830**	0.88685	**0.87765**	0.84229
NOK	**11.70400**	10.50325	**11.26569**	9.97865
SEK	**11.80550**	11.07815	**11.29652**	10.47746
USD	**1.08660**	1.06765	**1.08133**	1.09418

(5) Judgements, estimates and assumptions

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. The underlying premises for the assumptions and estimates are based on current knowledge. In particular, the conditions in place when the consolidated interim financial statements were prepared and the future development of the global and industry environment considered realistic were used as the basis for the anticipated future business performance. Developments in these general conditions that differ from the assumptions and are beyond the control of the management may cause the amounts that actually materialise to deviate from the originally expected estimates. If the actual development differs from the anticipated development, the premises and, if necessary, the carrying amounts of the assets and liabilities in question are adjusted accordingly. The use of judgements, estimates and assumptions is explained in the 2022 consolidated financial statements.

Effects of economic development
Economic development is currently associated with uncertainties. In particular, growth in countries such as Germany and the US is expected to weaken. The international financial markets are also under pressure. And this current high level of uncertainty is also reflected in economic expectations, which could have corresponding effects on the FP Group’s asset, financial and earnings position.

II. Segment Reporting

In the interest of effective management of the Group based on the business strategy, the definition of the business areas was changed in the first half of 2023 and consequently the internal reporting and segment reporting was changed accordingly. In the first half of 2023, a combination of the factors of organizational structure and differences between products and services was used to identify the reportable segments.Based on the subdivision for internal management purposes, the FP Group is divided into the three segments Mailing, Shipping & Office Solutions, Mail Services and Digital Business Solutions.

The Mailing, Shipping & Office Solutions segment focuses largely on the franking machine business. In this segment, the FP Group develops franking systems. FP produces and sells or rents these and also offers customers a comprehensive range of products, services and support. For customers in this segment, FP offers not only franking machines and related hardware, but also other office supplies and solutions from the digital product range. Revenue and earnings from digital solutions and products are allocated to the Digital Business Solutions segment in the first half of 2023.

This results in the following changes to segment reporting. The revenues and earnings of the companies that were reported in the past under the segments Mailing, Shipping & Office Solutions - Europe and Mailing, Shipping & Office Solutions - North America are now partially included in the Mailing, Shipping & Office Solutions segment. To this end, this segment includes the revenues and earnings of FP Produktionsgesellschaft mbH & Co. KG and FP InovoLabs GmbH.

The Mail Services segment comprises the franking service – collecting unfranked outbound mail and providing the franking – and the consolidation service – collecting franked mail, sorting it by postcode and delivering it in batches to a regional office of Deutsche Post AG or an alternative postal distributor.

The Digital Business Solutions segment comprises all digital activities with which FP is expanding its business model in a growth-oriented manner. This includes input and output management in the Document Workflow Management area. The Business Process Management & Automation area comprises products and solutions for efficient and automated customer process workflows. The Shipping & Logistics area includes both the SaaS-based Parcel Shipping software for outbound parcel shipping and software solutions for parcel inbound management, asset tracking, and internal logistics. Revenues and earnings from digital solutions such as Parcel Shipping, which are sold via the MSO sales channel, are reported in the Digital Business Solutions segment.

The segments report in accordance with the respective local accounting standards of the Group companies belonging to the segment. The segment information for the first half of 2022 has been adjusted accordingly to ensure comparability.

While the revenue and cost of materials of the subsidiary Francotyp-Postalia GmbH are allocated to the Mailing, Shipping & Office Solutions segment, other income and expenses of this company are not allocated to any segment. Revenue from external third parties in the Mail Services and Digital Business Solutions segments includes Deutsche Post AG discounts passed on within the Group. Any intragroup adjustments to transfer prices are not taken into account in the segment reporting.

The comparability of the segments presented in the first half of 2023 with the prior period is impacted by the acquisition of the operating Azolver companies on 23 March 2022. The operating Azolver companies are allocated to the Mailing, Shipping & Office Solutions and Digital Business Solutions segments in the first half of 2023 and in the second quarter of 2022.

