ANNUAL REPORT 2024

Dear business partners and shareholders,

With this report, we would like to inform you in the customary manner about the course of business during the past fiscal year 2024. At the same time, we would like to look to the future of FP with you and explain how we can ensure that FP is set up for the future.

The sale of our subsidiary freesort GmbH was a significant event in the last fiscal year. The subsidiary represented the Mail Services business area and contributed revenue of EUR 66.8 million in the 2023 fiscal year. On the back of the disposal, we adjusted our targets for the 2024 fiscal year. Sales were expected to fall by up to 7 per cent compared to the adjusted previous year's figure of EUR 175.6 million. EBITDA (earnings before interest, taxes, depreciation and amortisation) was expected to be as much as 17% below the previous year's adjusted EBITDA of EUR 27.6 million.

Earnings were in line with the forecast: sales fell by 3.6 per cent to EUR 169.3 million and EBITDA declined by 8.0 per cent to EUR 25.4 million. In view of these figures, the fiscal year as a whole can be described as satisfactory.

With revenue of EUR 141.8 million, the Mailing & Shipping Solutions business area remains the significantly larger of FP 's two divisions. This reflects the decline in the general mail market and disruptions in the supply chain with a drop in sales of EUR 5.3 million. The Digital Business Solutions division contributed EUR 27.4 million to total revenue, of which EUR 11.8 million is purely postage revenue. To summarise, we can say that business developed as anticipated.

In the past fiscal year, we pressed ahead with FP 's transformation process. The initial aim is to expand the digital product areas to compensate for the expected future decline in the franking machine business. To this end, a project management framework was set up that focuses on the key value drivers and enables the transformation to be managed and implemented centrally. Some projects were successfully completed in 2024, some will be continued in 2025. New projects have also been initiated for 2025 that are important for the positive development of the respective business areas.

The business model provides a solid foundation for the planned transformation. While the main focus in the franking machine business is on stabilising the topline, improving the cost structure and creating a more sustainable product range through the increased use of recycled components and refurbished machines (circular economy), the focus in the digital area is on growth. We are seeing the first signs of success in this regard thanks to the further development of purely digital products and sales.

Various risks stand in the way of the transformation process. In particular, tariffs in the USA could have a negative impact on earnings in FP's most important single market. In some European, particularly Scandinavian countries (in this case Denmark), digitalisation is being pursued to such an extent that even PostDanmark has announced the complete discontinuation of letter mailing.

We would like to take this opportunity to express our sincere thanks to all our employees, whose commitment and identification with our common goals make our progress at FP possible. The team also finds itself in a phase of transformation and is well equipped to successfully master the challenges of the future.

We would be delighted if you would continue to join us on this journey and look forward to engaging in dialogue with you.

Best wishes, your Management Board

Friedrich G. Conzen

CEO

Report of the Supervisory Board of Francotyp-Postalia Holding AG (FP Group)

Dear shareholders and business partners,

In the 2024 fiscal year, the Supervisory Board performed the duties incumbent upon it in accordance with the law, the Articles of Association and the rules of procedure, continuously monitored the Management Board's management of the company and regularly advised it on the management of the company.

The Management Board has fully complied with its information and reporting obligations. The Board provided us with regular, prompt and detailed written and verbal information on all matters relating to strategy, planning, business performance, the risk situation, changes in risk and compliance relevant to the company and the Group. This also included information about where actual performance deviated from earlier targets and where business performance deviated from planning, including in the development of agreed ESG key figures. In addition, there was a regular exchange of information between the Chairman of the Supervisory Board and Management Board.

The members of the Supervisory Board always had adequate opportunities to critically assess the reports submitted and resolutions proposed by the Management Board and to make their own suggestions. In particular, the Supervisory Board was involved directly and at an early stage in all decisions of fundamental importance to the company and discussed these intensively and in detail with the Management Board. The Supervisory Board examined the company’s objectives, risk situation, liquidity planning and equity situation in detail on several occasions. As part of this, the Supervisory Board was also consulted about key operating issues. Where Supervisory Board approval was required for decisions or action by the Management Board by law or in accordance with the Articles of Association or the Rules of Procedure, the Supervisory Board members granted this after close examination and discussion.

Supervisory Board meetings

The Supervisory Board held twelve meetings in the reporting year, some of which were held in person and some of which were held as video or telephone conferences as required. The subject of our regular consultations was the revenue and earnings development of Francotyp-Postalia Holding AG and the Group, as well as the financial and earnings position. In addition, the Supervisory Board dealt intensively with the opportunities and risks of this transaction prior to the sale of freesort GmbH and ultimately approved it.

Another topic of the meetings was the planned introduction of new ERP/CRM software. This project was terminated in September 2024 in the interests of optimising the process and IT landscape to conserve resources.

The Supervisory Board also dealt with the annual and consolidated financial statements for 2023 together with the summarised management report, including the separate non-financial statement and the summarised declaration of the Management Board and Supervisory Board on corporate governance. The quarterly statements and the half-year report were discussed in detail with the Management Board prior to their publication.

The Supervisory Board also dealt with the monitoring of the accounting process as well as issues relating to the effectiveness of the internal control system and its further development, the effectiveness of the risk management system and the internal audit system as well as compliance management and the development of the FP Group's strategic compliance measures. The Supervisory Board also addressed the audit results, the audit processes and the audit planning of the internal audit department for the 2024 fiscal year. In this context, the Supervisory Board also issued its own instructions to the internal audit department and thus was satisfied with the appropriateness and effectiveness of the Internal Control System. Another key topic was the current implementation status of the ongoing KVD projects. There was also a focus on corporate governance, the Internal Control System (ICS) and compliance.

The Supervisory Board also discussed preparations for the Annual General Meeting on 25 June 2024 and approved the Management Board's decision to hold the event in person. The Supervisory Board also discussed the corporate and investment planning for the 2024 fiscal year. Together with the Management Board, the Supervisory Board prepared the remuneration report for the 2024 fiscal year in accordance with section 162 of the German Stock Corporation Act (AktG) and will submit this to the 2025 Annual General Meeting for approval.

After reviewing the recommendations and suggestions of the German Corporate Governance Code (GCGC) in its current version, the Supervisory Board, together with the Management Board, resolved to issue and publish the declaration of compliance in the 2024 fiscal year. The current Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act (AktG), which was issued on 17 January 2025, is available on the FP Group's website. The Management Board and the Supervisory Board also report on corporate governance at the FP Group in the corporate governance declaration.

There were no related party transactions requiring approval or publication in the reporting year. There were also no conflicts of interest on the part of members of the Management Board or Supervisory Board that would have had to be disclosed to the Supervisory Board.

Members’ attendance rate at meetings of the Supervisory Board was 100%.

The members of the Management Board participated in Supervisory Board meetings; the Supervisory Board also met regularly without the Management Board at times. The items on the agenda related either to the Management Board itself or to internal Supervisory Board matters.

The members of the Supervisory Board are responsible for the training and further education measures required for their tasks, such as changes to the legal framework and new technologies, and are supported in this by the company. Informational events are attended where necessary for targeted training.

No committees were formed because the Articles of Association prescribe that the Supervisory Board must consist of three members. In accordance with section 107 (4) AktG, the Supervisory Board is also the Audit Committee.

Audit of the annual financial statements and consolidated financial statements

In accordance with the statutory provisions, the auditor, BDO AG Wirtschaftsprüfungsgesellschaft, Berlin, was elected by the Annual General Meeting on 25 June 2024. The Supervisory Board issued the audit mandate to the auditor elected by the Annual General Meeting for the 2024 fiscal year and set the auditor's fee. Prior to this, it reviewed and assessed the selection, independence, qualification, rotation and efficiency of the auditor and the services performed by the auditor and reviewed the quality of the audit.

The Supervisory Board regularly exchanged information with the auditor during the audit.

The consolidated financial statements of Francotyp-Postalia Holding AG for the fiscal year from 1 January to 31 December 2024 and the management report of the FP Group, which is combined with the management report of the Company, were prepared in accordance with section 315e of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union. BDO has audited the annual financial statements for the fiscal year from 1 January 2024 to 31 December 2024 prepared by the Management Board in accordance with the provisions of the German Commercial Code (HGB) and the management report of Francotyp-Postalia Holding AG, which is combined with the management report of the FP Group. Both the consolidated financial statements and the summarised management report received an unqualified audit opinion from BDO AG. Silvia Sartori and Martin Behrendt have signed as the auditors responsible for the audit since the 2024 fiscal year.

The auditor conducted the audit in compliance with section 317 HGB and the EU Audit Regulation, taking account of the German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) as well as the International Standards on Auditing (ISA). The auditor also found that the Management Board has set up an appropriate monitoring system, the design and operation of which is suitable for recognising developments that could jeopardise the company's continued existence at an early stage.

The financial statement documents and the audit report on the annual and consolidated financial statements for the 2024 fiscal year were discussed in detail at the Supervisory Board meeting on 24 April 2025. The auditors reported on the key findings of their audit and in particular on the key audit matters described in the respective auditor's report, including the audit procedures performed. They also provided information on their findings from the audit and were available to answer additional questions and provide further information. Following the Supervisory Board's review and comprehensive discussion of the consolidated financial statements and the summarised management report, no objections were raised. The Management Board prepared the consolidated financial statements. The Supervisory Board approved the consolidated financial statements on 24 April 2025. The same applies to the non-financial statement.

The auditor also reviewed the remuneration report prepared jointly by the Management Board and the Supervisory Board in accordance with section 162 AktG. In the auditor’s opinion, the information required by section 162 (1) and (2) of the German Stock Corporation Act (AktG) has been provided in all material respects in the remuneration report.

The dividend policy of Francotyp-Postalia Holding AG remains unchanged. The aim is to enable shareholders to participate in the positive development of the company. Due to the ongoing transformation, the Management Board has proposed to the Supervisory Board that once again no dividend be distributed for the 2024 fiscal year and that the net retained profits of Francotyp-Postalia Holding AG in the amount of EUR 45.2 million be carried forward to new account. The Supervisory Board agreed with this proposal.

Personnel changes on the Management Board and Supervisory Board

Johannes Boot was elected as a new member of the Supervisory Board at the Annual General Meeting in June 2023. He therefore represented the new major shareholder Olive Tree Invest GmbH and took over as Chairman of the Supervisory Board on 6 February 2024. The Management Board and Supervisory Board thanked Dr Alexander Granderath, who had been Chairman since 2020.

At the Annual General Meeting on 25 June 2024, three new members of the Supervisory Board were elected after Johannes Boot, Klaus Röhrig and Dr Alexander Granderath stepped down at the end of the Annual General Meeting. The new Supervisory Board subsequently consisted of Dr Dirk Markus (Chairman), Dr Martin Schoefer (Deputy Chairman) and Paul Owsianowski. Mr Owsianowski resigned from the Supervisory Board with effect from 21 March 2025. The company arranged for the court appointment of Dr. Frank Hübner-von Wittich as a new member of the Supervisory Board, which took place on 10 April 2025.

On 1 March 2024, the Supervisory Board appointed Friedrich G. Conzen as a member of the Managemet Board and simultaneously as Chairman of the Management Board. Mr Conzen succeeded Carsten Lind, who left the Management Board at the same time. On 24 September 2024, the Supervisory Board of Francotyp-Postalia Holding AG reached a mutual agreement with Ralf Spielberger on the premature termination of his appointment as Chief Financial Officer. The company thanked Mr Spielberger for his work and wished him all the best for the future. Since then, Friedrich G. Conzen has managed the company as the sole Managing Director.

On behalf of the Supervisory Board, I would like to thank all members of the Management Board, employees and the employee representatives of Francotyp-Postalia Holding AG and all Group companies for their hard work and commitment and constructive collaboration in the past fiscal year.

Berlin, 24 April 2025

For the Supervisory Board

Dr. Dirk Markus

Chairman of the Supervisory Board

FP Share

FP share with a weak price performance

FP shares, which are classified as second-line stocks, started the 2024 stock market year at a price of EUR 2.88, which is also the high for the year. The price subsequently declined over the course of the year. In December, the share marked its low for the year at EUR 2.08 on Xetra intraday. FP shares ended the year at EUR 2.22. This corresponds to a year-on-year decline of around 22% compared to the end of 2023.

The shares of the two listed competitors from Europe and the USA performed differently. While the US share was able to achieve significant price gains over the year, the European share also recorded price losses. Over the year as a whole, the peer group has therefore performed disparately. FP is still undergoing a transformation process and many investors remain cautious.

Despite the fall in the share price, trading in FP shares was more lively. Compared to the previous year, the trading volume of FP shares increased to an average of 5,554 shares per day on the Xetra platform (previous year: 4,045). The high was reached on 20 December with 71,462 shares traded on a single trading day. An average of 4,125 shares were traded daily on Tradegate (previous year: 3,732).

Equity analyst recommends FP shares as a buy

FP shares were analysed throughout 2024 by GSC Research, which was commissioned by FP. The analyst firm recommends the share as a buy with a target price of 5.80 euros. Compared with the current price, the high price potential of the share is again confirmed.

The total number of voting rights at the end of the fiscal year remains unchanged at 16,301,456. At the end of the year, the company held a total of 677,603 shares, or 4.16%, itself.

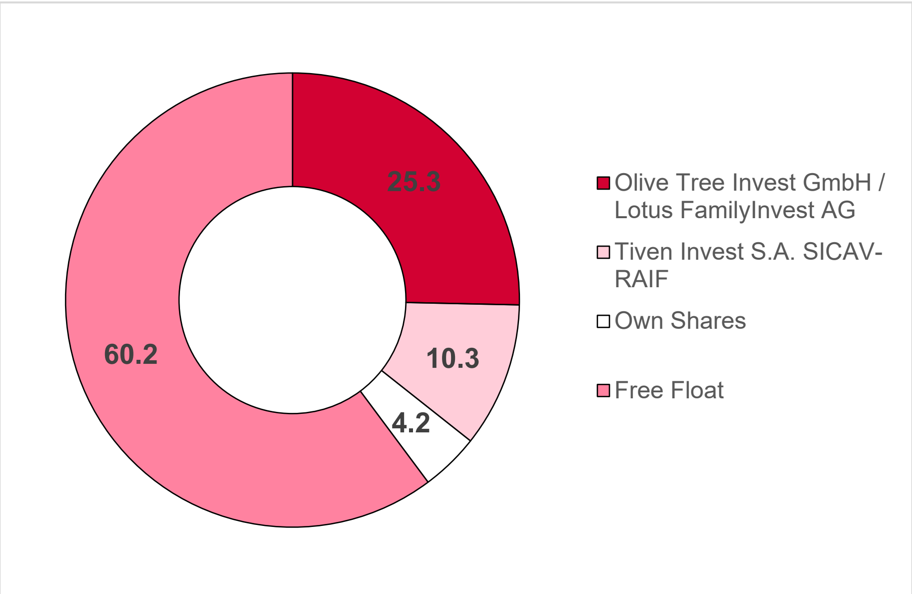
The institutional investors come mainly from Germany and Luxembourg. At the end of 2024, notifications pursuant to section 40 (1) WpHG had been received from the following investors:

NOTIFICATIONS IN LINE WITH SECTION 40 (1) WPHG (AS OF MARCH 31, 2025)

Olive Tree Invest GmbH / Lotus Family Invest AG	25.34 % (notification dated 4 May 2023)
Tiven Invest S.A. SICAV-RAIF	10.31 % (notification dated 27 November 2024)
Saltarax GmbH	5.00 % (notification dated 11 November 2020)
Magallanes Value Investors SA	3.26 % (notification dated 22 May 2018)
Universal-Investment GmbH	3.19 % (notification dated 12 November 2020)
Hans-Herbert Döbert	3.19 % (notification dated 19 December 2024)

As at 31 December 2024, 60.2% of the shares were in free float. This results in the following shareholder structure as at 31 December 2024:

SHAREHOLDER STRUCTURE (IN %)



FP-Annual General Meeting

Once a year, the Annual General Meeting offers all FP Group shareholders the opportunity to engage in direct dialogue with management. FP's Annual General Meeting was once again held as an in-person event in 2024.

At the Annual General Meeting on 25 June 2024 in Berlin, 51.7% (previous year: 44.3%) of the voting share capital was represented. Most of the items on the agenda were approved by a large majority.

Dr Dirk Markus, Paul Owsianowski and Dr Martin Schoefer were elected as new members of the Supervisory Board until the next Annual General Meeting in 2025, each with more than 88% of the votes. Johannes Boot, Klaus Röhrig and Dr Alexander Granderath, whose regular term of office would have ended with the Annual General Meeting in 2025, resigned from their positions as members of the Supervisory Board at the end of the Annual General Meeting. For this reason, three new members of the Supervisory Board had to be elected. The Supervisory Board then elected Dr Dirk Markus as its Chairman.

The Annual General Meeting also approved the renewal of the authorisation to acquire and use treasury shares of up to a total of 10 % of the existing share capital. In addition, the remuneration report and the new remuneration system for the members of the Management Board were approved. The actions of the Supervisory Board were formally approved for the 2023 fiscal year, but not those of the Management Board.

Day-to-day business of investor meetings

In fiscal year 2023, the FP Group continued to cultivate its IR activities. As in previous years, investor meetings took place in person, online or by telephone. This ensured that capital market participants were able to engage in open, transparent and regular discussions with the FP Group. FP's Management Board and investor relations team used one-on-one meetings and investor conferences to showcase the company. The team took part in the annual German Equity Forum (EKF) in Frankfurt on 25 November 2024.

Visitors and capital market participants can find all relevant information on the company's own website (www.fp-francotyp.com). Together with annual and half-year reports, the FP Group’s quarterly reports, financial presentations and press releases can also be found here. All the latest developments, such as announcements about voting rights or directors’ dealings, can also be found there.

KEY SHARE DATA	
Number of shares	16,301,456
Type of shares	Bearer shares
Share capital	EUR 16,301,456
Number of shares outstanding	15,623,853
Voting rights	Each share grants one vote
SCN	FPH900
ISIN	DE000FPH9000
Stock exchange symbol	FPH
Trading segment	Official market (Prime Standard)
Stock markets	Xetra and regional German exchanges
Designated sponsor	ICF Bank AG
Coverage	GSC Research (until 2024: Baader Bank, Warburg Research)
Announcements	Electronic Federal Gazette
Closing price (Xetra)	EUR 2.22 (30 Dec. 2024)
High (Xetra)	EUR 2.88 (2 Jan. 2024)
Low (Xetra)	EUR 2.08 (26 Dec. 2024)
Market capitalisation as at 31 Dec. 2023	EUR 36.2 million
Earnings per share (basic)	EUR 0.69
Earnings per share (diluted)	EUR 0.69

PERFORMANCE OF THE FRANCOTYP-POSTALIA SHARE (1 JANUARY 2024 - 31 DECEMBER 2024)

REMUNERATION REPORT

of Francotyp-Postalia Holding AG for the 2024 financial year

Please note that there may be rounding differences compared to exact mathematical figures (monetary units, percentages, etc.)
Translation from the German original – in case of doubt the German version shall prevail.

The following remuneration report, which was prepared jointly by the Management Board and the Supervisory Board in accordance with the statutory provisions of section 162 of the German Stock Corporation Act (AktG), presents and explains the remuneration of the current and former members of the Management Board and Supervisory Board of Francotyp-Postalia Holding AG in the 2024 fiscal year. As they are still relevant for the first few months of the fiscal year, the remuneration system (2021 remuneration system) for the Management Board resolved at the Annual General Meeting on 16 June 2021 and the remuneration system for the Supervisory Board resolved at the Annual General Meeting on 15 June 2022 are also outlined. The updated remuneration system for the Management Board, which was resolved by the Annual General Meeting on 25 June 2024, is also presented (2024 remuneration system). The remuneration report was formally audited by the auditor in accordance with section 162 (3) AktG. The auditor's report is attached to this report.

The aim of this report is to make clear the connection between the overarching corporate strategy and the structure of the remuneration system, while at the same time making the concrete operation of the remuneration system – pay for performance – comprehensible. This report will be presented for approval at the Annual General Meeting resolving on the 2024 fiscal year.

1. Remuneration system for the Management Board (2021)

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

The remuneration system for the members of the Management Board of Francotyp-Postalia Holding AG was adopted by the Supervisory Board - with the support of third-party experts - in accordance with sections 87 (1) and 87a (1) AktG on 27 April 2021 and approved by the Annual General Meeting on 16 June 2021 with a majority of 97.4% of the capital represented. The remuneration report for the 2023 fiscal year was approved at the 2024 Annual General Meeting with a majority of 89.3% of the capital represented. There was therefore no reason to question or make adjustments to the reporting or application of the remuneration system.