SEGMENT INFORMATION FOR H1 2023

In EUR thousand	Mailing, Shipping & Office Solutions	Mail Services	Digital Business Solutions	Total
Revenue with external third parties	76,222	33,961	15,019	**125,202**
Intersegment revenue	911	0	643	**1,554**
Segment revenue	**77,133**	**33,961**	**15,662**	**126,756**
Other operating income	2,193	65	151	**2,410**
Cost of materials	21,740	28,591	9,355	**59,686**
Employee benefit expenses	21,502	2,371	3,687	**27,561**
Expenses from impairment losses less income from reversals of impairment losses on trade receivables	1,052	4	-7	**1,049**
Other operating expenses	19,113	1,601	2,229	**22,944**
Segment EBITDA	**16,298**	**1,459**	**548**	**18,305**

SEGMENT INFORMATION FOR H1 2022

In EUR thousand	Mailing, Shipping & Office Solutions	Mail Services	Digital Business Solutions	Total
Revenue with external third parties	74,051	39,973	14,109	**128,132**
Intersegment revenue	1,187	0	194	**1,381**
Segment revenue total	**75,238**	**39,973**	**14,302**	**129,513**
Other operating income	1,523	66	149	**1,738**
Cost of materials	19,619	35,101	8,889	**63,608**
Employee benefit expenses	19,692	1,969	3,152	**24,813**
Expenses from impairment losses less income from reversals of impairment losses on trade receivables	754	61	348	**1,163**
Other operating expenses	15,920	1,487	1,724	**19,132**
Segment EBITDA	**21,030**	**1,421**	**337**	**22,788**

RECONCILIATION OF REVENUE

In EUR thousand	H1 2023	H1 2022
Segment revenue	126,756	129,513
Revenue of other Group companies	1,326	1,821
Effects from the adjustment of IFRS 15 and IFRS 16	-650	-460
Effect from other revenue corrections	-208	-169
Effects from consolidation	-2,576	-3,139
Group revenue	**124,649**	**127,566**

RECONCILIATION OF SEGMENT EBITDA TO GROUP EBITDA

In EUR thousand	H1 2023	H1 2022
Segment EBITDA	18,305	22,788
Result not allocated to a segment	-5,732	-3,092
Effects of IFRS remeasurement		
Lessee valuation in accordance with IFRS 16	2,480	2,509
Effects from the capitalization of internally generated intangible assets	1,003	234
Effects of the adjustment of revenue from IFRS 15/16	-650	-460
Effects from the adjustment of cost of materials in accordance with IFRS 15/16	-215	-343
Sales adjustment due to currency effects from hedge accounting	-208	-169
Contract acquisition cost adjustment according to IFRS 15/16	518	544
Other IFRS entries	890	483
Effects at consolidation level (including consolidation of expenses and income, elimination of intercompany profits)	-1,122	-6,197
Group EBITDA	**15,271**	**16,297**

III. Explanatory notes

(6) Revenue

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

H1 2023					IFRS revenue
In EUR thousand	Mailing, Shipping & Office Solutions	Mail Services	Digital Business Solutions	Not allocated to any segment	Total
Product sales income (Franking and Inserting)	17,718	0	0	16	**17,734**
Service/customer service	15,722	0	0	0	**15,722**
Consumables	14,127	0	0	0	**14,127**
Telepostage	4,706	0	0	0	**4,706**
Mail Services	0	33,961	0	0	**33,961**
Software/Digital	0	0	15,368	289	**15,657**
Revenue in accordance with IFRS 15	**52,273**	**33,961**	**15,368**	**305**	**101,906**
Finance lease	7,946	0	0	0	**7,946**
Operating lease	15,004	0	0	0	**15,004**
Revenue in accordance with IFRS 16	**22,951**	**0**	**0**	**0**	**22,951**
Reduction in revenue due to currency effects from hedge accounting	-208	0	0	0	**-208**
Revenue total	**75,015**	**33,961**	**15,368**	**305**	**124,649**

	Reconciliation to segment revenue				Segment revenue			
	Mailing, Shipping & Office Solutions	Digital Business Solutions	Not allocated to any segment	Total	Mailing, Shipping & Office Solutions	Mail Services	Digital Business Solutions	Total
	0	0	-16	**-16**	17,718	0	0	**17,718**
	-1,283	0	0	**-1,283**	14,439	0	0	**14,439**
	-282	0	0	**-282**	13,845	0	0	**13,845**
	-198	0	0	**-198**	4,508	0	0	**4,508**
	0	0	0	**0**	0	33,961	0	**33,961**
	0	-349	-289	**-638**	0	0	15,019	**15,019**
	-1,763	**-349**	**-305**	**-2,416**	**50,510**	**33,961**	**15,019**	**99,490**
	-1,391	0	0	**-1,391**	6,556	0	0	**6,556**
	4,152	0	0	**4,152**	19,156	0	0	**19,156**
	2,761	**0**	**0**	**2,761**	**25,712**	**0**	**0**	**25,712**
	208	0	0	**208**	0	0	0	**0**
	1,206	**-349**	**-305**	**553**	**76,222**	**33,961**	**15,019**	**125,202**

The revenue of the Mail Services segment includes mainly passed-on postage charges.

The reconciliation from IFRS revenue to segment revenue shows an increase of EUR 553 thousand (previous year: increase of EUR 613 thousand). This effect primarily relates to revenue from lease and service agreements under IFRS in the amount of EUR 650 thousand (previous year: EUR 460 thousand) and currency effects from hedge accounting of EUR 208 thousand (previous year: EUR 169 thousand). Revenue of EUR 305 thousand (previous year: EUR 63 thousand) was not allocated to any segment.

Due to the allocation of transaction prices according to IFRS 15 and consideration according to IFRS 16 in conjunction with IFRS 15, there are transfers between the individual performance types according to IFRS that are eliminated in the reconciliation with segment revenue.

H1 2022				IFRS revenue	
In EUR thousand	**Mailing, Shipping & Office Solutions**	**Mail Services**	**Digital Business Solutions**	**Not allocated to any segment**	**Total**
Product sales income (Franking and Inserting)	17,892	0	0	0	**17,892**
Service/customer service	16,497	0	0	0	**16,497**
Consumables	12,781	0	0	0	**12,781**
Telepostage	4,673	0	0	0	**4,673**
Mail Services	0	39,973	0	0	**39,973**
Software/Digital	0	0	14,228	63	**14,292**
Revenue in accordance with IFRS 15	**51,844**	**39,973**	**14,228**	**63**	**106,109**
Finance Lease	5,754	0	0	0	**5,754**
Operating Lease	15,873	0	0	0	**15,873**
Revenue in accordance with IFRS 16	**21,627**	**0**	**0**	**0**	**21,627**
Reduction in revenue due to currency effects from hedge accounting	-169	0	0	0	**-169**
Revenue total	**73,301**	**39,973**	**14,228**	**63**	**127,566**

Reconciliation to segment revenue				Segment revenue			
Mailing, Shipping & Office Solutions	Digital Business Solutions	Not allocated to any segment	Total	Mailing, Shipping & Office Solutions	Mail Services	Digital Business Solutions	Total
-1	0	0	**-1**	17,892	0	0	**17,892**
-1,072	0	0	**-1,072**	15,425	0	0	**15,425**
-179	0	0	**-179**	12,602	0	0	**12,602**
-155	0	0	**-155**	4,518	0	0	**4,518**
0	0	0	**0**	0	39,973	0	**39,973**
0	-120	-63	**-183**	0	0	14,109	**14,109**
-1,407	**-120**	**-63**	**-1,590**	**50,437**	**39,973**	**14,109**	**104,519**
-1,274	0	0	**-1,274**	4,479	0	0	**4,479**
3,261	0	0	**3,261**	19,134	0	0	**19,134**
1,987	**0**	**0**	**1,987**	**23,613**	**0**	**0**	**23,613**
169	0	0	**169**	0	0	0	**0**
749	**-120**	**-63**	**566**	**74,051**	**39,973**	**14,109**	**128,132**

The following table shows the contract assets and contract liabilities. These are reported in the statement of financial position under other non-financial assets or other non-financial liabilities.