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

Summary of key aspects of the 2024 fiscal year from a remuneration perspective

The course of business in the 2024 fiscal year had no influence on the remuneration of the members of the Management Board, as no individual targets were agreed for short-term incentivisation.

As the business performance in recent years has not had an impact on the FP share price, no benefit was realised from the long-term incentives (LTI 1), which are linked to the share price performance. LTI 2, which is based on sustainability targets, is not reviewed during the course of the year; a final settlement was only made for Carsten Lind in connection with his departure.

In the opinion of the Supervisory Board, the incentivisation structure is based on a balanced weighting between short-term, annual successes and the company's sustainable development over several years. The first component of the LTI, virtual share options, which can be exercised after four years at the earliest, allows the Management Board member to participate in the increase in the share price. The second component of the LTI related to sustainability criteria and thus took into account the growing importance of environmental, social and governance ("ESG") criteria in corporate management.

Application of the Management Board remuneration system in the 2024 fiscal year

Since the resolution by the Supervisory Board, the current remuneration system for the Management Board has been taken into account by the company when concluding new contracts and renewing existing contracts. The remuneration system did not apply to the remuneration of the Management Board member Carsten Lind, as his contract was concluded before the resolution on the remuneration system was passed.

Where members of the Management Board within the meaning of section 162 AktG were granted individual remuneration in the 2024 fiscal year which had been approved in previous fiscal years under the remuneration system applicable at the time, this is also presented and explained.

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

Disclosures on the remuneration components

The following presentation relates to the Management Board remuneration system approved by the 2021 Annual General Meeting (*2021 remuneration system*). Where the remuneration of the Management Board members in the 2024 fiscal year deviates from these explanations, this will be explained in the individual presentation of the specific Management Board remuneration for the fiscal year.

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

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

The performance-related remuneration components comprise short-term variable remuneration (short-term incentive, "STI") and long-term variable remuneration (long-term incentive, "LTI"). The short-term component has an assessment period of one year and is linked to two to four key performance indicators based on the budget for the respective fiscal year as approved by the Supervisory Board.

The long-term component (LTI) consists of two components and has an assessment period of four years to promote sustainable corporate development. The first component of the LTI are virtual share options, which are allocated to the Management Board member at a strike price and may be linked to a percentage of shares purchased and held by the Management Board member himself. The virtual share options can be exercised after four years at the earliest (vesting), so that the Management Board member participates accordingly in the increase in the share price via the difference between the strike price and the exercise price.

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

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

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

OVERVIEW OF REMUNERATION COMPONENTS

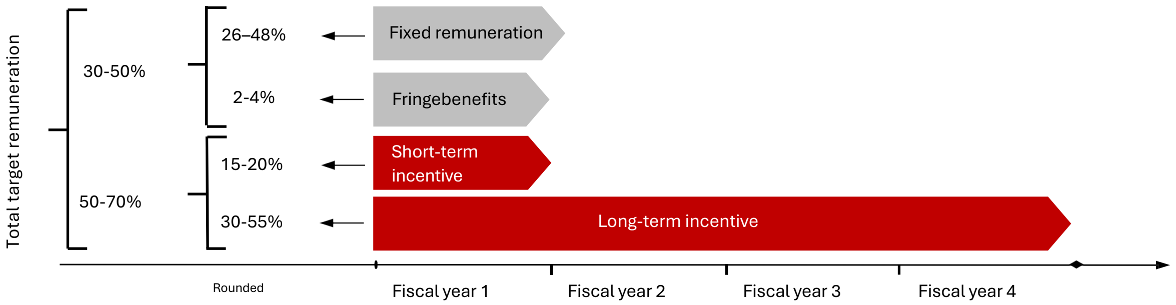
Remuneration component	Basis of assessment / parameters
Non-performance-based remuneration	
Fixed remuneration	Fixed remuneration, paid monthly pro rata as salary
Fringe benefits	Company car, insurance premiums; further one-off or time-limited (transitional) benefits possible in the case of new appointments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

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

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

Determination of target remuneration

TOTAL TARGET REMUNERATION



According to the 2021 remuneration system, the share of non-performance-related remuneration should make up around 30-50% of total target remuneration. The fixed remuneration constitutes around 26-48% of total target remuneration and the regular fringe benefits normally around 2-4%.

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

2. Remuneration system for the Management Board (2024)

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

The remuneration system for the members of the Management Board of Francotyp-Postalia Holding AG was adopted by the Supervisory Board - with the support of third-party experts - in accordance with sections 87 (1) and 87a (1) AktG and approved by the Annual General Meeting on 16 June 2024 with a majority of 88.2% of the capital represented. The remuneration system complies with the requirements of the German Stock Corporation Act, in particular the requirements of the Act Implementing the Second Shareholders' Rights Directive (ARUG II), and is based on the recommendations of the German Corporate Governance Code as amended on 28 April 2022.

Disclosures on the remuneration components

The following presentation relates to the Management Board remuneration system approved by the 2024 Annual General Meeting (2024 remuneration system). Where the remuneration of the Management Board members in the 2024 fiscal year deviates from these explanations, this will be explained in the individual presentation of the specific Management Board remuneration for the fiscal year.

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

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

The performance-related remuneration components comprise short-term variable remuneration (short-term incentive, "STI") and long-term variable remuneration (long-term incentive, "LTI"). The amount of the performance-related remuneration components is determined on the basis of the financial and non-financial targets set by the Supervisory Board.

The short-term component has an assessment period of one year and its assessment factors should include financial and non-financial targets. The assessment factors and their weighting are agreed annually between the Supervisory Board and the Management Board member by the end of the third month of the respective fiscal year at the latest.

The long-term component (LTI) consists of phantom shares, at least 80% of which reflect the development of total shareholder return as a financial performance target and up to 20% of which reflect the fulfilment of one or more ESG targets to be defined as a non-financial performance target.

The phantom shares are allocated to the Management Board member at a strike price and may be linked to a proportion of shares acquired and held by the Management Board member. The waiting period for exercising this right is specified in the employment contract and is generally four years. Up to 20% of the payout amount per phantom share (gross) is calculated according to the degree to which the defined ESG targets are achieved.

The Supervisory Board determines the specific target remuneration for the members of the Management Board. At least 80% of the planned target figures must be achieved in order to be entitled to the agreed bonus components. A target achievement of 120% constitutes the upper limit (cap).

The share of long-term variable remuneration exceeds the share of short-term variable remuneration in total target remuneration. According to the 2024 remuneration system, the share of non-performance-related remuneration should make up around 30-40% of the total target remuneration. The performance-related remuneration should account for around 60-70% of the total target remuneration, which directly reflects the pay-for-performance approach. The STI target amount accounts for around 5-15% of the total target remuneration, while around 45-65% of the total target remuneration is attributable to the LTI target amount. This ensures that the variable remuneration resulting from the achievement of long-term targets exceeds the share resulting from short-term targets.

The Supervisory Board is also authorised to grant the members of the Management Board a discretionary bonus in addition to the aforementioned remuneration components. A discretionary bonus can be decided upon by the Supervisory Board in particular to remunerate special performance by the Management Board

The following table shows the envisaged target remuneration of the Management Board members for the 2024 fiscal year and the respective share of the remuneration components in total remuneration:

TARGET REMUNERATION OF THE MANAGEMENT BOARD

	Friedrich G. Conzen CEO since 01 March 2024		Ralf Spielberger CFO until 24 September 2024		Carsten Lind CEO until 29 February 2024	
Target remuneration for the fiscal year 2024	**2024 in EUR thousand**	**2024 in %**	**2024 in EUR thousand**	**2024 in %**	**2024 in EUR thousand**	**2024 in %**
Basic remuneration	**221**	85.3%	**250**	57.3%	**175**	24.9%
+ fringe benefits	**5**	1.9%	**33**	7.6%	**14**	2.0%
= Total fixed remuneration	**226**	87.3%	**283**	64.9%	**189**	26.9%
Variable remuneration						
+ short-term variable remuneration for 2024	**29**	11.2%	**125**	28.7%	**75**	10.7%
+ long-term variable remuneration (LTI 2)	**4**	1.5%	**28**	6.4%	**439**	62.4%
= Total variable remuneration	**33**	12.7%	**153**	35.1%	**514**	73.1%
= Total remuneration	**259**	100%	**436**	100%	**703**	100%
Share of fixed remuneration in %	**87.0%**		**65.0%**		**25.0%**	
Share of variable remuneration in %	**13.0%**		**35.0%**		**75.0%**	

The target remuneration shown corresponds to the contractually agreed remuneration for the scheduled term of the respective Management Board contracts. Target remuneration was determined on the basis of 100% target achievement for the variable remuneration components.

The current members of the Management Board have not received any pension commitments.

Disclosures on shares and share options

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

As part of the LTI 1 remuneration component, there was an obligation for Mr Lind and Mr Spielberger to acquire 8%, respectively, of the allocated virtual share options as shares in the company and to hold them for four years from the date of acquisition (Share Ownership Guidelines). Both left the company in the 2024 fiscal year. Mr Conzen has not acquired any shares in the company.

Information on the clawback of variable remuneration components

In the opinion of the Supervisory Board, the remuneration of the members of the Management Board ensures that special performance is rewarded appropriately and that any failure to meet targets leads to a noticeable reduction in remuneration. In addition, the employment contract of the current Management Board member stipulates that the Supervisory Board may reduce the amount paid out by up to 100% in the event of a wilful or grossly negligent breach of official duties during the assessment period relevant for the variable remuneration - i.e. during the respective fiscal year in the case of the STI and during the four-year assessment period in the case of the LTI. If the penalty event is only discovered subsequently, the Supervisory Board may also reclaim all or part of a variable remuneration component that has already been paid out, provided the payment date is less than three years in the past. No variable remuneration components were reclaimed or withheld in the 2024 fiscal year.

Information on deviations from the remuneration system in the 2024 fiscal year

The company had concluded an employment contract with Carsten Lind before the 2021 remuneration system was adopted. Consequently, it did not apply in all respects to this contract. The company also concluded an employment contract with Friedrich Conzen before the 2024 remuneration system was adopted. Consequently, it did not apply in all respects to this contract.

Disclosures on the implementation of the Annual General Meeting resolution

The remuneration system for the Management Board is taken into account when new Management Board employment contracts are concluded with the company and when they are renewed. The 2021 remuneration system was therefore not yet fully applied to the remuneration of Carsten Lind and the 2024 remuneration system was not yet fully applied to the remuneration of Friedrich Conzen.

Remuneration granted and owed

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

REMUNERATION OF THE MANAGEMENT BOARD (GRANTED AND OWED)

	Active members of the Management Board on 31 December 2024					Former members of the Management Board	
	Friedrich G. Conzen CEO since 01 March 2024	**Ralf Spielberger CFO 01 October 2022 to 24 September 2024**		**Carsten Lind CEO 01 June 2020 to 29 February 2024**		**Ralf Spielberger 25 September 2024 to 31 December 2024**	**Carsten Lind 01 March 2024 to 31 May 2024**
in EUR	**2024**	**2024**	**2023**	**2024**	**2023**	**2024**	**2024**
Fixed remuneration	220,833	187,500	250,000	70,000	420,000	62,500	105,000
Fringe benefits	4,595	26,987	35,349	7,890	32,877	5,990	6,067
Total fixed remuneration	225,428	214,487	**285,349**	77,890	**452,877**	68,490	111,067
Short-term variable remuneration (STI)	29,166	-	-	25,000	-	-	-
Long-term variable remuneration (LTI 2)	4,166	28,000	28,000	439,167	40,000	-	-
Severance payment	-	300,000	-	-	-	-	-
Total variable remuneration	33,332	328,000	**28,000**	464,167	**40,000**	-	-
Total remuneration	258,760	542,487	**313,349**	542,057	**492,877**	68,490	111,067
Share of fixed remuneration in %	87.0%	40.0%	91.0%	14.0%	92.0%	100.0%	100.0%
Share of variable remuneration in %	13.0%	61.0%	9.0%	86.0%	8.0%	0.0%	0.0%

Disclosures on compliance with the maximum remuneration

In accordance with section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set a maximum remuneration in the 2024 remuneration system that limits the total amount of remuneration actually granted for a specific fiscal year (fixed remuneration + fringe benefits + payment from STI + payment from LTI). According to the 2024 remuneration system, this amounts to EUR 4,000,000 gross for the Chairman of the Management Board and EUR 2,000,000 gross each for the ordinary members of the Management Board.

The maximum remuneration was complied with for Management Board members Carsten Lind and Ralf Spielberger in the 2024 fiscal year. It is not possible to verify compliance with the maximum remuneration if it still depends on the inflow of variable remuneration components in future years. It is therefore not yet possible to report on compliance with the maximum remuneration for Friedrich Conzen in the 2024 fiscal year; the contractually agreed maximum remuneration amounts to EUR 2,500,000.

Explanation of variable remuneration components

I. Friedrich Conzen, sole Managing Director

Mr Conzen's employment contract provides for an annual bonus (STI), which is based on two to four key figures of the budget approved by the Supervisory Board. If 100% of the target is achieved, the annual bonus amounts to EUR 35,000. The prerequisite for the annual bonus is a target achievement of more than 80%; the maximum amount (cap) is a 120% target achievement. The Supervisory Board has not agreed any targets with Mr Conzen for the 2024 fiscal year. At the time of reporting, there was no agreement between the Management Board and the Supervisory Board on the granting of variable remuneration components for the 2024 fiscal year. The pro rata annual bonuses for the 2024 fiscal year are paid in the month following the resolution by the Annual General Meeting on the annual financial statements and are therefore included in the table as "granted".

Mr Conzen was granted a total of 300,000 virtual share options as LTI, first component, at the beginning of the four-year bonus period on 1 March 2024, at a strike price of EUR 3.50. However, as a prerequisite for this allocation of virtual share options, Mr Conzen must acquire 8% of the number of virtual share options allocated to him as real shares within one month of the allocation date and hold them for a period of four years from the date of acquisition or - if the shares are already held on the allocation date - from the allocation date (vesting period). Mr Conzen has not acquired any shares.

One quarter of the virtual share options will vest after 12, 24, 36 and 48 months, respectively. Depending on the exercise price, which does not have to meet any minimum amount, and the timing of the exercise declaration, it is not possible to determine the amount of the LTI until later. The amount is limited to EUR 15 per virtual share option (cap). The virtual share options were not allocated in the 2024 fiscal year, therefore no fair value at grant was determined.

Sustainability targets were also agreed with Mr Conzen as the second component of the LTI. Half of these ESG criteria relate to the successful re-certification of five ISO certifications and half to the reduction of CO_2 emissions. On the agreed LTI targets of this second component (ESG), Mr Conzen will receive annual advance payments of EUR 5,000, which will be offset at the end of the assessment period of four years. The prerequisite is a target achievement of more than 80%. If 100% of the target is achieved, this LTI amounts to EUR 50,000. The maximum payout amount from sustainability component 2 is limited to a total of 120% of the target value. Payment will be made in the month after the bonus period expires and achievement of the agreed targets can be determined, presumably in the 2028 fiscal year.

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

II. Ralf Spielberger, Chief Financial Officer until 24 September 2024

The Supervisory Board has not agreed any targets with Mr Spielberger for the annual bonus for the 2024 fiscal year. In the termination agreement between the Supervisory Board and Mr Spielberger, it was mutually agreed that no annual bonus would be owed for the 2024 fiscal year.

Mr Spielberger was granted a total of 240,000 virtual share options as LTI, first component, at the beginning of the four-year bonus period on 1 October 2022, at a strike price of EUR 3.10. One quarter of the virtual share options will vest after 12, 24, 36 and 48 months, respectively. Depending on the exercise price, which does not have to meet any minimum amount, and the timing of the exercise declaration, it is not possible to determine the amount of the LTI until later. The amount is limited to EUR 15 per virtual share option (cap). In accordance with the termination agreement, the LTI was properly settled at the termination date. Mr Spielberger did not receive any payment from this. The share options were granted in the 2022 fiscal year at a fair value (fair value at grant) of EUR 197 thousand. The revaluation in accordance with IFRS 2.30 as at the end of the reporting period resulted in a fair value of EUR 0 thousand. The corresponding provision was recognised as income in the 2024 annual financial statements.

Furthermore, sustainability targets were agreed with Mr Spielberger. In the termination agreement, it was mutually agreed that this variable remuneration was not owed, not even on a pro rata basis.

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

III. Carsten Lind, Chairman of the Management Board until 29 February 2024

The Supervisory Board has not agreed any targets with Mr Lind for the annual bonus for the 2024 fiscal year. In the termination agreement, it was agreed that Mr Lind would receive a pro rata annual bonus of EUR 25,000 for the 2024 fiscal year.

Mr Lind was granted a total of 350,000 virtual share options as LTI, first component, at the beginning of the four-year bonus period on 1 June 2020, at a strike price of EUR 3.60. One quarter of the virtual share options will vest after 12, 24, 36 and 48 months, respectively. Depending on the exercise price, which does not have to meet any minimum amount, and the timing of the exercise declaration, it would not be possible to determine the amount of the LTI until later. The amount was limited to

EUR 15 per virtual share option (cap). The share options were granted in the 2020 fiscal year at a fair value (fair value at grant) of EUR 221 thousand. The revaluation in accordance with IFRS 2.30 as at the end of the reporting period resulted in a fair value of EUR 23 thousand. The change in valuation was recognised in profit or loss. At the same time, the corresponding provision of EUR 85 thousand was recognised as income in the 2024 annual financial statements. In the termination agreement, it was mutually agreed that the fourth quarter of the virtual share options would also vest and become exercisable from 1 June 2024.

Furthermore, sustainability targets were agreed with Mr Lind. Half of these ESG criteria relate to the successful re-certification of five ISO certifications and half to the reduction of CO2 emissions. On the agreed LTI targets of this second component (ESG), Mr Lind will receive annual advance payments of EUR 40,000, which will be offset at the end of the assessment period of four years. The prerequisite is a target achievement of more than 80%. If 100% of the target is achieved, this LTI amounts to EUR 280,000. The cap (120% target achievement) is a bonus amount of EUR 560,000. The termination agreement stipulates that the target achievement for this remuneration component is 120% and that EUR 439,167 will therefore still be paid out, taking into account the previous advance payments.

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

Explanation of the information on former members of the Management Board

In the 2024 financial year, pension payments totalling EUR 77 thousand (previous year: EUR 64 thousand) were granted to former members of the Management Board.

Defined benefits from third parties

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

Benefits in the event of premature termination

In the event that the appointment is revoked by the company, the employment contract shall end at the end of the month following a notice period of three months from the revocation of the appointment of the Management Board member.

If the appointment to the Management Board is revoked for good cause that is not covered within the meaning of section 626 BGB for the summary cancellation of the employment contract, the employment contract shall only end upon expiry of a notice period of three months to the end of the month following the revocation of the appointment of the Management Board member. In this case, the Management Board member is entitled to a lump-sum severance payment due on the date of legal termination in the amount of 75% of their last annual remuneration consisting of fixed salary and annual bonus, but excluding the long-term bonus and other remuneration components of their employment contract, up to a maximum total of the fixed remuneration entitlements for the remaining term of the contract.

In the event of other premature termination of the employment contract without good cause in accordance with section 626 BGB, the parties may agree separate arrangements; in this case, payments to member of the Management Board including fringe benefits may not exceed the value of one year’s remuneration (severance pay cap) and may not remunerate more than the remaining term of the employment contract. The calculation of the severance payment entitlement and the severance pay cap is based on the total remuneration (i.e. the total remuneration within the meaning of section 285 no. 9 a) HGB) of the last full fiscal year; before the end of the first fiscal year, the current fiscal year (pro rata) is used as the basis.

If the appointment is revoked pursuant to section 84 (3) AktG in connection with a change of control at the instigation of a new majority shareholder and the revocation is not based on good cause pursuant to section 626 BGB, the severance payment claim increases to the amount of the total annual remuneration (i.e. the total remuneration within the meaning of section 285 no. 9 a) HGB) for the last full fiscal year, but to a maximum of the amount of the remuneration claims for the remaining term of the contract.

The Supervisory Board may determine that a member of the Management Board who leaves their employment due to a serious breach of duty ("bad leaver situation") can no longer exercise the vested virtual share options or those that are already due for exercise. All virtual share options then expire without remuneration.

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

Benefits in the event of regular termination

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

Outlook for the 2025 fiscal year from a remuneration perspective

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

3. Remuneration system for the Supervisory Board

Resolution on the remuneration system for the members of the Supervisory Board

The Annual General Meeting decides on the remuneration of the members of the Supervisory Board. The remuneration is set out in article 17 of the company's Articles of Association. The Management Board and Supervisory Board regularly review the remuneration of the Supervisory Board members. If they come to the conclusion that an adjustment is necessary, they propose it to the Annual General Meeting. The last change to the remuneration system was approved at the 2022 Annual General Meeting with a majority of 99.69% of the capital represented.

Structure and application of the remuneration system for the Supervisory Board

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

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

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

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

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

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

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

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

In the future, the Annual General Meeting will resolve on the remuneration of the members of the Supervisory Board at least every four years. In future, the Supervisory Board will therefore conduct an analysis of its remuneration at least every four years in order to submit a corresponding resolution proposal to the Annual General Meeting together with the Management Board. In the 2024 fiscal year, the remuneration system for the Supervisory Board was applied in all aspects as regulated in the revised article 17 of the company's Articles of Association. The members of the Supervisory Board did not receive any further remuneration or benefits in the reporting year for services provided personally – in particular, consulting and mediation services. The members of the Supervisory Board were not granted any loans or advances, and no contingent liabilities were entered into in their favour.

Individualised disclosure of Supervisory Board remuneration

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

REMUNERATION OF THE SUPERVISORY BOARD (GRANTED AND OWED)

In EUR		2024	2023
Dr Dirk Markus	Member since 25 June 2024, Chairman of the Supervisory Board	41,644	0
Paul Owsianowski	Member since 25 June 2024	20,822	0
Dr Martin Schoefer	Member since 25 June 2024	20,822	0
Dr Alexander Granderath	Member until 25 June 2024	23,562	80,000
Klaus Röhrig	Member until 25 June 2024	19,507	40,000
Johannes Boot	Chairman of the Supervisory Board until 25 June 2024	34,959	21,918
Lars Wittan	Member until 14 June 2023	0	18,082
Total remuneration		**161,315**	**160,000**

Comparative presentation of remuneration and earnings performance

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

Change in %	2021 to 2020	2022 to 2021	2023 to 2022	2024 to 2023
Current members of the Management Board				
Friedrich G. Conzen (since 01 March 2024)	n.a.	n.a.	n.a.	**100.0**
Former members of the Management Board				
Ralf Spielberger (until 24 September 2024)	n.a.	n.a.	0.2	**94.8**
Carsten Lind (until 29 February 2024)	37.9	9.8	-46.8	**32.4**
Martin Geisel (until 30 September 2022)	n.a.	11.9	n.a.	**n.a.**
Patricius de Gruyter (until 31 May 2021)	-55.8	-100.0	n.a.	**n.a.**
Rüdiger A. Günther (until 10 November 2020)	-1.9	-100.0	n.a.	**n.a.**
Sven Meise (until 11 January 2021)	-10.8	-100.0	n.a.	**n.a.**
Current members of the Supervisory Board (since 25 June 2024)				
Dr Dirk Markus	n.a.	n.a.	n.a.	**100.0**
Paul Owsianowski	n.a.	n.a.	n.a.	**100.0**
Dr Martin Schoefer	n.a.	n.a.	n.a.	**100.0**
Former members of the Supervisory Board				
Dr Alexander Granderath (until 25 June 2024)	608.4	77.7	0.0	**-70.5**
Johannes Boot (until 25 June 2024)	n.a.	n.a.	100.0	**59.5**
Klaus Röhrig (until 25 June 2024)	-22.3	33.3	0.0	**-51.2**
Lars Wittan (until 14 June 2023)	606.5	6.7	-54.8	**-100.0**
Botho Oppermann (until 10 November 2020)	-100.0	n.a.	n.a.	**n.a.**
Dr Mathias Schindl (until 10 November 2020)	-100.0	n.a.	n.a.	**n.a.**
Development of the company				
Net profit of Francotyp-Postalia Holding AG (HGB)[1)]	360.0	-117.9	n.a.	**-82.9**
EBITDA of the FP Group (IFRS)	111.1	49.6	12.3	**-8.3**
Average remuneration of employees	2.6	5.1	6.0	**3.6**

[1)] The net profit of Francotyp-Postalia Holding AG amounted to EUR 24.5 million in 2023 and EUR 4.2 million in 2024.

The information on the remuneration of the members of the Management Board is based on the remuneration granted and owed.

Berlin, 24 April 2025

Friedrich Conzen

CEO

Dr. Dirk Markus

Chairman of the Supervisory Board

Independent auditor's report on the formal audit of the remuneration report in accordance with Section 162 (3) AktG

To Francotyp-Postalia Holding AG, Berlin,

Audit opinion

We have formally audited the remuneration report of Francotyp-Postalia Holding AG, Berlin, for the financial year from January 1, 2024 to December 31, 2024 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the disclosures pursuant to Section 162 (1) and (2) AktG have been made in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the audit opinion

We conducted our audit of the remuneration report in accordance with § 162 Abs. 3 AktG and IDW Auditing Standard: The Audit of the Remuneration Report in Accordance with Section 162 (3) AktG (IDW PS 870). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our report. As an audit firm, we have fulfilled the requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1). We have complied with the professional requirements of the German Public Auditors' Code and the Professional Code for German Public Auditors/Sworn Auditors, including the independence requirements.

Responsibility of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they have determined necessary to enable the preparation of a remuneration report that is free from material misstatement, whether due to fraud or error.

Responsibility of the auditor

Our objective is to obtain reasonable assurance about whether the remuneration report includes, in all material respects, the disclosures required by section 162 (1) and (2) AktG and to issue an opinion on these disclosures in an auditor's report.

We have planned and performed our audit such that we can ascertain the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the disclosures, the completeness of the individual disclosures or the fair presentation of the remuneration report.

Dealing with any misleading representations

In connection with our audit, our responsibility is to read the remuneration report in the light of our knowledge obtained in the audit and, in doing so, to consider whether the remuneration report includes misrepresentations with regard to the accuracy of the content of the information, the completeness of the individual disclosures or the fair presentation of the remuneration report.

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

Berlin, 24 April 2025

BDO AG

Wirtschaftsprüfungsgesellschaft

(signed) Sartori	(signed) Behrendt
German Public Auditor	German Public Auditor

COMBINED MANAGEMENT REPORT

of Francotyp-Postalia Holding AG for the 2024 financial year

Please note that rounding differences to the mathematically exact values (monetary units, percentages, etc.) may occur. Where percentage changes are stated in the management report, these are calculated from the unrounded figures.
Translation from the German original – in case of doubt the German version shall prevail.

1 Principles of the company and the Group

1.1 General information

Francotyp-Postalia Holding AG (hereinafter referred to as “FP Holding”, “the company”, or “the parent company”), headquartered in Berlin, is entered in the Charlottenburg commercial register of the Local Court in Berlin (registration number: HRB 169096 B). Francotyp-Postalia Holding AG’s 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 report combines the FP Group’s Group management report with Francotyp-Postalia Holding AG’s management report. It should be read in context together with the consolidated financial statements and the annual financial statements, including the notes. The consolidated financial statements and the annual financial statements are based on a number of assumptions and accounting policies, which are presented in more detail in the notes to the consolidated financial statements and in the notes to the financial statements. The consolidated financial statements were prepared in line with IFRS, as adopted by the European Union. The annual financial statements of Francotyp-Postalia Holding AG were prepared in accordance with the German Commercial Code (HGB).

The combined 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 therefore differ significantly from expected performance. Beyond legal requirements, Francotyp-Postalia Holding AG is not obliged to update statements relating to the future.

The combined management report for fiscal year 2024 is prepared in euros (EUR), the functional currency of Francotyp-Postalia Holding AG. Unless otherwise stated, all figures are rounded to millions of euros (EUR million) to one decimal place, meaning that rounding differences may occur. The percentages shown are calculated from the unrounded figures. The combined management report has been prepared for the reporting period from 1 January to 31 December 2024.

1.2 Business activity

The FP Group develops, produces and sells products and solutions that make office and working life easier. In addition to solutions for efficient mail processing, these are digital solutions for business customers' communication and business processes. The company divided its business activities into two divisions in fiscal year 2024: (1) Mailing & Shipping Solutions, (2) Digital Business Solutions. The Mail Services business unit, which comprised the collection, sorting and delivery of letters to postal service providers, was discontinued with the sale of the subsidiary freesort GmbH on 30 September 2024.

FP has its own subsidiaries based in 15 countries and is represented by a trading network in many other countries.

The parent company largely performs the tasks of a traditional management holding company. As it has no operating business itself, the financial position of the company largely depends on the earnings contributions of its subsidiaries.

1.2.1 Business units

Mailing & Shipping Solutions

In the Mailing Shipping Solutions (MSO) business unit, the FP Group develops franking systems. FP produces and sells or leases these and also offers customers a comprehensive range of products, services and support. This also includes the processing and billing of postage used by customers via the franking machines. The products FP offers to customers in this business unit are not limited to franking machines and related hardware – its range also extends to other office supplies and solutions from the digital product spectrum. Recurring income, including from the sale of consumables and services, represents a significant proportion.

Revenue and earnings from digital solutions and products are allocated to the Digital Business Solutions business unit.

Digital Business Solutions

The Digital Business Solutions (DBS) business unit 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 with which customers can 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 electronically. In Output Management, FP handles the digital preparation of documents, their 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 the FP Sign digital signature solution, this also includes solutions for electronic legal transactions. The Shipping

& Logistics area comprises both the FP Parcel Shipping software for parcel shipments and the FP TRAXsuite software solutions for inbound parcel management, asset tracking and internal logistics.

Revenue and earnings from digital solutions such as FP Parcel Shipping, which are sold via the MSO sales channel, are recognised in the Digital Business Solutions business unit.

1.2.2 Significant sales markets and competitive position

In the Mailing & Shipping Solutions business unit, the FP Group is represented with its franking systems on the most important markets in the world, which include Germany, the US, the UK and France. The business unit accounted for 84.6% of revenue in fiscal year 2024. Based on around 215,000 installed franking systems, the FP Group is the third-largest supplier in the world. The company is the market leader in Germany, Austria, Scandinavia and Italy. Global sales are handled by subsidiaries in the two regions North America and Europe, as well as through an international dealer network.

In many markets, mail volumes are falling as a result of digitalisation, and the FP Group also observed a continuing trend towards smaller franking systems in fiscal year 2024. The FP Group has traditionally focused on this market segment. With the PostBase platform models, it has franking systems especially for small and medium-sized volumes of letters.

In the Digital Business Solutions business unit, Germany remains the focus of activities. In the area of input and output management, the company operates in a fragmented competitive environment. The FP Group has its own printing and scanning centre in Berlin for output management.

In the area of electronic legal communication, FP is only active in Germany and is one of the few certified providers in the market.

With its signature solution, FP Sign, FP is addressing a fast-growing market with several major competitors. In addition to tapping into the market in Germany, FP is also planning a roll-out in other countries such as the UK and the Scandinavian nations.

FP is active in the fast-growing parcel market with its FP Parcel Shipping solution. This application is currently available in the US, Norway, the Netherlands and the UK.

FP TRAXsuite focuses on incoming parcel shipments and internal logistics. The solution is currently available in 10 countries (including Scandinavia, the US, Germany, Italy, Austria, the UK and the Netherlands). The market for providers of similar solutions is strongly fragmented. FP has specialised in an application area in which competition is less intense.

1.3 Strategy and goals

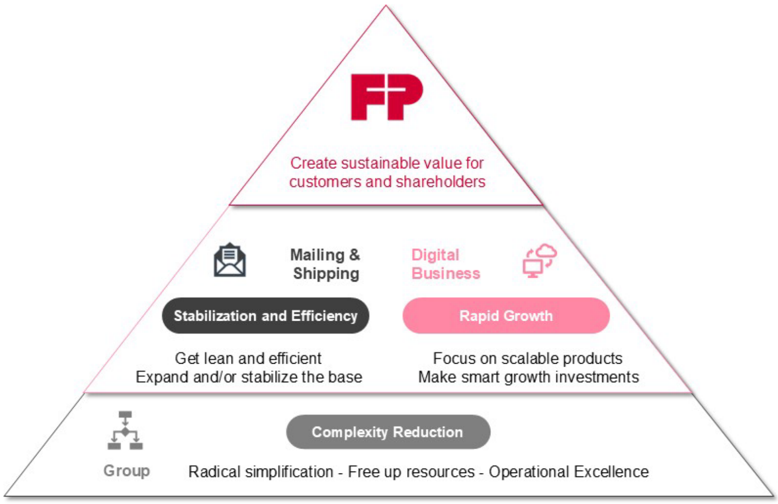
Strategic objective - sustainable growth and improved profitability

The transformation of the FP Group with the aim of creating sustainable value for customers and shareholders also shaped the fiscal year 2024. With the introduction of the key value driver framework, the transformation approach was focused on identifying the value drivers in the individual business units and at Group level, and advancing them with targeted measures. This will create the conditions for sustainable growth and improved profitability.

In the Mailing & Shipping Solutions business unit, the focus is on countering the downward market trend, stabilising revenue and generating additional cash by increasing efficiency. The marketing strategy is increasingly focused on customer retention and the marketing of sustainable products (with recycled components or refurbished machines). In addition, a dual-source strategy increases flexibility in terms of delivery capability. The harmonisation of sales and service processes will also help to increase efficiency, as will the streamlining of structures.

In the Digital Business Solutions business unit, which is still making small contributions to revenue and earnings, the focus is on growth. The solutions in the areas of electronic signatures, electronic legal transactions and shipping & logistics are being gradually expanded with additional functionalities and integrations in a dynamic market environment. The digital commerce platform also enables solutions to be scaled internationally. This is reinforced by the expansion of international sales activities and the use of sales channels in the Mailing & Shipping Solutions business unit.

Another key objective is to reduce complexity, both in structures and in processes throughout the FP Group. The management expects the radical simplification and focus on operational excellence to free up resources and lead to savings.



Implementation of the strategy

With the introduction of the key value driver framework, the transformation was advanced in 2024 in the context of 25 projects. The centralised control of projects by the management team with the support of the Execution Office enables a coherent focus on the defined objectives.

At Group level, the number of subsidiaries was reduced by seven, thus significantly reducing complexity. In addition, with the downsizing of the Management Board, a new governance structure was agreed, and a platform was created with the more close-knit management team to accelerate decisions and their implementation.

With the sale of the subsidiary freesort GmbH and the discontinuation of the Mail Service business unit, the transformation can be driven forward in a more focused manner in the two business units Mailing & Shipping Solutions and Digital Business Solutions.

In the Mailing & Shipping Solutions business unit, the franking machine range was enhanced with a view to new postal requirements and a more sustainable product range. In addition to the increased use of recycled components and refurbished machines (circular economy), the models of the PostBase platform were reworked component by component, and the use of alternative components ensured future delivery capability and quality. Sales and marketing activities will be more closely aligned with best-practice examples and optimised. The expansion as a sales channel for digital solutions will be accelerated in the future.

In the Digital Business Solutions business unit, the focus was on the customer-orientated enhancement of digital solutions such as FP Sign, FP Parcel Shipping, FP TRAXsuite and electronic legal transactions in order to increase their attractiveness to customers as a prerequisite for further growth. This involves the addition of new functionalities, such as the integration of incoming mail digitisation in the TransactMail portal solution or single sign-on in FP TRAXSuite. Furthermore, the expansion of partner sales is to be advanced by integrating FP Sign into other third-party systems and platforms, for example.

The digital commerce platform was further expanded as a key component for growth. With the central elements of self-onboarding, automated billing and self-service, it is the prerequisite for the scalability of digital solutions.

By embedding activities in the key value driver framework, the transformation and implementation of the corporate strategy are being accelerated with centralised control over the key influencing and success factors.

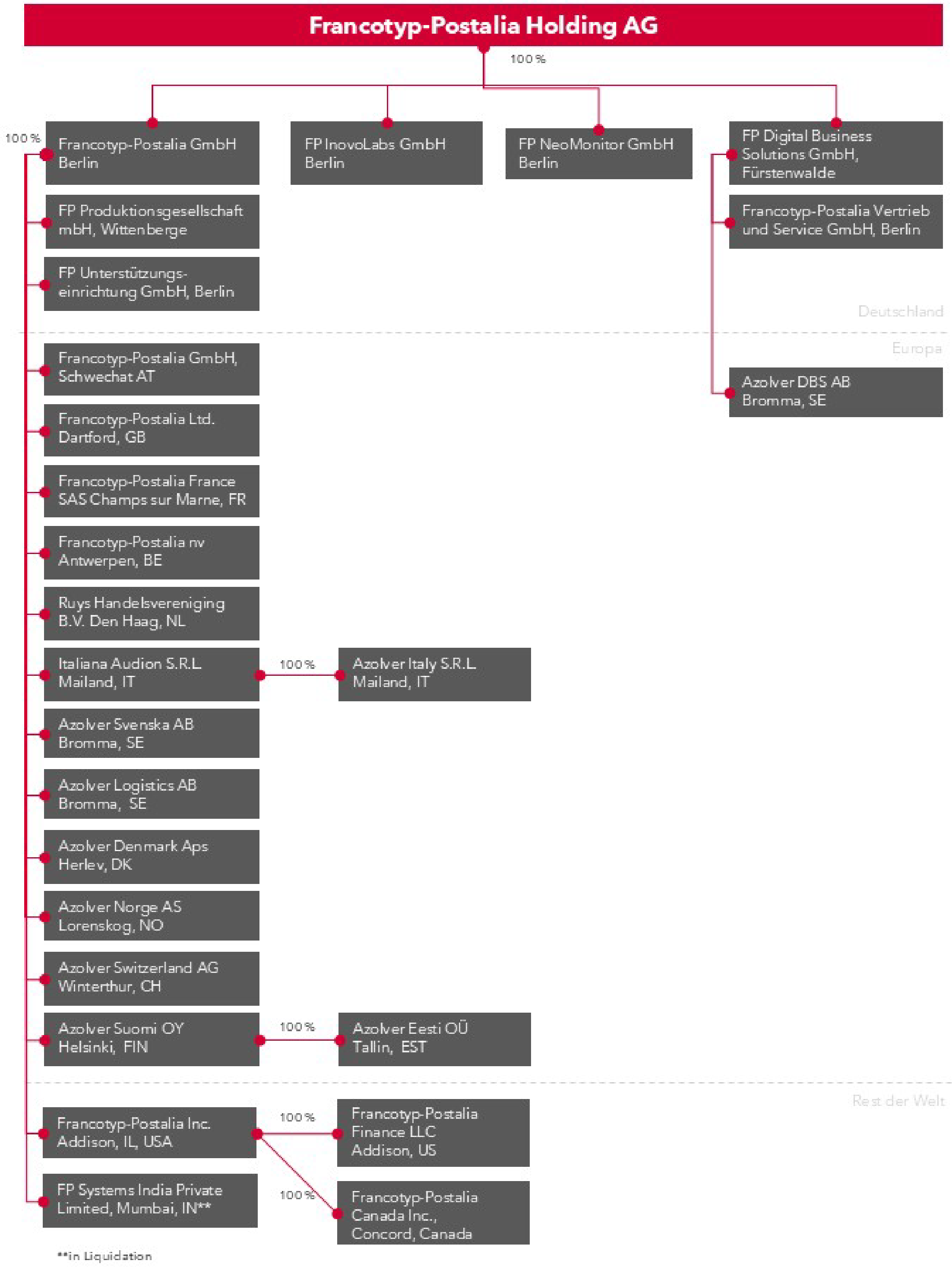
The aim is to gear FP towards sustainable growth and increasing profitability on a long-term basis.

1.4 Organisation

1.4.1 1.4.1 Group structure and locations

The legal Group structure as at 31 December 2024 is shown in the following overview.

GROUP STRUCTURE



Combined Management Report

The FP Group headquarters are located in Berlin. Key departments such as Finance, Corporate Development, Human Resources, Purchasing, IT and Group Management are located in Berlin. The development of franking solutions for the MSO business unit is based at the headquarters in Berlin. DBS solutions are developed in Germany, Estonia and Sweden.