In EUR thousand	30 June 2023	31 Dec. 2022
Contract assets	**525**	387
thereof non-current	**342**	290
thereof current	**184**	97
Contract liabilities	**12,027**	9,593
thereof non-current	**1,065**	1,118
thereof current	**10,962**	8,475

(7) Taxes

In the first half of 2023, the FP Group's income tax expense amounted to EUR 2,977 thousand (previous year: EUR 3,031 thousand). The increase in the tax rate is mainly due to prior-period income tax expenses and unrecognised deferred tax assets on loss carryforwards.

(8) Intangible assets

The tables below present the development of intangible assets.

DEVELOPMENT OF INTANGIBLE ASSETS IN H1 2023

In EUR thousand	Internally generated intangible assets	Customer relationships and other intangible assets acquired for consideration	Goodwill	Development projects in progress and advance payments	Total
Cost or cost of manufacture					
As at 1 Jan. 2023	**76,648**	**84,177**	**25,390**	**1,273**	**187,488**
Currency differences	0	-649	-23	-1	-673
Additions	64	385	0	862	1,312
Disposals	0	-311	0	-11	-321
As at 30 June 2023	**76,713**	**83,602**	**25,367**	**2,124**	**187,806**
Amortisation, depreciation and impairments					
As at 1 Jan. 2023	**69,427**	**77,299**	**20,982**	**0**	**167,708**
Currency differences	0	-395	0	0	-394
Additions	1,607	719	0	0	2,326
Disposals	0	-311	0	0	-311
As at 30 June 2023	**71,034**	**77,312**	**20,983**	**0**	**169,329**
Carrying amount as at 1 Jan. 2023	**7,221**	**6,878**	**4,408**	**1,273**	**19,780**
Carrying amount as at 30 June 2023	**5,679**	**6,290**	**4,384**	**2,124**	**18,477**

DEVELOPMENT OF INTANGIBLE ASSETS IN H1 2022

In EUR thousand	Internally generated intangible assets	Customer relationships and other intangible assets acquired for consideration	Goodwill	Development projects in progress and advance payments	Total
Cost or cost of manufacture					
As at 1 Jan. 2022	**76,012**	**89,207**	**24,912**	**278**	**190,409**
Currency differences	0	-164	133	0	-32
Acquisition through business combination	0	405	5,007	158	5,571
Additions	0	69	0	283	352
Disposals	0	-12	0	0	-12
Reclassifications	221	0	0	-221	0
As at 30 June 2022	**76,233**	**89,505**	**30,052**	**498**	**196,288**
Amortisation, depreciation and impairments					
As at 1 Jan. 2022	**62,926**	**86,710**	**20,983**	**61**	**170,680**
Currency differences	0	-142	20	0	-122
Additions	3,001	522	0	0	3,522
Disposals	0	-12	0	0	-12
As at 30 June 2022	**65,927**	**87,077**	**21,002**	**61**	**174,068**
Carrying amount as at 1 Jan. 2022	**13,086**	**2,497**	**3,929**	**217**	**19,729**
Carrying amount as at 30 June 2022	**10,306**	**2,427**	**9,049**	**437**	**22,220**

Additions to internally generated intangible assets and development projects in progress and advance payments totalled EUR 926 thousand (previous year: EUR 283 thousand). In the first half of 2023, amortisation of EUR 1,607 thousand (previous year: EUR 2,599 thousand) was recognised on internally generated intangible assets. In the previous year, an impairment loss of EUR 402 thousand was also recognised on capitalised development costs for IoT projects already completed.