In 2024, the objective of streamlining the Group structure was achieved with the merger and liquidation of subsidiaries. The legal Group structure has changed as follows compared to the previous year:

FP Shared Services Europe GmbH, Hennigsdorf, Germany, was merged with Francotyp-Postalia GmbH, Berlin, Germany, on 18 March 2024 with economic effect from 1 January 2024.

HEFTER Systemform GmbH, Prien, Germany, was merged with Francotyp-Postalia Vertrieb und Service GmbH, Berlin, Germany, on 21 June 2024 with economic effect from 1 January 2024.

FP Digital Business Solutions Ltd, Dartford, United Kingdom, was liquidated on 1 October 2024.

Azolver DBS Aps, Herlev, Denmark, was liquidated on 14 October 2024.

FP Direct Ltd, Dartford, United Kingdom, was liquidated on 26 November 2024.

Azolver DBS Norge AS, Lorenskog, Norway, was liquidated on 23 December 2024.

freesort GmbH, Langenfeld, Germany, was sold on 30 September 2024.

Since 2012, the FP Group has been manufacturing its franking systems exclusively in Wittenberge, Brandenburg in Germany. FP has subsidiaries in the US, Germany, the UK, Canada, France, Italy, the Netherlands, Belgium, Austria, Sweden, Switzerland, Norway, Denmark, Finland and Estonia. Sales are also handled by a network of dealers for distributing franking and inserting systems.

In addition to Francotyp-Postalia Holding AG, the 2024 consolidated financial statements of the FP Group include seven (previous year: ten) domestic and 18 (previous year: 20) foreign subsidiaries.

OUR LOCATIONS WORLSWIDE

1.4.2 Management and controlling

As at the reporting date, the Management Board consists of one member. He is responsible for overall management, and runs the company with the aim of creating sustainable value in the interests of the company.

The Supervisory Board with three members monitors and advises the Management Board. Details on the work of the Supervisory Board in fiscal year 2024 can be found in the report of the Supervisory Board. [1]

[1] The report of the Supervisory Board is not part of the audit of the financial statements by BDO AG Wirtschaftsprüfungsgesellschaft.

Further information

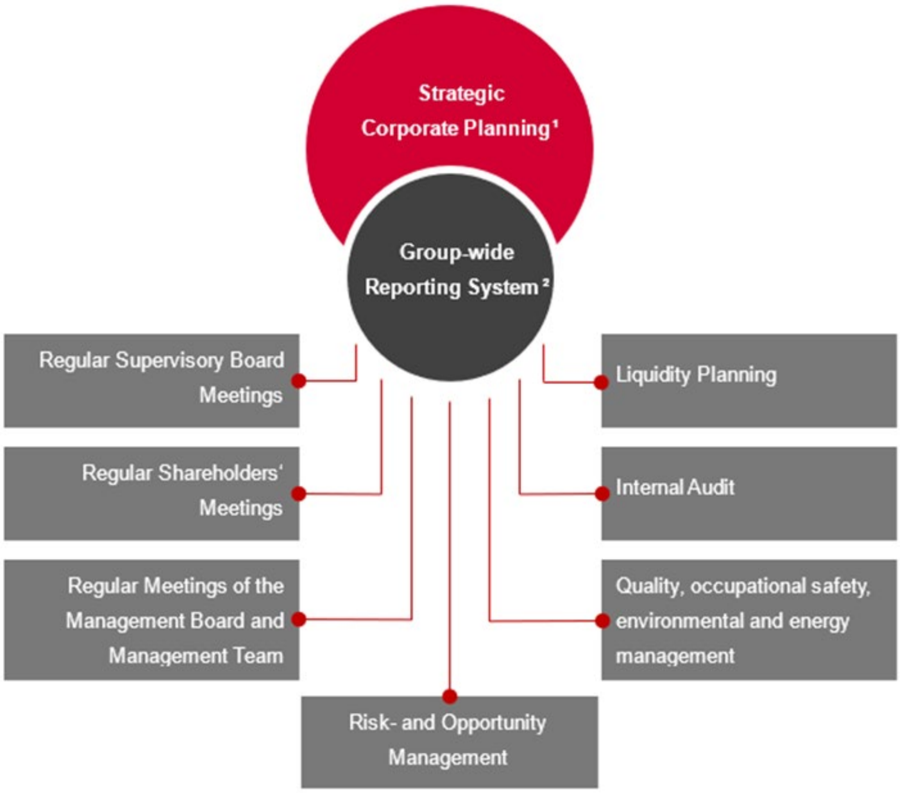
Further information on corporate governance and monitoring, including the declaration of compliance in accordance with section 161 of the German Stock Corporation Act (AktG), can be found in the declaration on corporate governance[2] for Francotyp-Postalia Holding AG and the FP Group (sections 289 f, 315 d of the German Commercial Code (HGB) and also at https://www.fp-francotyp.com/en/corporate-governance/declaration-on-corporate-governance/ [3]).

The remuneration report for fiscal year 2024 and the auditor's report pursuant to section 162 AktG as well as the applicable remuneration system pursuant to section 87a (1) and (2) sentence 1 AktG and the most recent remuneration resolution pursuant to section 113 (3) AktG will be made publicly available at https://www.fp-francotyp.com/en/corporate-governance/remuneration-system/ [4]).

1.5 Management

1.5.1 Management system

MANAGEMENT SYSTEM



[1)] Covers three years, is adjusted annually in the budget process, or on other occasions if necessary.
[2)] Monthly reporting on earnings, financial and asset position

The FP Group is managed by Francotyp-Postalia Holding AG. The Management Board develops the Group strategy and coordinates it with the Supervisory Board. Implementation of the strategy is ensured by a Group-wide reporting system on the various key topics. The dialogue at regular meetings ensures that the agreed target achievement is continuously monitored and, if necessary, corrective measures can be taken at an early stage. The projects that are important to the transformation are managed centrally within a project framework and focus on the key value drivers (KVD).

[2] The declaration of corporate governance is not part of the audit of the financial statements by BDO AG Wirtschaftsprüfungsgesellschaft.
[3] This cross-reference is not part of the audit of the financial statements by BDO AG Wirtschaftsprüfungsgesellschaft.
[4] This cross-reference is not part of the audit of the financial statements by BDO AG Wirtschaftsprüfungsgesellschaft.

The Group, which has subsidiaries in various industrialised countries and a worldwide network of dealers, divided its business activities into two business units in 2024:

- Mailing & Shipping Solutions (MSO);
- Digital Business Solutions (DBS).

1.5.2 Financial performance indicators

The Group is mainly managed on the basis of the following key financial performance indicators:

- Revenue
- EBITDA

Free cash flow is used as a further performance indicator and will be given greater weight in future.

The FP Group thus ensures that decisions take sufficient account of conflicting priorities: growth and profitability.

Revenue is used to gauge market success. The Group uses earnings before interest, taxes, depreciation and amortisation (EBITDA) to measure operational performance and performance of the individual business units.

The key financial performance indicators for the annual financial statements of FP Holding are as follows:

- Income from investments,
- Earnings before taxes.

In addition to income from equity investments, income from investments includes income from profit and loss transfer agreements and expenses from loss absorption.

Earnings before taxes correspond to earnings in the company's income statement before taxes on income and earnings and other taxes.

1.5.3 Non-financial performance indicators

In addition to financial performance indicators, the FP Group also uses non-financial performance indicators to manage the business. The focus lies on the quality of the service range, which is measured using a quality and an improvement indicator.

The quality indicator measures the change in product quality in the area of franking machines on the basis of annual service calls in relation to the weighted average number of machines. A lower value indicates a relative decrease in service calls and therefore an improvement in quality. Ongoing changes, such as the introduction of new products or the optimisation of existing products, are also taken into account. This indicator was initially measured in Germany only and used comparatively for the international subsidiaries – for example, to support cost calculation. Since 2020, this indicator has been called PQI - Germany and supplemented by the indicator PQI - International. The Product Quality Indicator - International is also made up of the average number of machines and the annual service calls. However, the data from Belgium, Germany, Italy, Canada, the Netherlands, Austria, Sweden and the US are analysed together. These are the countries that support the FP Group with data on service calls in identifying opportunities for improvement. As the value of the PQI - International is calculated differently than that of the PQI - Germany, the two indicators cannot be compared with each other. Both PQIs (since 2019) only consider products that are currently produced in Wittenberge.

The PQI - Germany, which indicates the number of technician deployments per machine, rose slightly to 10.6 (previous year: 9.9). This slight increase is due to the launch of new models, which lead to increased utilisation of technicians in the initial phase. The PQI - International improved to 34.5 in fiscal year 2024 (previous year: 38.1), primarily due to process optimisation in Belgium and the Netherlands.

The improvement indicator (nf IQ) also records the quality of FP products and, in particular, the quality of new franking systems. It was previously based on the cost of parts for repairs to delivered machines, and measures the ratio of parts costs from warranties to total franking machine revenue. A lower value indicates a relative decrease in the cost of parts under warranty and therefore an improvement in quality. The FP Group collects the necessary data monthly, with an analysis of previous years showing that the indicator tends to increase when new franking systems are introduced. In 2024, the value of 0.68 was slightly above that of the previous year (0.64).

The FP Group chiefly uses these two non-financial performance indicators internally with respect to the issue of sustainability. The quality indicator and the improvement indicator describe sustainable increases in product and service quality. Improvements in the two indicators serve to ensure customer satisfaction and therefore the Group's financial success. At the same time, this also enables resources to be used more sparingly.

In addition to the quality indicators, other non-financial performance indicators are taken into account, including the remuneration of the Management Board (e.g. annual ISO certifications and reduction of CO2emissions). These performance indicators are presented in the non-financial declaration.

With regard to non-financial information and non-financial performance indicators, please refer to the comments in the non-financial Group report of Francotyp-Postalia Holding AG and its subsidiaries, including the non-financial declaration (sections 289b and 315b HGB), which is available online at https://www.fp-francotyp.com/en/reporting-centre/.[5])

[5] The non-financial Group report is not part of the audit of the financial statements by BDO AG Wirtschaftsprüfungsgesellschaft.

1.6 Research and development

1.6.1 Presentation and explanation of research and development activities

1.6.1.1 Alignment and goals

For FP as a technology company, innovation is crucial and forms the basis for the future success of the company. The central objective of research and development activities is to implement the corporate strategy. This strategy is aimed at advancing the expansion of digital solutions and thus enabling future growth. As the transformation process progresses, the focus of research and development activities is therefore shifting more towards products and solutions for the digital business areas, which promise greater growth potential in the medium term.

The focus is on the customer-centric product development of innovative solutions, products and services. Basic research that does not primarily have an economic purpose is not the focus of activities.

Responsibility for research and development lies with the respective business units, thus guaranteeing the focused and efficient alignment of activities. Consequently, the research and development activities of each business unit are also detailed below.

1.6.1.2 Methods and core areas of expertise

The core areas of expertise of the various development teams differ according to the respective products and solutions in focus.

In Mailing & Shipping Solutions, the focus is on the secure transfer of cash flows. The infrastructure must meet the highest security requirements of postal companies worldwide. One core area of expertise is the development and programming of embedded system software for cryptographic security modules. These security modules enable the secure management and billing of postage credit in the franking machines. This is supplemented by expertise in middleware components for device and customer management or for the secure connection of commercial back-end or shop systems.

Software expertise relevant to the development of software-as-a-service solutions is the primary focus of the Digital Business Solutions business unit. In addition to the corresponding programming languages, the expertise of this business unit lies in the implementation of cloud-based solutions as well as API integration.

In terms of the solutions for secure electronic communication and digital signatures, this is supplemented by corresponding expertise in encryption technologies as well as security protocols and standards.

1.6.1.3 Activities

The following key activities were carried out in 2024:

Mailing & Shipping Solutions

Development activities in Mailing & Shipping Solutions focused on enhancement of the franking machine portfolio and the postal infrastructure. Operation of the postal infrastructure was modernised with new hardware and virtualisation, including operating systems and databases. FP has extended the availability of its products and consumables through targeted modifications and the use of alternative components and comprehensive quality measures. Various models of the PostBase platform were revised component by component, alternative solutions developed and new components qualified so that delivery capability, quality and modern security requirements can also be taken into account in the future. The new features, quality improvements and the integration of new postal regulations are made available to customers remotely via release versions.

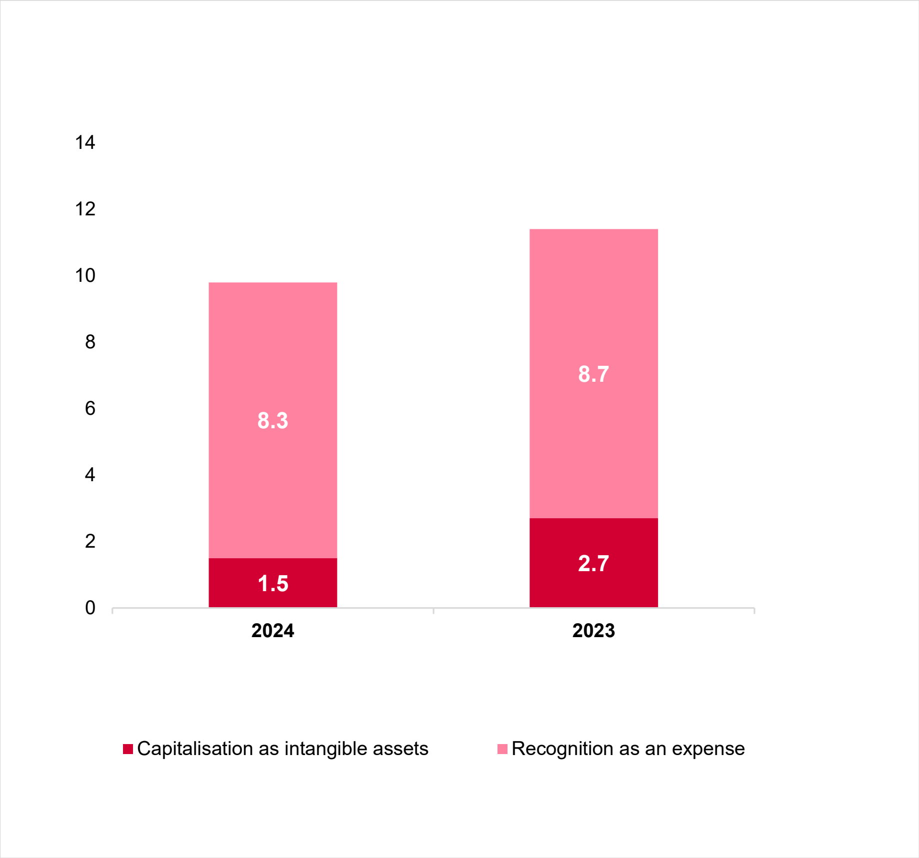
Digital Business Solutions

In the Digital Business Solutions business unit, digital solutions such as FP Sign, FP Parcel Shipping, FP TRAXSuite and electronic legal transactions development is focused on the continuous customer-oriented enhancement of solutions. This involves the addition of new functionalities, such as the integration of incoming mail digitisation in the TransactMail portal solution or single sign-on in FP TRAXSuite. Furthermore, the expansion of partner sales is to be advanced by integrating FP Sign into other third-party systems and platforms, for example.

The development of the digital commerce platform created the basis for software-as-a-service solutions for self-onboarding, corresponding billing systems (subscription & billing) and single sign-on.

1.6.2 Quantitative information on the results of research and development activities

DEVELOPMENT COSTS (IN EUR MILLION)



1.6.2.1 Development costs

Development costs totalled EUR 9.8 million in the reporting year after EUR 11.4 million in the previous year. This corresponds to a decrease of 14.1%. The R&D ratio fell from 6.5% in the previous year to 5.8% in the reporting year.

As expected, development costs fell in both business units due to a relatively high comparative figure in the previous year. In Mailing & Shipping Solutions, development costs fell by 10.2% to EUR 5.7 million, while the R&D ratio was 4.0% in relation to the business unit's revenue. In Digital Business Solutions, development costs fell by 19.0% to EUR 4.1 million and the R&D ratio reached 14.9% in relation to the business unit's revenue.

Capitalisation of development costs fell from EUR 2.7 million in the previous year to EUR 1.5 million in the reporting year. Capitalisation primarily relates to the development of franking machines (EUR 1.0 million) and, to a lesser extent, digital solutions (EUR 0.5 million). Scheduled amortisation of capitalised development costs amounted to EUR 2.9 million after EUR 3.1 million in the previous year. This corresponds to a decrease of 8.7%. In addition, unscheduled amortisation of EUR 2.6 million was recognised on capitalised development costs for completed and unfinished MSO projects. Total depreciation and amortisation in fiscal year 2024 therefore amounts to EUR 5.5 million.

1.6.2.2 Number of employees in Research and Development

At the end of 2024, the Research and Development departments of the FP Group (including subsidiaries) had 96 permanent employees (previous year: 96), divided roughly equally between the MSO and DBS business units; this corresponds to 11.8% (previous year: 10.8%) of the Group's total workforce.

Additional external employees are deployed temporarily in both business units as required.

1.6.3 Outlook

Development was reorganised as part of the transformation process. By creating capacity in terms of digital solutions, and expanding it 2025 as planned, work continues on ensuring that products and solutions reliably meet the expectations of the respective market and that revenue is commensurate with the expenses for development activities.

2 Economic Conditions

Macroeconomic and industry-specific conditions

GDP figures varied in the industrialised countries that are primarily relevant to the FP Group. In the US, FP's largest foreign market in terms of customer numbers and revenue, a sound increase in economic activity of 2.8% was observed in 2024. The economy in the eurozone countries developed only slightly positively with growth of 0.8%, while economic growth in Germany was negative as in the previous year (-0.2%).[6]

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. Over the course of 2024, the euro fell against the US dollar, with fluctuations; at the end of the year on 31 December 2024, the exchange rate was USD 1.04, around 6% below the previous year's closing rate. The exchange rate for the British pound, which is also important for the FP Group, closed at GBP 0.83, down on the level of GBP 0.87 at the end of 2023 and therefore 5% lower than a year earlier. The euro gained slightly against the Canadian dollar in 2024 (+2%). There was also an increase against the Norwegian krone (+5%) and the Swedish krona (+3%). By contrast, the euro remained virtually unchanged against the Danish krone (+/-0%). A weaker euro exchange rate has a positive impact on the revenue and earnings development of the FP Group insofar as some of the revenue is generated in these currencies and converted into euro at Group level.

The development of mail volumes is particularly important to the FP Group's Mailing & Shipping Solutions business area, which generates the highest revenue.

According to statistics from the International Post Corporation, mail volumes in the 53 largest countries fell by 8.6% (6.8% in the previous year). The years-long downward trend is therefore continuing.[7]

In the US, UK, France and the Netherlands, which are particularly relevant markets for FP, the decline in mail volumes in 2024 was similar to the previous year at 8-10%. A decline of around 8% is expected in Germany.[8]

Parcel volumes rose by 6.8% in the 53 largest countries in 2023.[9] Definitive figures for 2024 are not yet available. In Germany, parcel volumes are estimated to have risen slightly to 4.2 billion shipments in 2023, with growth of 3% forecast for the next few years.[10]

Dynamic growth is expected in the market for digital signatures.[11] According to studies, the global revenue volume in 2023 was around USD 6.1 billion. The estimate for 2030 is around USD 70 billion.

[6] IMF World Economic Outlook update January 2025
[7] International Post Corporation, Global Postal Industry Report 2024
[8] Berichte der jeweiligen Regulierungsbehörden bzw. Postgesellschaften (USPS, Ofcom, La Poste, BNetzA)
[9] International Post Corporation, Global Postal Industry Report 2024
[10] Bundesverband Paket- und Expresslogistik (BPEK), KEP-Studie 2024
[11] Precedenceresearch.com, Digital Signature Market 2024-2034

3 Position of the Group

Below, the previous year's figures in the consolidated statement of comprehensive income have been adjusted to take into account the sale of the subsidiary freesort GmbH. The contribution of freesort GmbH is presented as a discontinued operation.