Additions to customer relationships and other purchased intangible assets totalling EUR 385 thousand (previous year: EUR 69 thousand) mainly include the purchase of software and licences. In the first half of 2023, amortisation of purchased intangible assets of EUR 258 thousand (previous year: EUR 232 thousand) and amortisation of customer relationships of EUR 462 thousand (previous year: EUR 290 thousand) was recognised.

The increase in amortisation of customer relationships resulted from additions in connection with the acquisition from the business combination of the Azolver companies in the previous year.

(9) Property, plant and equipment

The tables below present the development of property, plant and equipment.

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT IN H1 2023

In EUR thousand	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Leased products	Advance payments and assets under construction	Total
Cost or cost of manufacture						
As at 1 Jan. 2023	**4,644**	**11,653**	**29,961**	**80,983**	**270**	**127,512**
Currency differences	16	-1	46	-688	0	-628
Additions	14	213	1,041	3,524	48	4,840
Disposals	0	-455	-258	-1,634	0	-2,347
Reclassifications	0	0	112	0	-112	0
As at 30 June 2023	**4,673**	**11,409**	**30,901**	**82,186**	**206**	**129,376**
Amortisation, depreciation and impairments						
As at 1 Jan. 2023	**2,553**	**10,081**	**27,443**	**60,539**	**0**	**100,616**
Currency differences	16	-1	50	-502	0	-436
Additions	119	336	605	3,002	0	4,061
Disposals	0	-453	-249	-1,309	0	-2,011
As at 30 June 2023	**2,687**	**9,963**	**27,849**	**61,731**	**0**	**102,229**
Carrying amount as at 1 Jan. 2023	**2,091**	**1,572**	**2,519**	**20,444**	**270**	**26,896**
Carrying amount as at 30 June 2023	**1,987**	**1,446**	**3,052**	**20,456**	**206**	**27,147**

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT IN H1 2022

In EUR thousand	Land, land rights and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	Leased products	Advance payments and assets under construction	Total
Cost or cost of manufacture						
As at 1 Jan. 2022	**4,672**	**11,686**	**29,638**	**73,682**	**150**	**119,828**
Currency differences	-11	6	302	4,972	0	5,269
Acquisition through business combination	43	0	85	482	0	610
Additions	0	67	184	3,588	0	3,840
Disposals	0	-115	-110	-1,387	0	-1,612
Reclassifications	0	-18	20	0	-2	0
As at 30 June 2022	**4,704**	**11,626**	**30,120**	**81,337**	**148**	**127,935**
Amortisation, depreciation and impairments						
As at 1 Jan. 2022	**2,331**	**9,283**	**26,906**	**55,388**	**0**	**93,908**
Currency differences	-11	5	275	3,912	0	4,182
Additions	135	472	572	3,110	0	4,288
Disposals	0	-99	-110	-1,280	0	-1,489
As at 30 June 2022	**2,455**	**9,661**	**27,642**	**61,130**	**0**	**100,889**
Carrying amount as at 1 Jan. 2022	**2,341**	**2,403**	**2,733**	**18,294**	**150**	**25,920**
Carrying amount as at 30 June 2022	**2,249**	**1,965**	**2,477**	**20,207**	**148**	**27,046**

The recognised additions to leased products totalling EUR 3,524 thousand (previous year: EUR 4,070 thousand) include leased franking machines and capitalised contract acquisition costs and relate mainly to the Mailing, Shipping & Office Solutions segment.

(10) Inventories

Impairment losses on inventories amounted to EUR 2,460 thousand as at 30 June 2023 (previous year: EUR 2,476 thousand) and were recognised under "Cost of materials" in the consolidated statement of comprehensive income as at the date of the impairment. In the reporting period, utilisation of inventories amounted to EUR 22,074 thousand (previous year: EUR 21,702 thousand) in the consolidated statement of comprehensive income.

(11) Provisions for restructuring

EUR 240 thousand of the provisions for restructuring of EUR 7,463 thousand recognised as at 31 December 2022 were utilised in the first half of 2023, with the effect that provisions for restructuring amounted to EUR 7,223 thousand as at 30 June 2023.

(12) Financial instruments

Classes of financial instruments

The following table shows the carrying amounts of all financial instruments included in the consolidated financial statements and their measurement category in accordance with IFRS 9.

FINANCIAL ASSETS AND LIABILITIES

In EUR thousand		**Carrying amount**	
Item in statement of financial position	Measured at [1]	**30 June 2023**	31 Dec. 2022
Finance lease receivables (non-current)	n/a [2]	**16,226**	15,571
Derivative financial instruments with a hedging relationship (non-current)	FV	**360**	186
Other non-current financial assets	AC	**55**	56
Non-current financial assets		**16,641**	**15,813**
Trade receivables	**AC**	**21,543**	**20,710**
Finance lease receivables (current)	n/a [2]	**7,367**	7,479
Derivative financial instruments with a hedging relationship (current)	FV	**96**	94
Other financial assets (current)	AC	**6,994**	6,197
Other current financial assets		**14,458**	**13,771**
Cash and cash equivalents	**AC**	**46,659**	**34,387**
Liabilities to banks (non-current)	AC	**22,486**	22,483
Lease liabilities (non-current)	n/a [2]	**6,216**	7,003
Non-current financing liabilities		**28,702**	**29,487**
Other financial liabilities (non-current)	AC	**609**	385
Other non-current financial liabilities		**609**	**385**
Liabilities to banks (current)	AC	**7,364**	7,278
Lease liabilities (current)	n/a [2]	**4,214**	4,223
Other financing liabilities (current)	AC	**0**	1
Current financing liabilities		**11,578**	**11,502**
Trade payables	**AC**	**13,131**	**13,583**
Derivative financial instruments with a hedging relationship (current)	FV	**59**	1
Derivative financial instruments without a hedging relationship (current)	FV	**942**	1,123
Other financial liabilities (current)	AC	**43,116**	33,472
Other current financial liabilities		**44,117**	**34,595**
Thereof, as per IFRS 9 measurement categories			
Financial assets measured at amortised cost (FAAC)		**75,251**	61,350
Derivative financial assets in a hedging relationship		**456**	281
Financial liabilities measured at amortised cost (FLAC)		**86,707**	77,202
Financial liabilities measured at fair value through profit or loss (FLFV)		**942**	1,123
Derivative financial liabilities in a hedging relationship		**59**	1

[1] AC - amortised cost, FV - fair value

[2] Finance lease receivables and lease liabilities are covered by IFRS 16 and are thus not allocated to any of the measurement categories formed under IFRS 9.

Most of the trade receivables, other financial assets (current), cash and cash equivalents, trade payables, current financing liabilities and other financial liabilities (current) have short remaining maturities. The carrying amounts of these financial instruments thus approximate their fair values as at the end of the reporting period.

The carrying amount of non-current financial assets and liabilities and non-current financing liabilities measured at amortised cost approximate their fair value, as these bear variable interest or there have been no material changes to the applicable measurement parameters since the initial recognition of these financial instruments.

The table below contains information on measuring financial assets and liabilities at fair value through profit or loss, including their level in the fair value hierarchy.

Financial instruments	**Fair value**	**Fair value**	**Measurement method**	**Significant unobservable inputs**	**Hierarchy**
Figures in EUR thousand	**30 June 2023**	**31 Dec. 2022**			
Financial assets measured at fair value					
Derivative financial instruments with positive fair values	**456**	281	Market approach: the fair values are based on brokers' price quotations	Not applicable	Level 2
Financial liabilities measured at fair value					
Derivative financial instruments with negative fair values	**1,001**	1,124	Market approach: the fair values are based on brokers' price quotations	Not applicable	Level 2

At the end of the reporting period, an examination is made whether reclassifications between measurement hierarchies is required. No reclassifications were made in the first half-year of 2023 or 2022.