3.1 Earnings Position of the Group

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

in EUR million	2024	2023	Change in %
Revenue	**169.3**	**175.6**	**-3.6**
Changes in inventory	**-1.0**	-1.3	23.8
Own work capitalized	**5.4**	8.5	-36.5
Overall performance	**173.7**	**182.8**	**-4.9**
Other operating income	**3.1**	2.3	33.1
Cost of materials	**54.5**	57.0	-4.5
Employee benefit expenses	**58.6**	61.7	-5.0
Expenses from impairment losses less income from reversals of impairment losses on trade receivables	**1.1**	2.5	-55.8
Other operating expenses	**37.4**	36.3	3.2
EBITDA	**25.3**	**27.6**	**-8.6**
Amortisation, depreciation and impairment	**19.3**	16.8	14.7
EBIT	**6.0**	**10.8**	**-44.9**
Net interest income	**1.1**	0.5	103.5
Other financial result	**1.1**	-0.6	n.a.
Income taxes	**2.0**	-2.0	n.a.
Consolidated profit from continued operations	**10.1**	8.6	17.4
Consolidated profit from discontinued operations after taxes	**4.4**	1.8	145.7
Consolidated profit	**14.6**	**10.4**	**39.5**

3.1.1 Revenue development

In fiscal year 2024, the FP Group generated revenue of EUR 169.3 million compared to EUR 175.6 million in the same period of the previous year (adjusted for currency effects: EUR 169.1 million), which corresponds to a year-on-year decline of 3.6%.

This business performance is not in line with the original forecast for the fiscal year. For fiscal year 2024, the Management Board initially expected revenue for the Group to be at the previous year's level or slightly lower. In connection with the sale of freesort GmbH, Francotyp-Postalia Holding AG adjusted its forecast for fiscal year 2024 on 30 September 2024. Revenue was expected to be up to 32% below the previous year's reported revenue of EUR 241.8 million and up to 7% below the previous year's revenue of EUR 175.6 million adjusted for the freesort stake.

The decline in revenue is in line with expectations and results from the downward trend in the franking and document workflow management, which are dependent on mail volumes. It continues to show the necessity of the transformation process in order to compensate for the effects of falling mail volumes and the associated decline in the franking machine business in the medium to long term.

In fiscal year 2024, the company's largest division, Mailing & Shipping Solutions, generated revenue of EUR 141.8 million, which was 3.6% below the previous year's level of EUR 147.1 million.

Revenue from product sales developed positively and increased by 3.7%, while revenue in the after-sales business from service and consumables was down on the previous year (service -8.9%; consumables -3.8%). The environment remains challenging in view of declining mail volumes worldwide.

Revenue in the Digital Business Solutions business unit totalled EUR 27.4 million in the reporting period, a slight decrease of 2.4% compared to the previous year (EUR 28.1 million). This revenue figure includes postage revenue of EUR 11.8 million (previous year: EUR 12.7 million). This decline was mainly due to Document Workflow Management, which was again affected by the fall in mail volumes. However, the even sharper decline in the first half of the year was partially offset by the addition of new customers as the year progressed.

By contrast, SaaS-based solutions posted growth of 13.2% to EUR 9.6 million. In particular, the continuous development of new functionalities in all digital solutions and the flexible customisation options to meet customer needs make the products attractive to customers and demonstrate the associated potential.

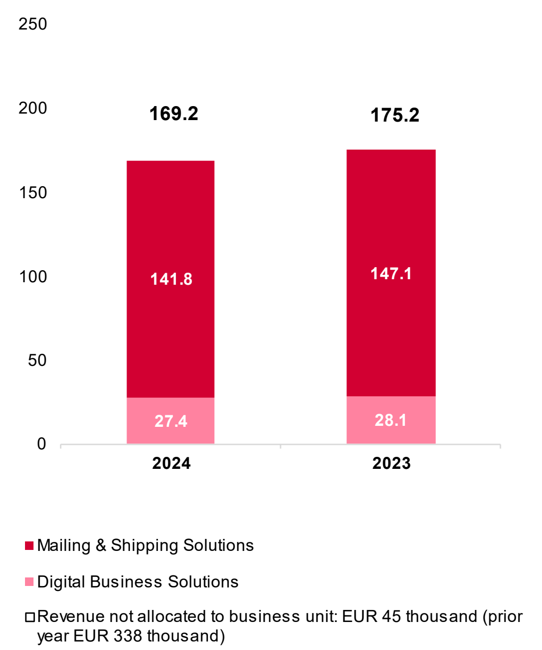
The Mail Services business unit, which handles the collection, franking and consolidation of business mail, was discontinued with the sale of freesort as at 30 September 2024 (for further information, see note 18 Discontinued operations).

The US remained the FP Group's largest foreign market in fiscal year 2024. Revenue there increased by 3.9% from EUR 59.0 million to EUR 61.3 million. A key driver here is the stricter postal requirements in the US. This has led to a decertification of older franking systems, which offers FP, as a smaller market player in the US, potential for acquiring competitors' customers.

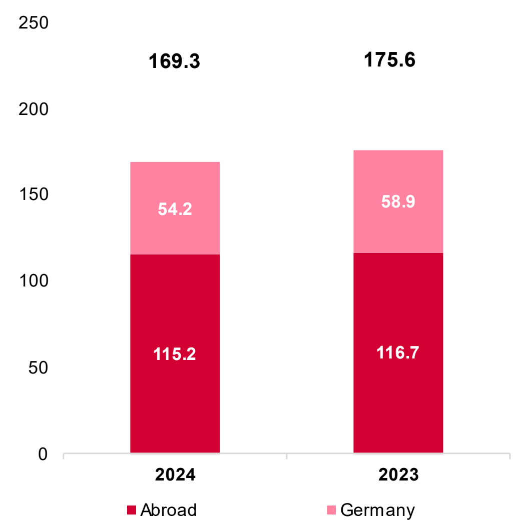
The negative exchange rate effects across all foreign currencies (USD, CAD, GBP, NOR and SEK) totalled EUR 0.2 million in relation to total revenue in the reporting year (previous year: negative exchange rate effects of EUR 4.1 million).

Revenue development (in EUR million) was as follows (previous year's figures adjusted for the sale of freesort GmbH):

REVENUE BY BUSINESS UNIT (IN EUR MILLION)



REGIONAL REVENUE DEVELOPMENT (IN EUR MILLION)



Revenue from product sales rose by 3.7% to EUR 37.0 million in the fiscal year, primarily due to the increase in the US. In the after-sales business, lower revenue was posted for both consumables (-3.8%) and services (-8.9%), primarily due to the decline in mail volumes. Revenue from the leasing business also fell by 7% in the fiscal year compared to the same period in the previous year.

3.1.2 Own work capitalised

Own work capitalised fell by 36.5% to EUR 5.4 million in fiscal year 2024 (previous year: EUR 8.5 million). The development costs included in own work capitalised decreased by EUR 1.2 million to EUR 1.5 million (-43.3%) compared to 2023. In the reporting year, development costs for product development were capitalised in the amount of EUR 1.0 million in the franking segment and in the amount of EUR 0.5 million in the digital segment. As an integral part of the core business in the Mailing & Shipping Solutions business area, the additions to leased products decreased by EUR 1.9 million in the reporting year compared to the previous year.

REVENUE BY PRODUCTS AND SERVICES

in EUR million	2024	2023	Change in %
Product sales income (Franking and Inserting)	37	35.7	3.7
Service / customer service	28.6	31.4	-8.9
Consumables	25.5	26.5	-3.8
Telepostage	8.6	9.2	-6.1
Software/Digital	28.4	28.6	-0.6
Revenue in accordance with IFRS 15	**128.1**	**131.4**	**-2.5**
Finance Lease	14.9	14.8	1.0
Operate Lease	26.4	29.7	-11.0
Revenue in accordance with IFRS 16	**41.3**	**44.5**	**-7.0**
Reduction in revenue due to currency effects from hedge accounting	-0.3	-0.3	-17.8
Revenue total	**169.3**	**175.6**	**-3.6**
Non-recurring revenue	31%	29%	
Recurring revenue	69%	71%	

3.1.3 Other operating income

The increase in other operating income in the reporting year from EUR 2.3 million to EUR 3.1 million is mainly due to the release of provisions for potential losses from pending supplier contracts in the amount of EUR 1.2 million and lower derecognition of liabilities in the amount of EUR 0.2 million.

3.1.4 Cost of materials

In fiscal year 2024, the FP Group's cost of materials fell by 4.5% to EUR 54.5 million compared to EUR 57.0 million in the previous year. This reduction essentially corresponds to the decline in revenue, while price changes only played a minor role. Expenses for raw materials, consumables and supplies fell to EUR 39.0 million in the reporting year compared to EUR 40.4 million in the previous year. The cost of purchased services also fell to EUR 15.5 million compared to the previous year's level of EUR 16.6 million. The cost of materials ratio, i.e. the ratio of cost of materials to revenue, was 32.2% in the reporting year (previous year: 32.5%).

3.1.5 Employee benefit expenses

In fiscal year 2024, employee benefit expenses fell by 5.0% year-on-year to EUR 58.6 million (previous year: EUR 61.7 million), mainly as a result of the reduction in the number of employees. At the end of 2024, the number of employees was 787 compared to 862 at the end of 2023; the previous year's figure was adjusted due to the sale of freesort GmbH. The employee benefit ratio, i.e. the ratio of employee benefits expenses to revenue, fell to 34.6% in fiscal year 2024 compared to 35.1% in the previous year.

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

The reduction in expenses from impairment losses to EUR 1.1 million (previous year: EUR 2.5 million) is mainly the result of higher reversals of specific valuation adjustments combined with lower depreciation and amortisation.

3.1.7 Other operating expenses

Other operating expenses decreased by 3.2% from EUR 36.3 million to EUR 37.4 million in fiscal year 2024. The company achieved savings of EUR 0.9 million through less personnel leasing and EUR 0.4 million through lower IT costs. In autumn 2024, FP made the final decision to discontinue the project to introduce a globally standardised ERP/CRM system. Further expense reductions of EUR 0.7 million compared to the previous year were achieved for miscellaneous costs such as marketing, travel expenses and motor vehicles etc. The addition to provisions for potential losses from pending supplier contracts in the amount of EUR 1.3 million was included in the previous year. Overall, expenses fell by EUR 3.6 million, while in the previous year, the non-recurring effect from the reversal of a significant portion of the restructuring provision in the amount of EUR 4.8 million had the opposite effect.

3.1.8 EBITDA

In fiscal year 2024, the FP Group generated EBITDA of EUR 25.3 million compared to EUR 27.6 million in the previous year. The FP Group's EBITDA margin fell to 14.9% after 15.7% in the previous year. This change is influenced by opposing factors. The negative effects of the EUR 6.2 million decline in revenue and the EUR 3.1 million reduction in own work capitalised are offset by the positive effects of reductions in the cost of materials and employee benefit expenses by a total of EUR 5.6 million and other operating expenses by EUR 1.2 million.

3.1.9 Amortisation, depreciation and impairment

In fiscal year 2024, depreciation, amortisation and impairments increased by 14.7% year-on-year from EUR 16.8 million to EUR 19.3 million. This is primarily the result of unscheduled value adjustments of EUR 2.6 million on capitalised development costs for completed and unfinished MSO projects, EUR 1.5 million on customer lists in the franking area and EUR 0.2 million on goodwill. This was offset by lower amortisation of other intangible assets (EUR -0.7 million) and depreciation of property, plant and equipment (EUR -0.7 million) and right-of-use assets (EUR -0.3 million).

3.1.10 Net interest income

The increase in net interest income in fiscal year 2024 by EUR 0.5 million to EUR 1.0 million was mainly due to interest income from tax refunds in the US and lower interest payments to banks as a result of the reduction of financing liabilities.

3.1.11 Other financial result

The FP Group generated other financial result of EUR 1.1 million in fiscal year 2024 (previous year: EUR -0.6 million). This development is primarily due to currency effects from foreign currency translations, in particular the measurement of items in the statement of financial position at the reporting date, as well as expenses and income from the development of currency hedges.

3.1.12 Income taxes

Income from income taxes amounted to EUR 2.0 million in fiscal year 2024 (previous year: expenses of EUR 2.0 million). This corresponds to a tax rate of 15.8% (previous year: 16.2%). In 2024, the tax rate is determined by current net income and in particular by the increased recognition of deferred taxes on loss carryforwards and temporary differences.

3.1.13 Consolidated profit

Despite the decline in revenue in fiscal year 2024, consolidated profit improved significantly to EUR 14.6 million compared to EUR 10.4 million in the same period of the previous year. Consolidated profit/loss from continuing operations after taxes totalled EUR 10.1 million compared to EUR 8.6 million in the same period of the previous year. The discontinued operation's consolidated profit after taxes totalled EUR 4.4 million compared to EUR 1.8 million in the same period of the previous year. This includes a gain on disposal of EUR 3.9 million from the sale of freesort and the earnings contribution of freesort totalling EUR 0.5 million. Earnings per share improved to EUR 0.93 compared to EUR 0.67 in the previous year. Earnings per share from continuing operations improved to EUR 0.65 compared to EUR 0.55 in the previous year.

3.1.14 Summary of results per segment

The segments report according to local accounting standards.

SUMMARY OF RESULTS PER SEGMENT

	Revenue[1]			EBITDA[1]		
in EUR million	2024	2023	Change in %	2024	2023	Change in %
Mailing & Shipping Solutions	143.1	151.0	-5.2	38.1	36.6	4.1
Digital Business Solutions	27.2	28.7	-5.1	0.6	-0.6	-206.7
Not allocated to any segment	2.1	2.7	-22.5	4.8	1.4	242.9
Group reconciliation	-3.1	-6.8	-54.4	-18.3	-9.7	88.2
Group	169.3	175.6	-3.6	25.3	27.6	-8.6

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

3.2 Financial position of the Group

3.2.1 Principles and objectives of financial management

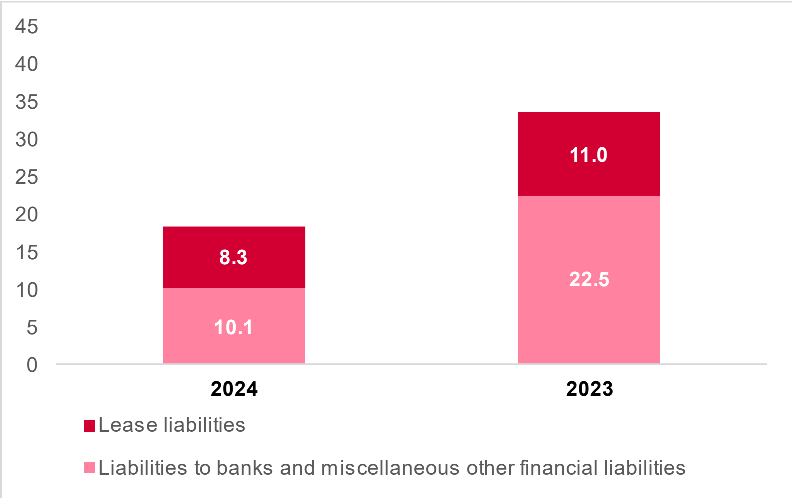
The main aim of financial management is to avoid financial risks and to ensure the financial flexibility of the FP Group. The FP Group achieves this goal through the use of various financing instruments. Various factors are taken into account when selecting the instrument, such as flexibility, loan terms,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

3.2.2 Dividend-bearing net profit and dividend

The FP Group's dividend policy remains fundamentally consistent, including in the context of implementation of the current strategy. However, the company is currently focusing on securing and expanding existing Group liquidity in order to ensure attainment of the FP Group's strategic and operational goals in the long term. Due to FP's transformation process and the need to ensure sustainable profitability, the Management Board has decided, with the approval of the Supervisory Board, to propose once again to the Annual General Meeting that no dividend be distributed for fiscal year 2024.

3.2.3 Financing analysis

FINANCING LIABILITIES (IN EUR MILLION)



At the beginning of the fiscal year, the FP Group had a credit volume of up to EUR 67.5 million, including EUR 22.5 million as a maturity loan at it's disposal. From the end of February 2024, the FP Group had up to EUR 55 million available under the modified loan agreement, including EUR 14 million as a term loan. After a repayment of EUR 4 million in fiscal year 2024, the FP Group currently has up to EUR 51 million available, including EUR 10 million as a term loan.

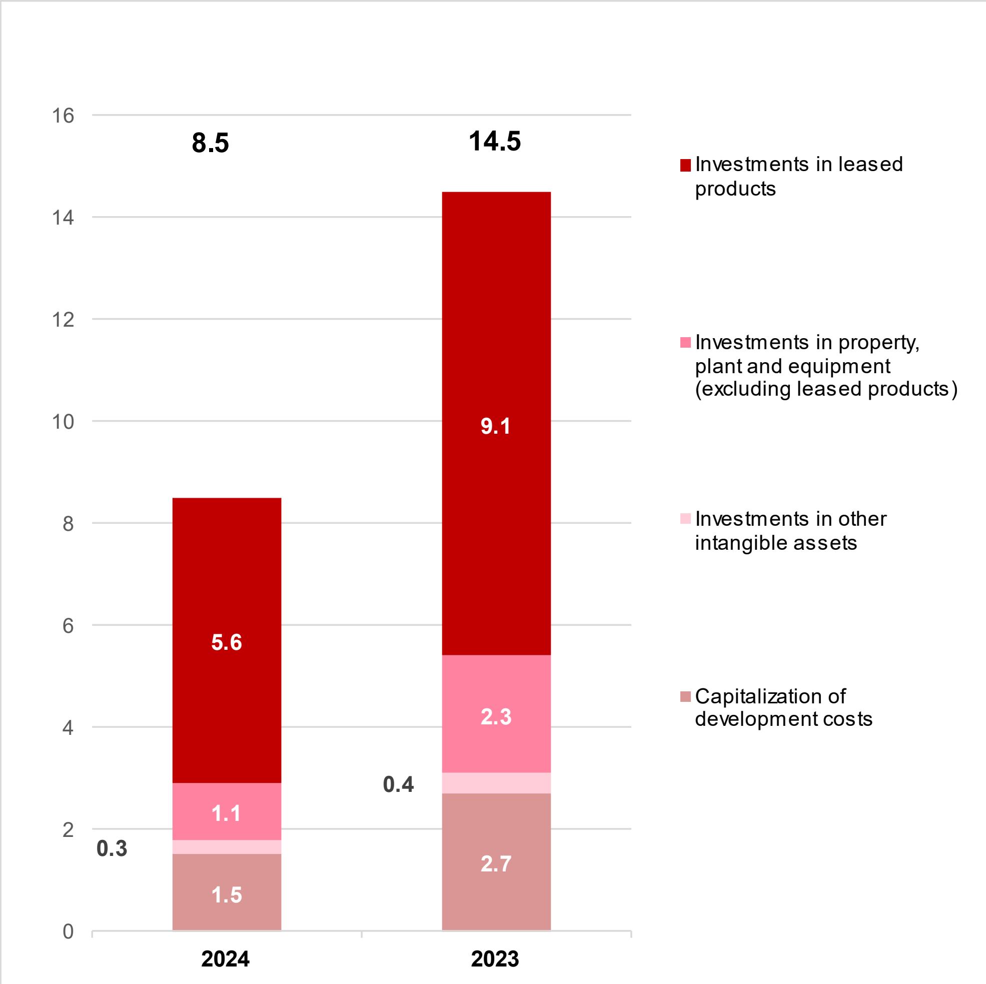
The FP Group has extended the syndicated loan agreement in place since 2016 with the proven banking consortium consisting of Landesbank Baden-Württemberg as facility agent, Deutsche Bank AG and UniCredit Bank GmbH with effect from 26 February 2024. The liabilities from the syndicated loan agreement are secured by a guarantor concept, according to which the ten largest companies in the FP Group are guarantors of the agreement. The guarantors are liable with their assets for possible payment defaults/liquidity difficulties of FP Holding AG as the borrower. The loan agreement continues to serve as financing security for acquisitions. Overall, the syndicated loan agreement forms a forward-looking basis for the financial stability and flexibility of the FP Group.

The FP Group has also utilised guarantee facilities of EUR 1.4 million outside of the syndicated loan.

In the reporting year, the FP Group therefore had liabilities to banks, miscellaneous other financing liabilities totalling EUR 10.1 million (previous year: EUR 22.5 million) and lease liabilities totalling EUR 8.3 million (previous year: EUR 11.0 million). The decrease in lease liabilities is mainly due to cost savings achieved by streamlining structures (e.g. rental agreements, vehicles). The decrease in financing liabilities is mainly due to a repayment of the syndicated loan agreement in the amount of EUR 12.5 million.