(13) Notes to the cash flow statement

The FP Group's cash and cash equivalents comprise cash less restricted funds (postage credit managed by the FP Group).

In EUR thousand	**30 June 2023**	30 June 2022
Cash and cash equivalents in consolidated statement of financial position	**46,659**	38,180
less restricted cash and cash equivalents ("postage credit held")	**-21,238**	-11,124
Cash and cash equivalents in the consolidated cash flow statement	**25,421**	**27,055**

(14) Contingent assets and liabilities

For information on contingent assets and liabilities, please refer to the notes in the 2022 consolidated financial statements.

(15) Related party disclosures

Related parties are shareholders who have a significant influence on the FP Group, the associate, unconsolidated subsidiaries and persons with a significant influence on the Group's financial and operating policies. Persons with a significant influence on the Group's financial and operating policies are all key management personnel and their close relatives. Within the FP Group, this applies to members of the Management Board and Supervisory Board of Francotyp-Postalia Holding AG.

Transactions with shareholders with significant influence

Obotritia Capital KGaA, Potsdam, sold its shares (previously 28.01% of voting rights) in FP Holding AG with effect from 7 March 2023.

The new shareholder with significant influence became OSP Alpha Management Limited, Eden Insel SC Mahe, which held 25.34% shares in the Company until 25 April 2023. OSP Alpha Management is backed by Dr. Dirk Markus.

With the effect from 25 April 2023, Olive Tree Invest GmbH, Grünwald, Germany is the new shareholder with significant influence, holding 25.34% of the voting rights. The company behind Olive Tree Invest GmbH is LOTUS FamilyInvest AG, Innsbruck, Austria.

Further information on changes of important voting rights can be found at https://www.fp-francotyp.com/de/stimmrechtsmitteilungen/c8b5f191a4415969.

Transactions with key management personnel

There were no material new transactions with key management personnel in the first half of 2023.

(16) Significant events after the end of the reporting period

There were no significant events after the end of the reporting period that would have had a notable effect on the asset, financial and earnings position of the FP Group.

(17) Approval of the financial statements for publication

The Management Board approved the publication of the condensed consolidated financial statements on 31 August 2023.

Berlin, 31 August 2023

The Management Board of Francotyp-Postalia Holding AG

Carsten Lind	Ralf Spielberger
CEO	CFO

RESPONSIBILITY STATEMENT

of Francotyp-Postalia Holding AG

for the period from 1 January to 30 June 2023

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the condensed 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 Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, 31 August 2023

The Management Board of Francotyp-Postalia Holding AG

Carsten Lind CEO	Ralf Spielberger CFO

Finance calendar

FINANCE CALENDAR	
Results for the first quarter 2023	25 May 2023
Annual General Meeting, Berlin	14 June 2023
Interim Financial Report 2023	31 August 2023
Results for the third quarter 2023	23 November 2023

Further information on FP

Francotyp-Postalia Holding AG, a listed company based in Berlin, is the holding company of the globally operating FP Group (FP). FP is an expert in solutions that make office and work life easier and more efficient. FP has the following business areas: Digital Business Solutions, Mailing, Shipping & Office Solutions and Mail Services. In the Digital Business Solutions division, FP optimizes customers' business processes and offers solutions such as electronic signatures, hybrid mail, input/output management for physical and digital documents, and data-driven automation of complex business processes. In the Mailing, Shipping & Office Solutions business area, FP is the world's third-largest provider of mailing systems and is also the market leader in Germany, Austria, Scandinavia and Italy. FP has subsidiaries based in 15 countries and is represented by its own trading network in many other countries. In the Mail Services business area, FP offers the consolidation of business mail and is among the leading providers in Germany. In 2022, FP generated revenues of more than EUR 250 million.

For further information visit www.fp-francotyp.com.

Imprint

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