3.2.4 Investment analysis

INVESTMENTS (IN EUR MILLION)



In fiscal year 2024, the FP Group made targeted investments in its business, both in franking systems for rental markets, and therefore in expanding its market position in the MSO business area, and in new products and solutions in the DBS business area. Investments were also made in production and other core and support processes. The company has once again focused on cost control and liquidity management. At EUR 0.7 million, investments in 2024 as a whole were significantly below the previous year's level of EUR -14.5 million due to proceeds from the sale of the discontinued Mail Services business unit.

The payments resulted from payments for capitalised development costs of EUR 1.5 million, payments for investments in other intangible assets of EUR 0.3 million and payments for investments in property, plant and equipment (excluding leased products) of EUR 1.1 million. Investments in leased products decreased to a total of EUR 5.6 million in fiscal year 2024 (previous year: EUR 9.1 million).

These payments totalling EUR 8.5 million were offset by proceeds from the sale of the discontinued operation less cash and cash equivalents sold amounting to EUR 9.1 million.

3.2.5 Liquidity analysis

LIQUIDITY ANALYSIS (IN EUR MILLION)

	2024	2023
Cash flow from operating activities	23.5	23.6
Cash flow from investing activities	0.7	-14.5
Free cash flow	**24.2**	**9.1**
Cash flow from financing activities	-17.4	-12.8
Change in cash	**6.8**	**-3.7**
Change in cash due to currency translation	0.3	0.0
Cash at the beginning of the period	19.1	22.8
Cash at the end of the period	**26.3**	**19.1**

The FP Group continued to successfully focus on cost control and liquidity management in fiscal year 2024.

At EUR 23.5 million, operating cash flow in 2024 was only slightly below the previous year's level (previous year: EUR 23.6 million). The main contributor was the solid consolidated profit/loss. The change in cash interest (EUR +0.6 million) and taxes (EUR +2.9 million) in connection with tax refunds from the US subsidiary as part of the Mutual Agreement Procedure (MAP) also had a positive effect. The decrease in inventories (EUR +1.9 million) among others had the opposite effect.

Cash flow from investing activities changed significantly in fiscal year 2024. The positive value of cash flow from investing activities of EUR 0.7 million compared to EUR -14.5 million in the previous year is mainly due to the proceeds from the sale of the discontinued operation less cash and cash equivalents sold totalling EUR 9.1 million. Please refer to section 4.2.4 Investment analysis for information on further changes.

Due to the improved cash flow from investing activities, free cash flow increased to EUR 24.2 million in fiscal year 2024 (previous year: EUR 9.1 million).

Cash flow from financing activities in fiscal year 2024 includes payments of EUR 12.5 million to repay liabilities to banks (previous year: EUR 7.5 million) and payments of EUR 0.4 million arising from the extension of the syndicated loan. Payments for the repayment of lease liabilities were almost unchanged compared to the previous year at EUR 4.5 million.

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

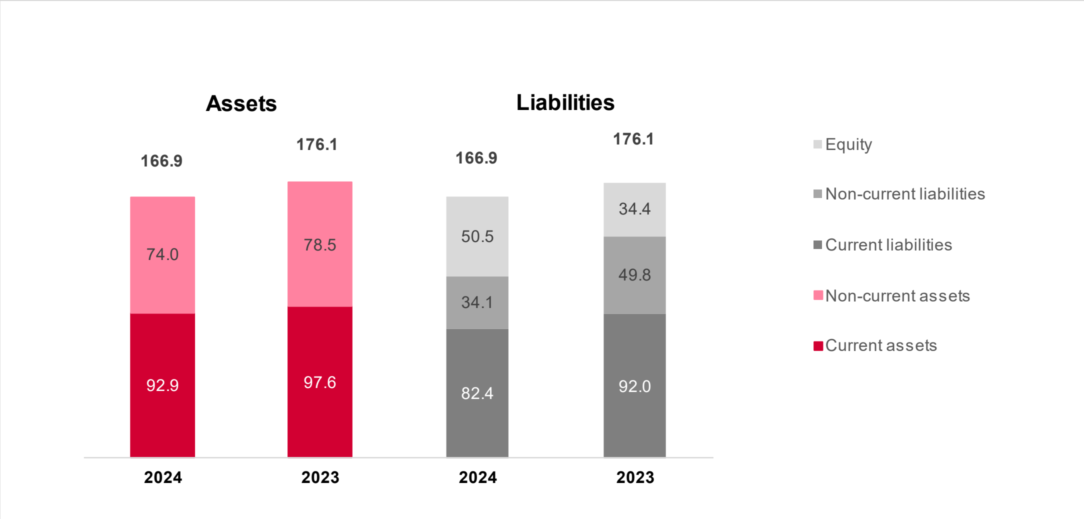
$$\text{Leverage} = \frac{\text{Total Net Debt}}{\text{Adjusted EBITDA (if required, adjusted for non-recurring effects)}} \leq 3{,}0\text{ x}$$

$$\text{Interest Coverage} = \frac{\text{Adjusted EBITDA (if required, adjusted for non-recurring effects)}}{\text{Net interest income (adjusted for IAS 23 Borrowing Costs)}} \leq 5{,}0\text{ x}$$

As per the agreement, non-recurring effects are (partially) adjusted for calculating the covenants using a simplified procedure. The credit conditions were complied with consistently on the agreed key dates in the reporting year. The FP Group fulfilled its payment obligations in fiscal year 2024.

3.3 Asset position of the Group

STATEMENT OF FINANCIAL POSITION STRUCTURE (IN EUR MILLION)



The FP Group's total assets decreased by EUR 9.2 million in fiscal year 2024, mainly due to the effects of the sale of freesort GmbH.

Non-current assets decreased by EUR 4.5 million to EUR 74.0 million.

3.3.1 Non-current and current assets

NON-CURRENT AND CURRENT ASSETS

in EUR million	31.12.2024	31.12.2023
Intangible assets	11.2	17.9
Property, plant and equipment	27.4	28.7
Right-of-use assets	7.9	10.7
Other financial assets	17.8	16.1
Other non-financial assets	1.4	1.5
Deferred tax assets	8.4	3.6
Non-current assets	**74.0**	**78.5**
Inventories	16.0	17.9
Trade receivables	16.6	20.3
Other financial assets	9.5	12.9
Other non-financial assets	6.5	8.1
Cash and cash equivalents	44.3	38.5
Current assets	**92.9**	**97.6**
Total	**166.9**	**176.1**

The reduction in intangible assets from EUR 17.9 million in the previous year to EUR 11.2 million in the reporting year is due to the fact that amortisation and depreciation of EUR 8.2 million exceeded investments. The increase in depreciation and amortisation mainly stems from unscheduled amortisation of EUR 2.6 million on capitalised development costs for MSO projects and EUR 1.6 million on customer relationships and goodwill in the franking segment. In the reporting year, additions of EUR 0.3 million were capitalised under internally generated intangible assets. Additions to development projects not yet completed were recognised in the amount of EUR 1.2 million.

The reduction in property, plant and equipment by EUR 1.3 million is mainly due to the decrease in technical equipment and machinery by EUR 0.8 million as a result of the disposal of freesort.

Right-of-use assets decreased by EUR 2.8 million due to the disposal of freesort and scheduled amortisation.

The EUR 4.8 million increase in deferred taxes is mainly due to the recognition of deferred tax assets on loss carryforwards and temporary differences.

Current assets decreased by EUR 5.3 million from EUR 97.6 million to EUR 92.9 million.

The EUR 1.9 million decrease in inventories is primarily due to the EUR 2.2 million decline in finished goods and merchandise.

Trade receivables decreased by EUR 3.6 million to EUR 16.6 million, mainly due to the disposal of freesort.

Other financial assets also fell to EUR 9.5 million, mainly due to the disposal of freesort.

In cash and cash equivalents, a decrease in restricted cash (telepostage funds) totalling EUR 1.4 million was offset by an increase in unrestricted cash of EUR 7.1 million.

3.3.2 Equity

As at 31 December 2024, the share capital of Francotyp-Postalia Holding AG remained unchanged at EUR 16.3 million, divided into 16,301,456 no-par value bearer shares.

As at 31 December 2024, the company held 677,603 treasury shares (previous year: 677,603) or 4.16% of the share capital (previous year: 4.16%). FP conducted a share buyback programme in the period from November 2022 to November 2023.

The Group's equity increased by EUR 16.2 million from EUR 34.4 million to EUR 50.5 million. The increase is mainly due to the positive consolidated net income of EUR 14.6 million. The equity ratio rose from 19.5% to 30.2% in the 2024 financial year.

3.3.3 Non-current and current liabilities

NON-CURRENT AND CURRENT LIABILITIES

in EUR million	31.12.2024	31.12.2023
Provisions for pensions and similar obligations	13.1	14.1
Other provisions	0.5	0.9
Deferred tax liabilities	3.5	3.2
Financing liabilities	15.2	30.2
Other financial liabilities	0.8	0.4
Other non-financial liabilities	1.1	1.1
Non-current liabilities	**34.1**	**49.8**
Tax liabilities	4.4	4.1
Other provisions	5.2	9.1
Financing liabilities	3.2	3.4
Trade payables	12.2	14.1
Other financial liabilities	35.6	39.0
Other non-financial liabilities	21.8	22.3
Current liabilities	**82.3**	**92.0**
Total	**116.4**	**141.8**

Non-current liabilities fell significantly by EUR 15.7 million from EUR 49.8 million to EUR 34.1 million. This is mainly due to the repayment of the syndicated loan totalling EUR 12.5 million and the resulting reduction in financing liabilities to EUR 15.2 million.

Current liabilities decreased by EUR 9.7 million from EUR 92.0 million to EUR 82.3 million. This resulted in particular from the reduction in other provisions by EUR 3.9 million for restructuring. In addition, other financial liabilities decreased by EUR 3.4 million, mainly due to the disposal of freesort and lower telepostage fees.

Net gearing is an additional indicator of the FP Group's capital structure. This is calculated as the ratio of net debt to equity and is reviewed on an ongoing basis. Net debt is calculated from financing liabilities less cash and cash equivalents. Financing liabilities include liabilities to banks and lease liabilities. Cash and cash equivalents comprise cash 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.

As a result of the loan repayment, the consolidated profit achieved, the cost control and liquidity management measures and the effects of the sale of freesort, the FP Group's net debt decreased from EUR 14.4 million to EUR -8.0 million (net cash position) in fiscal year 2024. This means that the company has more cash and cash equivalents than debt.

3.3.4 Leasing

As a lessor, the FP Group operates both operating leases and finance leases. These business models influence the company's statement of financial position and income statement. Fixed assets as at 31 December 2024 include assets with a carrying amount of EUR 22.4 million (previous year: EUR 22.3 million) under "Leased products", which are mainly leased to customers as part of operating leases. Finance leases with customers can be found under "Receivables from finance leases" and totalled EUR 25.0 million (previous year: EUR 23.0 million) in the non-current and current areas as at the balance sheet date.

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

Fiscal year 2024 did not proceed as originally planned. For fiscal year 2024, the Management Board initially expected Group sales and EBITDA to be at or slightly below the previous year's level. In connection with the sale of freesort GmbH, Francotyp-Postalia Holding AG adjusted its forecast for fiscal year 2024 on 30 September 2024. Revenue was expected to be up to 32% below the previous year's reported revenue of EUR 241.8 million and up to 7% below the previous year's revenue of EUR 175.6 million adjusted for the freesort stake. EBITDA was expected to be up to 26% below the previous year's reported EBITDA of EUR 31.0 million and up to 17% below the previous year's adjusted EBITDA of EUR 27.6 million.

Revenue totalled EUR 169.3 million, down 3.6% on the adjusted level for the previous year (EUR 169.1 million adjusted for currency effects).

EBITDA totalled EUR 25.3 million (currency-adjusted: EUR 25.0 million), 8.6% below the adjusted level for the previous year. Despite the challenging market environment in the franking business, FP showed comparatively solid business performance and continued to work on its transformation programme. The company is advancing the most important aspects in a key value driver framework (KVD). Several projects are under way to reduce complexity throughout the Group, increase efficiency in the Mailing & Shipping Solutions business area and drive growth in the Digital Business Solutions business area. With the sale of freesort GmbH, the FP Group is focusing on the Mailing & Shipping Solutions and Digital Business Solutions business areas with the aim of further advancing the transformation of the FP Group.

Overall, FP achieved the adjusted targets for the year as a whole. In view of the sale of all shares in freesort GmbH, Francotyp-Postalia Holding AG adjusted its forecast for fiscal year 2024 on 30 September 2024. Taking into account the presentation of the division as a discontinued operation, freesort GmbH's contribution to Group revenue and EBITDA was eliminated for fiscal year 2024. The Management Board therefore considers business performance in fiscal year 2024 to be satisfactory overall.

3.5 Comparison of actual/forecast Group business performance

The following table shows a comparison of actual and forecast business performance with regard to the FP Group's financial and non-financial performance indicators.

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE IN 2024

KPI	2024 forecast[1)]	2024 actual
Revenue in EUR million	*Revenue development unchanged or slightly below previous year's revenue; on 2 August, the Management Board adjusted its forecast and expected a decline in revenue of up to 6%; on 30 September, the Management Board adjusted its forecast again following the sale of freesort, and expected a decline in sales of up to 7% based on the adjusted figure for the previous year of EUR 175.6 million.*	169.3
EBITDA in EUR million	*Development of EBITDA unchanged or slightly down on previous year; on 2 August, the Management Board adjusted its forecast and expected a decline in EBITDA of up to 12%; on 30 September, the Management Board adjusted its forecast again following the sale of freesort, and expected a decline in EBITDA of up to 26% based on the adjusted figure for the previous year.*	25.3
Quality indicator (PQI) - Germany	*unchanged (previous year 9.8)*	10.6
Quality indicator (PQI) - International	*Slight deterioration compared to the previous year (previous year 33.2)*	34.5
Improvement indicator (nf QI) - International	*Slight deterioration compared to the previous year (previous year 0.64)*	0.68

1) Assuming constant exchange rates for foreign currencies.

4 Position of the company

FP Holding's annual financial statements are prepared in line with the German Commercial Code (HGB). The consolidated financial statements comply with International Financial Reporting Standards (IFRS). This results in differences in the accounting policies. These mainly relate to intangible assets, provisions, financial instruments, lease transactions and deferred taxes.

4.1 Earnings position of the company

in EUR million	2024	2023	Change in %
Revenue	**2.8**	**3.4**	**-17.6**
Other operating income	5.2	0.6	n.a.
Cost of materials	0.7	1.0	-30.0
Employee benefit expenses	4.3	4.0	7.5
Other operating expenses and amortisation and depreciation	6.4	6.9	-7.2
Income from investments	4.8	30.8	-84.4
Net interest income	3.2	2.3	39.1
Earnings before taxes	4.7	25.1	-81.3
Taxes on income and earnings (expense (-))	-0.5	-0.6	-16.7
Earnings after taxes	**4.2**	**24.5**	**-82.9**
Other taxes	**0.0**	**0.0**	**n/a**
Net income	**4.2**	**24.5**	**-82.9**

4.1.1 Revenue

Revenue fell slightly by EUR 0.1 million in the reporting year due to reduced allocations within the Group.

4.1.2 Other operating income

Other operating income increased by EUR 4.6 million in the fiscal year due to the capital gain from the sale of the subsidiary freesort GmbH. As in the previous year, prior-period income from the release of provisions is also included.

4.1.3 Cost of materials

The reduction in the cost of materials from purchased services in the reporting year is mainly due to the lower level of other employee benefit expenses charged on compared to the previous year.

4.1.4 Employee benefit expenses

The slight increase in employee benefit expenses of EUR 0.3 million in fiscal year 2024 is mainly due to higher severance payments.

4.1.5 Other operating expenses and amortisation and depreciation

This includes legal and consulting costs and expenses for Group allocations.

The total amount of other operating expenses fell by EUR 0.5 million in the reporting year. This is mainly due to the value adjustment of a receivable from a subsidiary totalling EUR 1.5 million included in the previous year. By contrast, legal and consulting costs increased by EUR 1.1 million, while the Group allocation fell by EUR 0.3 million.

4.1.6 Income from investments

The significant decrease in income from investments from EUR 30.8 million in the previous year to EUR 4.8 million in fiscal year 2024 was mainly caused by a period shift due to a subsequent adjustment of the transfer prices for fiscal year 2022 in the 2023 reporting year.

4.1.7 Net interest income

At EUR 1.9 million, interest expenses fell by EUR 0.2 million compared to the previous year; this was primarily due to interest on the bank loan, which was further reduced compared to the previous year. In addition, the interest expenses of affiliated companies fell by EUR 0.1 million to EUR 0.4 million. Interest income is essentially generated from borrowings and short-term loans to affiliated companies.

4.1.8 Taxes on income and earnings

The income tax expense of EUR 0.5 million results from current taxes for the reporting year and tax expense for previous years.

4.1.9 Net income/loss for the year

FP Holding generated a reduced net income of EUR 4.2 million in fiscal year 2024 (previous year: net income of EUR 24.5 million), mainly due to the significant increase in income from investments in the previous year.

4.2 Financial position of the company

LIQUIDITY ANALYSIS (IN EUR MILLION)

	2024	2023
Cash flow from operating activities	6.7	8.8
Cash flow from investing activities	12.1	0.0
Free cash flow	**18.8**	**8.8**
Cash flow from financing activities	-12.9	-8.4
Change in cash	**5.9**	**0.4**

The decline in cash flow from operating activities in fiscal year 2024 is mainly due to the lower receivables.

Cash flow from investing activities in fiscal year 2024 includes proceeds from the sale of the shares in freesort totalling EUR 12.1 million.

Cash flow from financing activities in fiscal year 2024 includes payments of EUR 12.5 million to repay liabilities to banks, and payments of EUR 0.4 million relating to the extension of the syndicated loan.

As at 31 December 2024, FP Holding had unused credit lines of EUR 41.0 million (previous year: EUR 45 million). FP Holding was able to meet its payment obligations at all times in fiscal year 2024.

4.3 Asset position of the company

CONDENSED BALANCE SHEET OF FP HOLDING (IN EUR MILLION)

	31.12.2024	31.12.2023
Non-current assets	76.1	83.8
Current assets	45.2	48.7
Prepaid expenses	0.7	0.3
Assets	**122.0**	**132.8**
Equity	100.1	95.9
Provisions	6.5	5.6
Liabilities	15.3	31.3
Equity and liabilities	**122.0**	**132.8**

4.3.1 Fixed assets

The EUR 7.7 million decrease in fixed assets in the reporting year was mainly due to the disposal of shares in affiliated companies as part of the sale of the subsidiary freesort GmbH.

4.3.2 Current assets

The EUR 3.5 million decrease in current assets in the reporting year is due in particular to the EUR 10.3 million decrease in receivables from affiliated companies as a result of lower receivables from profit transfers. By contrast, bank balances increased by EUR 5.9 million and other assets rose by EUR 0.8 million.

4.3.3 Equity

Equity increased by a total of EUR 4.2 million in fiscal year 2024 due to the net income of EUR 4.2 million. FP Holding's equity ratio rose from 72.2% to 82.1% in the reporting year.

4.3.4 Provisions

Provisions increased by a total of EUR 0.9 million in fiscal year 2024. This is mainly due to the EUR 0.4 million rise in other provisions from EUR 2.7 million to EUR 3.1 million as a result of higher provisions for outstanding invoices, and the EUR 0.5 million increase in tax provisions from EUR 1.7 million to EUR 2.2 million.

4.3.5 Liabilities

The EUR 16.0 million decrease in liabilities in fiscal year 2024 to EUR 15.3 million is mainly due to a EUR 3.5 million reduction in liabilities to affiliated companies and a EUR 12.5 million decrease in liabilities to banks.

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

In addition to operating factors, fiscal year 2024 was mainly characterised by the effects of the sale of freesort GmbH and the normalisation of income from investments following the correction of transfer prices in the previous year. The financial position was also affected by the repayment of bank loans. With regard to the operating situation, the Management Board considers business development in the fiscal year as a whole to be satisfactory.

4.5 Comparison of the actual/forecast business performance of FP Holding

The forecast for FP Holding for the 2024 financial year envisaged a significant decline due to the special effect in the 2023 financial year and thus a normalization of the investment result and earnings before taxes. Overall, the forecast has been met. FP Holding actually generated net investment income of EUR 4.8 million in the 2024 financial year (previous year: EUR 30.8 million). The result was therefore in line with the forecast and reflected the expected return to a normalized level.

Earnings before taxes totalled EUR 4.7 million in the reporting year (previous year: EUR 25.1 million) and were therefore - as forecast - significantly lower than in the previous year.

5 Risk and opportunity report

Risks and opportunities are defined below as influencing factors or events that may result in the management's targets for short-term or medium-term Group performance being exceeded or missed. The aim of opportunity management is to identify these opportunities at an early stage and pursue them. By contrast, risk management is intended to ensure that risks are not only identified in good time, but that countermeasures can be taken promptly in order to control and, if necessary, minimise their impact on the company.

5.1 Risk and opportunity management system

Francotyp-Postalia Holding AG and its subsidiaries are exposed to a variety of risks in the course of their business activities that are intrinsically linked to entrepreneurial behaviour.

Overall responsibility for the FP Group's risk and opportunity management system lies with the Management Board. Risk and opportunity management is closely intertwined with compliance management and is an integrated aspect of corporate governance. In addition, the Management Board has set up an internal control system with regard to the scope of business activities and the risk situation. The Management Board is not aware of any facts indicating that the internal control system is inadequate or ineffective in material respects, taking into account that corrective measures have been initiated for known issues.[12]

The risk and compliance situation is regularly analysed within the scope of risk management and the risks identified are assessed, managed and controlled. This system is used not only for the early detection of risks that could potentially threaten the continued existence of the FP Group.

Detailed market and competition analyses and forecast scenarios, together with the intensive examination of relevant value and cost drivers, serve to determine opportunities.

Aims and strategy

The most important aim of risk and compliance management is to identify potential risks at an early stage, to reliably assess how likely they are to occur and what impact they may have on business performance, to manage them and – where possible and within reason – to limit them. At the same time, opportunities for success must be protected, provided these do not entail inappropriate levels of risk. On this basis, suitable measures are implemented to manage risks in line with the company strategy.

Different strategies are used depending on how the risks are assessed. Risks that could have severe repercussions for Group performance or even endanger the going concern of FP are, as far as possible, avoided. The effects of less significant risks are limited. For example, certain maximum levels are stipulated, controls are conducted regularly and systematically and/or consistent separation of functions is ensured. Risks are outsourced where possible or reasonable, for example to insurance companies or suppliers. Risks that are intrinsically linked to business activities are taken on knowingly and in a controlled manner.

The FP Group's risk strategy envisages an innovative yet risk-averse approach in the Mailing & Shipping Solutions business unit, while investments are being made in the Digital Business Solution business unit, which supports its vision for the future.

Structures and processes

The risk management structures and processes are standardised across the Group and supported by the use of risk management software. The existing risk reporting is based on a risk catalogue that is divided into several risk areas. The risk owners in the subsidiaries and the heads of the central departments are integrated into this early warning system and report newly identified, existing and eliminated risks every six months. In addition, ad-hoc reporting to the risk management officer and the Management Board takes place when material or critical risks are identified or when significant changes occur in identified risks. Internal risk management aggregates all risks identified within the scope of the risk assessment process using a Monte Carlo simulation in order to determine the overall risk potential of the FP Group. The corresponding results are analysed and reported to the Management Board. The Management Board regularly assesses the risk situation, and takes into account the relationship between the aggregated risk position of the FP Group and its risk-bearing capacity when making decisions. As part of the audit of the financial statements, the early risk detection system is evaluated by the auditor in order to assess that the system is suitable for the timely detection, assessment and communication of all risks potentially jeopardising the existence of the company with a sufficient degree of probability.

Within the scope of risk reporting, both gross and net risk are stated by the respective reporting units. The gross risk describes the maximum loss potential without taking into account hedging and risk mitigation measures. After countermeasures, the residual risk is obtained in the form of the net risk. In order to determine which risks have a going-concern character, they are classified according to their estimated probability of occurrence and extent of damage.

To actively limit the relevant risks through appropriate control measures and to regularly review the defined control activities for appropriateness and effectiveness, risk management is complemented by an internal control system (ICS). The scope and effectiveness of the system are regularly monitored. Internal checks on accounting in the Group companies as well as

[12] Not part of the audit of the financial statements by BDO AG Wirtschaftsprüfungsgesellschaft

decentralised compliance audits therefore take place at regular intervals. Where necessary, the system is expanded with new control measures, e.g. in the form of guidelines or process instructions. Responsibility for the ICS lies with the Management Board. The Board assesses the appropriateness and effectiveness of the system.

Compliance management system

The Management Board is responsible for ensuring compliance with legal provisions and internal company guidelines, and works to ensure that these are observed by the Group companies (compliance). Compliance issues are regularly the subject of consultation between the Supervisory Board, or its Chair, and the Management Board. The corporate culture of the FP Group is characterised by trust and mutual respect, and by the will to adhere strictly to laws and internal regulations. Nonetheless, violations of the law due to individual misconduct can never be completely ruled out. Employees and third parties have the opportunity to anonymously report any indications of misconduct within the company to the Compliance Officer. The latter carefully examines the information and initiates appropriate measures to remedy any infringements identified. The company is very keen to minimise the risk of compliance violations as far as possible, and to uncover misconduct and deal with it systematically. Regulations and principles are set out, together with the responsible handling of insider information, in the code of conduct. It serves as a guide for all employees to act with integrity in business practices. Managers and employees receive training on the code of conduct. In cases of doubt, they can and should consult the Compliance Officer at any time.

Internal control system and risk management system relevant to the accounting process

The accounting-related internal control system is an integral component of the comprehensive company-wide control and risk management system. Its aim is to ensure that financial reporting is reliable and transparent. To achieve this aim, FP has implemented the respective structures, processes and controls. These should ensure that the results of the accounting process are free from material errors and submitted on time.

The accounting-related internal control system at the FP Group is predominantly based on process-integrated, organisational security measures such as separation of functions with corresponding access restrictions in IT, or payment guidelines. Process-integrated controls reduce the probability of errors and support the detection of errors that have already occurred.

The accounting-related ICS is organised by the Management Board, and its effectiveness is monitored by the Supervisory Board. As the parent company, Francotyp-Postalia Holding AG prepares the FP Group’s consolidated financial statements. This process is preceded by the financial reporting of the Group companies included in the consolidated financial statements. Both processes are monitored by means of a stringent internal control system, which ensures both true and fair accounting and compliance with the relevant legal stipulations. Cross-segment key functions are managed centrally, whereas the Group’s companies prepare their financial statements locally and in accordance with local statutory requirements.

Key regulations and instruments in the preparation of the consolidated financial statements are:

- accounting guidelines at Group level;
- a clearly-defined separation of functions and allocation of responsibilities among the segments involved in the accounting process;
- involvement of external experts as far as necessary, to measure pension obligations, for example;
- use of suitable IT financial systems and the application of detailed authorisation concepts to ensure that authority is granted in line with the task while complying with principles of separation of roles;
- checks implemented within the system and further process checks on accounting in the companies; consolidation in the context of the consolidated financial statements and of other relevant processes at Group and company level;
- consideration of the risks recorded and evaluated in the risk management system in the annual financial statements, as far as is required under current accounting rules,
- audits by Internal Audit with regard to compliance with and the adequacy of these regulations.

The duty of all subsidiaries to report their business figures to Francotyp-Postalia Holding AG on a monthly or quarterly basis in a standardised reporting format in each case means that planned/actual variances during the year are detected in good time to enable appropriate action to be taken quickly.

Risk management system with regard to financial instruments

The FP Group has centralised financial management, whereby FP Holding coordinates the Group's financial requirements, secures liquidity, and monitors and manages currency, interest rate and liquidity risks across the Group. The goal of financial risk management is to limit financial risks from changes in exchange rates and interest rates through finance-oriented activities. Derivative financial instruments are used exclusively for the purpose of hedging underlying transactions. Currency risks result from the Group’s international activities, particularly in the US, Canada, the UK and Scandinavia. FP Holding identifies these risks in cooperation with the Group companies and uses appropriate measures to manage them, e.g. entering into forward currency transactions. Interest rate risks result from medium and long-term financing liabilities. The purpose of liquidity planning is to identify liquidity risks at an early stage and to minimise them throughout the Group. A monthly rolling liquidity forecast is used to monitor and manage liquidity. For further information on risks from financial instruments, including currency and interest rate risks, and the corresponding hedging activities, please refer to section 6.1.2 of this risk report and to the disclosures in the notes to the consolidated financial statements in section IV note (32) Financial instruments.

Risk assessment

Central risk management ensures the implementation of a uniform risk strategy and methodology for identifying, analysing and evaluating opportunities and risks as well as the subsequent management of risks.

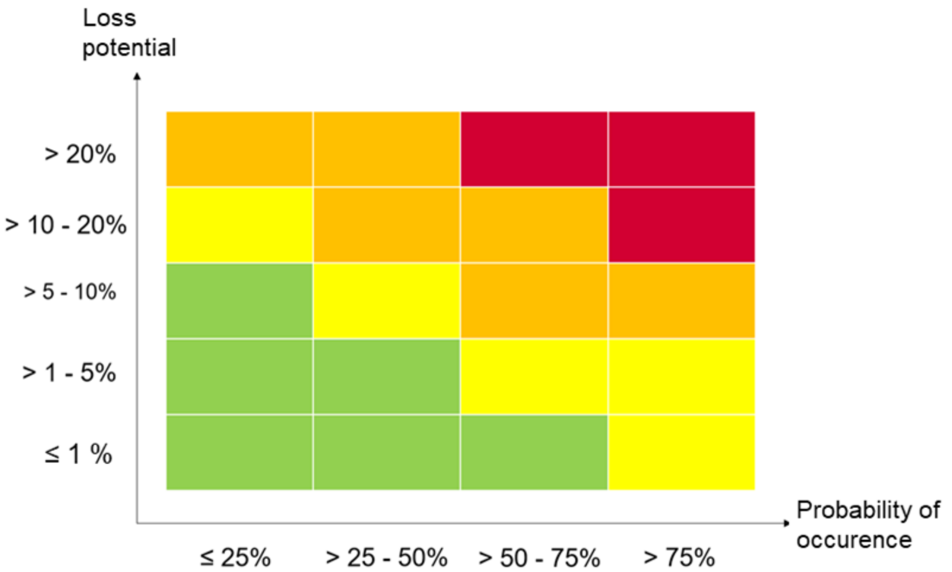
5.2 Risk matrix of the FP Group

Explanation of classes of probability of occurrence and extent of loss

Risks are assessed using a company-specific assessment matrix, which takes account of the probability of occurrence and the potential extent of the loss caused by possible events and uses this data to determine priorities. The risk matrix was fundamentally revised in fiscal year 2024 and harmonised with sustainability reporting. The previous year's risk analysis values were allocated to the new evaluation matrix accordingly.

The assessment of loss potential is based on the impact a risk would have on forecast Group EBITDA if it were to occur. The loss classes have different sizes. The class limits show in detail whether the continued existence of the company is endangered if the risk materialises.

ASSESSMENT MATRIX



The time reference for the assessment of risks is generally one year from the balance sheet date.

The FP Group uses a four-tier traffic light system (green, yellow, orange, red) to classify risks. The following nomenclature is used:

RISK CLASSIFICATION		
Material risks	(red)	Threatens continued existence
	(orange)	Material risks
Immaterial risks	(yellow)	Medium risks
	(green)	Minor risks

Based on the traffic-light system, red and orange risks are deemed to be material in risk management, with red risks even threatening the company's continued existence. Active efforts are also made to reduce yellow and green risks where this makes good business sense, i.e. where the costs of further diminishing the risk are not expected to outweigh the reduction in the expected extent of loss.

5.3 Risks faced by the FP Group

Reported risks

Risks identified as relevant to FP are reported below. The assessment of loss potential refers to the impacts on the EBITDA forecast for 2025. Risks are assessed "net", i.e. taking account of any action already taken to reduce them. If not explicitly stated, the risks apply to all of our business units and segments.

The assessments for the previous period were recalculated in accordance with the new matrix and presented accordingly in order to ensure comparability.

5.3.1 Market-related risks

Macroeconomic risks

As a result of the current geopolitical situation, the FP Group is exposed to various risks regarding the macroeconomic environment. For example, general conditions affect customers, some of whom are faced with a decline in their business, cash flows and financing options. This causes customers to delay or cancel their planned investments. Suppliers are also in a similar situation, which means that they may be unable to fulfil orders or meet the standards of service and quality agreed. If economic conditions deteriorate further in fiscal year 2025, particularly in light of geopolitical tensions, this may have a significant negative impact on the earnings, financial and asset position, including through additional impairment losses on goodwill or other assets.

Competitors

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>20%	(orange)	no rating

The franking machine manufacturing sector has become increasingly consolidated and global in recent years, and FP's main competitors have, in our view, substantial financial resources and technological abilities. In some areas, these competitors compete mainly over price. They could take advantage of special market conditions to expand their market share or attack FP's dealer network. There is no guarantee that FP will always be able to successfully hold its own against competitors. Increased competition may lead to lower profit margins or a loss of market share, which could have a significant negative impact on the earnings, financial and asset position.

Changes in customer needs as a result of the digital transformation

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>5-10%		

As a result of digitalisation, mail volumes have been falling by 5 to 10% p.a. in most markets for many years and competition is intensifying. This decline in the core business may have a negative impact on revenue and therefore EBITDA.

Through its ongoing transformation programme, FP has focused its business model more strongly on digital products, which should help to compensate for a decline in the franking machine business, at least in the medium term.

5.3.2 Operational risks

Implementation of strategic and operational projects and measures

Probability of occurrence	Loss potential	Current	Previous year
<=25%	<=1%		

In order to adapt FP structures to the changes in the business model, processes are being redefined and realigned from an organisational and technological perspective. These projects and measures can put a strain on day-to-day business and can go beyond the planned timeframe and budget. Planning errors could also have an impact on the assessment of the recoverability of goodwill. R&D activities could also lead to undesirable developments, which could result in corresponding amortisation expenses.

Decisions made at both the technological and personal level have indeed contributed to reducing risk. However, some complex projects are not yet complete at the time of reporting.

Procurement and quality risks

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>20%		

FP procures components for the product range from third parties. Due to geopolitical developments, the availability of key components has become more acute over the course of recent years. Delivery times have become significantly longer in various areas and procurement prices have increased significantly in some cases due to higher raw material and energy costs. This is also due to general supply chain disruptions affecting numerous sectors of industry such as semiconductors.

The risks currently also result from uncertainties regarding price stability and available supply volumes. Supply chain disruptions in production or logistics are also possible. They also affect products such as toner, special papers and special tools. In some cases, it is not possible to switch to other suppliers quickly and easily.

These risks therefore affect not only franking machine components, but also consumables. In addition, quality problems in upstream processes or upstream products of the FP Group or in the supply chain can lead to disruptions in the process, which can cause additional costs and ultimately result in a loss of reputation and revenue.

The probability of occurrence was reduced through various measures.

FP's strategic procurement ensures the availability of requirements in close collaboration with the Production and Development departments and to an appropriate extent. As well as building up buffer inventory, this includes suppliers' contractual obligations, monitoring their financial stability, and analysing alternative manufacturers and the amount of time expected to qualify them.

General human resources risks

Probability of occurrence	Loss potential	Current	Previous year
>25-50%	>20%		

The transformation of FP has changed the profile of the workforce required in various areas. It is proving difficult in some cases to recruit staff in a tight specialist market on reasonable terms. If key positions remain unfilled for longer, this could have a negative impact on the implementation of various projects, not only in IT.

Changes in the professional environment can trigger uncertainty among employees. This risks a loss of motivation, which could impact negatively on productivity. In addition, it may result in employees whose experience and expertise are valuable to the Group leaving FP.

FP endeavours to communicate specific planned changes clearly and at an early stage so as to ensure planning security for employees. In addition, key positions were filled and knowledge transfer was promoted through various process optimisations.

Risks from regulation, law and compliance

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>5-10%		

FP develops digital products to expand the business model in a targeted manner. Despite thorough checks, it cannot be ruled out that the new products may affect or infringe third-party property rights. FP is also exposed to potential liability risks that may result from violations of statutory provisions and regulatory requirements. The implemented compliance management system helps to recognise potential breaches of regulations at an early stage and take appropriate countermeasures.

IT risks

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>20%		

As an IT service provider and due to its IT-supported business processes, FP is exposed to IT risks such as system failures, inadequate data security (and the associated loss of data), cyberattacks, the discontinuation of updates from external software providers, etc. FP has implemented comprehensive IT risk management in order to counteract these risks. With the objective of reducing IT risks, comprehensive security systems have also been implemented, employees receive regular training and the IT landscape is regularly examined by means of internal and external audits. Nevertheless, due to the current situation, the possibility of cyberattacks on the FP Group's IT landscape and revenue losses due to system failures cannot be ruled out. This leads to the current risk assessment.

5.3.3 Financial risks

Change of control risks

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>5-10%		

The FP Group uses credit facilities for corporate financing, of which EUR 10.0 million had been utilised as at the end of 2024. The current terms of the syndicated loan include a change-of-control clause. Under these conditions, the lending banks are entitled to terminate all outstanding syndicated credit facilities if a shareholder holds more than 30% of shares in Francotyp-Postalia Holding AG.

Financial covenant risks

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>5-10%		

As is common practice, FP has agreed financial covenants with its syndicated lenders and limits for these covenants, which may result in the loan being called in if they are exceeded or not met.

Based on improved profitability and targeted net debt management via receivables management, cash management, optimised liquidity planning and a constructive dialogue with lenders, the valuation remained the same as the previous year.

Tax risks

Probability of occurrence	Loss potential	Current	Previous year
<=25%	>10-20%		

The ongoing reorganisation of the FP Group is associated with various tax risks, for example from an inadvertent misapplication of tax law or a subsequent different assessment by the tax authorities. For example, the number of intercompany relationships requiring documentation has increased. If services are priced incorrectly or documented inappropriately, this could lead to subsequent profit adjustments in connection with the corresponding tax consequences. The time horizon for the probability of occurrence here is up to ten years due to the deadlines and processes.

In particular, FP counters this risk by closely aligning the processes of Controlling/Group Accounting and Group Tax to ensure transparency in the case of new or modified intercompany matters and by strengthening internal control, including with the help of external consultants, and by coordinating in advance with the tax authorities (binding information). Intercompany relationships are subject to regular retrograde assessment and adjustment in order to fulfil tax requirements, and documentation with external partners is updated.

Liquidity risk

FP defines liquidity risk as the risk of the FP Group becoming insolvent. FP puts the Group's liquidity position through ongoing stress tests. This involves running through various scenarios. As in the previous year, these scenarios do not result in a liquidity bottleneck for FP by the end of 2025, even without taking out additional loans. Due to the positive development of liquidity requirements and the reduction in net debt, the risk is further downgraded compared to the previous year. For an assessment of the risk, please refer to section 32 Financial instruments, paragraph 4 Liquidity risks in the notes to the consolidated financial statements.

Risks from financial instruments

FP uses financial instruments exclusively for hedging purposes. The use of financial instruments therefore does not create any risks for FP, as there are always offsetting items with opposing changes. FP can hedge risks from changes in exchange rates using financial instruments. This relates to risks from revenue in USD, GBP and CAD, among others. In addition, there are interest rate risks from the utilisation of loans and in connection with the recognition of pensions and leasing transactions. There are also market price risks from the purchase of parts manufactured from plastic commodities, whose suppliers could and are likely to pass on increased raw material prices to FP.

5.3.4 Risks in connection with geopolitical developments

At the time of writing, the consequences of the Russian invasion of Ukraine and the Gaza conflict are easier to assess than the consequences of the actions of the new US administration, which announced, implemented and in some cases postponed a series of tariffs in its first weeks. The consequences for the global economy are only partially apparent. Further developments will continue to be carefully monitored in the business units and taken into account in the risk assessment. In the past, economic changes have had only a limited impact on the FP Group's business development. However, it cannot be ruled out at present that this could be different in the future.

5.3.5 Other risks

In the areas of

- acquisitions/MA
- contractual penalties
- defaults on receivables

- reputational and brand risks
- environmental and sustainability risks,

the risk assessment did not identify any significant risk potential that this report would have to cover.

5.3.6 Overall statement on the Group's risk situation

The following table shows an overview of the risk situation of the FP Group as at the reporting date as well as the development of risks compared with the previous year. As things stand, the following twelve risks are reportable risks for the FP Group:

OVERVIEW OF RISK IN THE FP GROUP

Risk	Current probability of occurrence[1)]	Current loss potential[2)]	Current risk class	Risk class in previous year[3)]
Competitors	<=25%	>20%		no rating
Changes in customer needs as a result of the digital transformation	<=25%	>5-10%		
Implementation of strategic and operational projects and measures	<=25%	<=1%		
Procurement and quality risks	<=25%	>20%		
General human resources risks	>25-50%	>20%		
Regulation, legal and compliance	<=25%	>5-10%		
IT risks	<=25%	>20%		
Change of control risks	<=25%	>5-10%		
Financial covenant risks	<=25%	>5-10%		
Tax risks	<=25%	>10–20%		

[1)] The probability of occurrence refers to a time horizon of 12 months.

[2)] The loss potential is stated as a percentage of the Group EBITDA forecast for 2025.

[3)] The assessment for the previous year was adjusted to the values of the revised matrix.

Compared to the previous year, there have been only minor changes in strategic and operational risks overall.

Risks in the areas of procurement and IT are of increasing or heightened relevance. The already tense situation in the supply chains may worsen as a result of geopolitical turmoil. IT risks such as cyberattacks in particular are increasing worldwide.

These material risks can have a negative impact on business success and the transformation process.

The FP Group is also exposed to a number of additional risks at the time of reporting and for the current planning period.

According to the risk aggregation based on a Monte Carlo simulation, the overall risk does not exceed the risk-bearing capacity of the FP Group with a probability of at least 95%. In the opinion of the Management Board, the risks are therefore manageable, and the Management Board does not consider the continued existence of the Group as a going concern to be jeopardised in the planning period with a very high degree of probability. Despite the comprehensive risk analysis, it cannot be conclusively stated that these risks will not occur.

5.4 Opportunities for the FP Group

The Management Board defines material opportunities as reported on below as potential future developments or events that may result in a deviation from forecasts or targets that is very positive for the company.

Strategic opportunities

For various reasons, the FP Group currently assumes that overall mail volumes are shrinking, and consequently also assumes a shrinking market for franking machines. This scenario could prove too defensive in some areas, as mail remains the preferred way of sending confidential or binding documents in many areas. Thanks to the focus on franking machines for smaller mail volumes, a decline in mail volumes could even prove advantageous for FP products, as they can replace larger machines and therefore offer competitive advantages. Furthermore, FP still does not have a large installed base in many countries and it could still substantially expand its presence there.

One component of the growth strategy is to make use of suitable options in order to acquire companies or technologies so as to expand digital business areas. If corresponding acquisition targets are identified and taken over more quickly than expected, the company may outperform planned business development.

Work on opening up digital business areas is moving full speed ahead. If business opportunities open up in this area that significantly exceed expectations or can be realised much faster than expected, this could also lead to a positive deviation from the forecasts.

Operating opportunities

The FP Group's range of digital solutions has been continuously optimised and updated. If the internationalisation of these solutions and their marketing progresses faster than planned, this may result in additional cross-selling and up-selling opportunities in all business areas. This also applies in particular to integration into other third-party systems such as ERP/CRM systems at an international level.

In the Mailing & Shipping Solutions business area and in parcel shipping solutions, changes in the requirements of postal companies and regulatory decisions may open up additional potential.

Overall statement on opportunities

The FP Group’s products, solutions and internal measures put it in a good position to systematically take advantage of opportunities in future markets for the Group. While the company targets its efforts towards seizing these opportunities, it is rather unlikely that this will result in unexpected short-term successes.

5.5 The company’s risks and opportunities

The business performance of FP Holding is largely subject to the same risks and opportunities as the FP Group. FP Holding generally participates in the risks of its subsidiaries in accordance with its respective shareholding. Risks and opportunities are outlined in the “Risk and opportunities report”. Additional financial burdens may also arise from investments as a result of legal or contractual contingent liabilities (particularly financing).

6 Forecast report

The forecast for macroeconomic conditions is based on information provided by the International Monetary Fund (IMF) and the German Council of Economic Experts (GCEE).

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

6.1 Expected macroeconomic and industry-specific conditions

The economic climate has an influence on future industry growth and therefore also on the future business performance of the FP Group.

At the beginning of the year, the International Monetary Fund (IMF) estimated its forecast for global gross domestic product (GDP) growth in 2025 at 3.3%. For the economies most relevant to FP, the IMF has raised its forecast for real GDP growth slightly in some cases, but the growth prospects remain fairly moderate (US 2.7%; UK 1.6%; France 0.8%).[13]

The German Council of Economic Experts is forecasting only slight growth of 0.4% in Germany in 2025. Among other things, the German economy benefited less from global economic growth than in the past. [14]

The European Central Bank (ECB) lowered the key interest rate for the eurozone several times in 2024. In March 2025, the interest rate for the deposit facility - the interest rate used by the ECB Governing Council to steer the course of monetary policy - fell by 0.25 percentage points to 2.5%. At the same time, the central bank lowered its expectations for future economic growth in the eurozone for 2025 to 0.9% (previously 1.1%).[15] The US Federal Reserve also reduced its key interest rate several times in 2024. In December 2024, the key interest rate was adjusted by 0.25 percentage points within a range of 4.25% to 4.50%. At its January 2025 meeting, in view of inflation and economic uncertainties, the central bank signalled its willingness to keep interest rates stable for the time being.[16]

At the time of writing, the new US administration had already threatened, imposed and postponed various tariffs. The potential impact on this important sales market for FP cannot yet be reliably estimated.

6.2 Expected business performance of the FP Group

Performance in fiscal year 2025 is determined by the economic conditions described and by the measures taken to further improve business performance. In the business and product areas that are dependent on mail volumes, such as Mailing & Shipping Solutions, and input and output management in the Digital Business Solutions division, the continued decline in mail volumes is having a particular impact.

	2025 forecast
Revenue	EUR 165 to 175 million
EBITDA	EUR 20 to 27 million
Quality indicator - Germany	Slightly worse than previous year's level
Quality indicator - International	Slightly worse than previous year's level
Improvement indicator	Slightly worse than previous year's level

The reliability of the forecast is impaired in particular by the tariff policy measures of the new US administration; these could lead to serious distortions in the global economy, which would also affect FP. In particular, the direct effects on FP's largest market, the USA, are currently very difficult to predict.

The Management Board therefore expects the Group to generate revenue of between EUR 165 million and EUR 175 million in the 2025 financial year. EBITDA is expected to be between EUR 20 and 27 million.

The expected development of the financial performance indicators for fiscal year 2025 is generally based on the assumption of constant exchange rates.

In terms of non-financial performance indicators, a slight deterioration compared to the previous year is expected for both the PQI - Germany (quality indicator) and the PQI - International (quality indicator) due to the introduction of new franking machine models.

[13] IWF, World Economic Outlook Update, Januar 2025 https://www.imf.org/en/Publications/WEO/Issues/2025/01/17/world-economic-outlook-update-january-2025
[14] Sachverständigenrat zur Wirtschaftsentwicklung https://www.sachverstaendigenrat-wirtschaft.de/jahresgutachten-2024.html
[15] EZB, Geldpolitische Beschlüsse https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250306~d4340800b3.de.html
[16] Fed, Federal Reserve issues FOMC statement https://www.federalreserve.gov/newsevents/pressreleases/monetary20241218a.htm

The improvement indicator nf IQ is therefore also expected to deteriorate slightly in fiscal year 2025 resulting in a value slightly above the previous year's level. This figure will also be influenced by the new product launch.

6.3 Company forecast report

Because of FP Holding’s links with the Group companies, we refer to our statements in the report on expected developments in the Group management report, which particularly reflect the expectations for the parent company.

The forecast for the 2025 financial year takes into account the latest developments in connection with the aforementioned general conditions. FP Holding expects a significant increase in income from investments (in the low three-digit percentage range) and earnings before taxes (in the mid double-digit percentage range) for the 2025 financial year. This is mainly due to the improved profit transfer from Francotyp-Postalia GmbH.

7 Takeover-related disclosures

7.1 Explanatory report by the Management Board on disclosures pursuant to sections 289a (1) and 315a (1) HGB

1. Composition of the subscribed capital

The composition of subscribed capital is presented in section (27) of the notes to the consolidated financial statements. All shares grant identical rights in accordance with the German Stock Corporation Act.

2. Restrictions relating to voting rights or the transfer of shares

Each share entitles the holder to cast one vote at the Annual General Meeting. There are no restrictions relating to voting rights or the transfer of shares.

3. Direct or indirect shareholdings in the capital that exceed 10% of the voting rights

Information on direct or indirect shareholdings that exceed 10% of the voting rights can be found in section (40) of the notes to the consolidated financial statements.

4. Shares with special rights

Francotyp-Postalia Holding AG has issued no shares with special rights.

5. Control of voting rights of employee shareholders

There are no controls over voting rights.

6. Statutory regulation in the Articles of Association on appointing and dismissing Management Board members and amending the Articles of Association

In accordance with article 6 (2) of the Articles of Association of Francotyp-Postalia Holding AG, the Supervisory Board is responsible for determining the number of Management Board members, appointing them, and revoking their appointment. In accordance with article 6 (3) of the Articles of Association, the Supervisory Board can appoint a Supervisory Board committee to sign, amend and terminate employment contracts of Management Board members.

The statutory provisions apply to amendments to the Articles of Association, i.e. they require a resolution by the Annual General Meeting with a majority of at least three quarters of the share capital represented when the resolution is passed. Furthermore, in accordance with article 15 (2) of the Articles of Association, the Supervisory Board can make amendments to the Articles which relate only to wording.

7. Management Board authorisation with regard to the possibility of buying back shares

On 25 June 2025, the Annual General Meeting authorised the company to acquire treasury shares up to a total of 10% of the share capital existing at the time of the resolution by the Annual General Meeting until 24 June 2029, and to use them for all legally permissible purposes. The authorisation can be exercised in full or in part, and on one or more occasions. The treasury shares can be cancelled with the approval of the Supervisory Board without the cancellation or its implementation requiring a further resolution by the Annual General Meeting. The treasury shares may also – with the approval of the Supervisory Board and in particular in the context of business combinations or in the case of company acquisitions or investments – be offered and transferred to third parties against in-kind contributions, provided that the company acquisition or the investment is in the company’s best interest and the amount to be paid for the treasury shares is not disproportionately low.

With the approval of the Supervisory Board, the treasury shares can be issued against cash contributions in order to list the company’s shares on a foreign stock exchange on which the shares were not previously admitted for trading.

With the approval of the Supervisory Board, the treasury shares can be sold to third parties in exchange for cash payments if the price at which the shares are sold is not significantly lower than the market price.

The treasury shares can be used by the Supervisory Board to offer treasury shares to members of the Management Board instead of the cash remuneration owed by the company.1.

The treasury shares can, with the approval of the Supervisory Board, be used to service subscription rights duly issued and exercised under the 2015 stock option plan (agenda item 11 of the Annual General Meeting on 11 June 2015).

In addition, please refer to the disclosures in the notes to the annual financial statements of FP Holding AG regarding the acquisition of treasury shares in accordance with section 160 (1) no. 2 AktG.

8. Significant agreements between the company and the parent company which are subject to the condition of a change of control following a takeover offer and compensation agreement between the company and the parent company in the event of a takeover offer

A key agreement of the parent company Francotyp-Postalia Holding AG, which falls under the condition of a change of control following a takeover offer, is the current syndicated loan agreement, which includes a right of termination in the event of a change of control. If this occurs, FP would potentially have to conclude new financing agreements on less favourable conditions. No further agreements have been entered into with either third parties or subsidiaries.

9. Compensation agreements in the event of a takeover offer

There is an agreement with the Management Board member in the event of a change of control.

Berlin, 24 April 2025

The Management Board of Francotyp-Postalia Holding AG

Friedrich G. Conzen

CEO

CONSOLIDATED FINANCIAL STATEMENTS

of Francotyp-Postalia Holding AG for Fiscal Year 2024

Please note that there may be rounding differences compared to exact mathematical figures (monetary units, percentages, etc.)
Translation from the German original – in case of doubt the German version shall prevail.

Consolidated statement of comprehensive income for the period

in EUR thousand	Notes	01 Jan.-31 Dec. 2024	01 Jan.-31 Dec. 2023 adjusted[1]
Revenue	(9)	**169,337**	175,575
Changes in inventory		**-964**	-1,264
Own work capitalized	(10)	**5,385**	8,485
Other operating income	(11)	**3,089**	2,320
Cost of materials	(12)	**54,455**	57,037
a) Expenses for raw materials, consumables and supplies		**38,974**	40,424
b) Cost of purchased services		**15,481**	16,613
Employee benefit expenses	(13)	**58,591**	61,657
a) Wages and salaries		**49,284**	52,071
b) Social security contributions		**7,989**	8,536
c) Expenses for pensions and other benefits		**1,318**	1,050
Expenses from impairments losses, less income from reversals of impairment losses on trade receivables and other current assets	(14, 24)	**1,113**	2,519
Other operating expenses	(15)	**37,425**	36,276
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**25,263**	**27,628**
Amortisation, depreciation and impairment	(20, 21, 35)	**19,317**	16,846
Earnings before interest and taxes (EBIT)		**5,946**	**10,782**
Net interest income	(16)	**1,069**	525
a) Interest and similar income		**3,399**	2,786
b) Interest and similar expenses		**2,331**	2,261
Other financial result	(16)	**1,143**	-643
a) Other financial income		**1,420**	1,158
b) Other finance costs		**277**	1,801
Income taxes	(17)	**1,985**	-2,021
Consolidated profit from continued operations		**10,143**	8,643
Consolidated profit from discontinued operations after taxes	(18)	**4,430**	1,803
Consolidated profit		**14,573**	**10,446**

[1] Adjustment of the comparative information due to a discontinued operation. See note (18) Discontinued operations.

from 1 January to 31 December 2024

in EUR thousand	Notes	01 Jan.-31 Dec. 2024	01 Jan.-31 Dec. 2023 adjusted[1)]
Other comprehensive income			
Adjustment of provisions for pensions in accordance with IAS 19		382	165
thereof taxes		-151	23
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**382**	**165**
Foreign currency translation of financial statements of foreign entities		1,383	-509
Cash flow hedges – effective part of changes to fair value		-343	-80
thereof taxes		144	35
Cash flow hedges – hedging costs		-132	48
thereof taxes		56	-20
Cash flow hedges – reclassified to profit or loss		193	232
thereof taxes		-81	-102
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**1,101**	**-308**
Other comprehensive income after taxes		**1,483**	**-144**
Total comprehensive income		**16,056**	**10,303**
Consolidated profit		14,573	10,446
thereof attributable to the shareholders of FP Holding		14,573	10,446
Total comprehensive income		16,056	10,303
thereof attributable to the shareholders of FP Holding		16,056	10,303
Earnings per share (basic in EUR)	(19)	0.93	0.67
Earnings per share (diluted in EUR)		0.93	0.67
Earnings per share from continued operations (basic in EUR)		0.65	0.55
Earnings per share from continued operations (diluted in EUR))		0.65	0.55

[1)] Adjustment of the comparative information due to a discontinued operation. See note (18) Discontinued operations.

Consolidated statement of financial position as at 31 December 2024

ASSETS

in EUR thousand	Notes	31.12.2024	31.12.2023
NON-CURRENT ASSETS		**73,994**	**78,490**
Intangible assets	(20)	**11,161**	17,926
Internally generated intangible assets		**2,190**	4,450
Customer relationships and purchased intangible assets		**3,041**	5,734
Goodwill		**4,248**	4,320
Development projects in progress and advance payments		**1,681**	3,422
Property, plant and equipment	(21)	**27,378**	28,674
Land, land rights and buildings		**1,600**	1,784
Technical equipment and machinery		**490**	1,271
Other equipment, operating and office equipment		**2,715**	3,048
Leased products		**22,422**	22,304
Advance payments and assets under construction		**152**	267
Right-of-use assets	(35)	**7,925**	10,691
Non-current financial assets		**17,775**	16,148
Finance lease receivables	(22, 32)	**17,735**	16,094
Other non-current financial assets	(32)	**40**	55
Non-current non-financial assets		**1,375**	1,460
Other non-current non-financial assets	(25)	**1,375**	1,460
Deferred tax assets	(29)	**8,380**	3,591
CURRENT ASSETS		**92,911**	**97,650**
Inventories	(23)	**16,007**	17,880
Raw materials, consumables and supplies[2]		**9,484**	9,139
Work in progress[2]		**253**	220
Finished goods and merchandise[2]		**9,998**	12,187
Value adjustments on inventories[2]		**-3,729**	-3,666
Trade receivables	(24, 32)	**16,625**	20,255
Other current financial assets		**9,503**	12,899
Finance lease receivables	(22, 32)	**7,239**	6,881
Derivative financial instruments	(32)	**0**	293
Other financial assets	(25, 32)	**2,264**	5,725
Other current non-financial assets		**6,479**	8,071
Income taxes receivable	(29)	**1,620**	4,328
Other non-financial assets	(25)	**4,859**	3,743
Cash and cash equivalents[1]	(26, 37)	**44,297**	38,545
Assets		**166,905**	**176,140**

[1] Cash and cash equivalents includes postage credit managed by the FP Group of EUR 17,994 thousand (previous year EUR 19,380). For further explanations, please refer to note (26).
[2] In the reporting year, impairments on inventories are shown separately; for better comparability, the presentation of the previous year has been adjusted accordingly.

EQUITY AND LIABILITIES

in EUR thousand	Notes	31.12.2024	31.12.2023
EQUITY	**(27)**	**50,483**	**34,359**
Share capital		**16,301**	16,301
Capital reserves		**34,296**	34,296
Stock option reserve		**1,544**	1,544
Treasury shares		**-2,524**	-2,524
Loss carried forward		**-11,963**	-22,477
Consolidated profit		**14,573**	10,446
Other comprehensive income		**-1,744**	-3,227
NON-CURRENT LIABILITIES		**34,074**	**49,776**
Provisions for pensions and similar obligations	(28)	**13,111**	14,054
Other provisions	(30)	**458**	861
Financing liabilities	(31, 32)	**15,194**	30,151
Other financial liabilities	(31, 32)	**755**	383
Other non-financial liabilities	(31)	**1,065**	1,095
Deferred tax liabilities	(29)	**3,490**	3,231
CURRENT LIABILITIES		**82,349**	**92,005**
Tax liabilities	(29)	**4,429**	4,141
Other provisions	(30)	**5,199**	9,086
Financing liabilities	(31, 32)	**3,201**	3,377
Trade payables	(31, 32)	**12,165**	14,090
Other financial liabilities	(31, 32)	**35,580**	39,018
thereof telepostage		***31,293***	*32,479*
Other non-financial liabilities	(31)	**21,774**	22,293
Equity and liabilities		**166,905**	**176,140**

Consolidated cash flow statement for the period from 1 January to 31 December 2024

in EUR thousand	Notes	2024	2023
1. Cash flow from operating activities			
Consolidated profit		14,573	10,446
Net income tax recognised in profit or loss	(17)	-1,985	2,444
Net interest income recognised in profit or loss	(16)	-1,069	-458
Amortisation and depreciation on non-current assets	(20, 21)	20,117	17,963
Decrease (-) / increase (+) in provisions and tax liabilities	(29, 30)	-5,256	-5,950
Loss (+) / gain (–) on the disposal of non-current assets		265	358
Decrease (+) / increase (-) in inventories, trade receivables and other assets	(23, 24, 25)	-1,349	2,766
Decrease (+) / increase (-) in finance lease receivables	(22)	-1,997	74
Decrease (-) / increase (+) in trade payables and other liabilities	(31)	672	-1,986
Other non-cash expenses (+) / income (-)	(18)	-3,248	359
Interest received	(16)	3,399	2,786
Interest paid	(16)	-1,824	-1,859
Income taxes received	(17)	3,530	721
Income taxes paid	(17)	-2,346	-4,097
Cash flow from operating activities		23,483	23,567
2. Cash flow from investing activities			
Payments for the capitalisation of development costs	(10, 20)	-1,487	-2,674
Proceeds from disposals of items of fixed assets	(20, 21)	25	54
Payments for investments in intangible assets	(20)	-264	-419
Payments for investments in property, plant and equipment	(21)	-6,678	-11,408
Proceeds from the sale of discontinued operations, less cash sold	(18)	9,124	0
Cash flow from investing activities		720	-14,446
3. Cash flow from financing activities			
Bank loan repayments	(31, 32)	-12,507	-7,504
Repayment of lease liabilities	(31, 32, 35)	-4,467	-4,546
Proceeds from the sale of treasury shares	(27)	0	-965
Proceeds from the prolongation of bank loans	(31, 32)	-427	0
Proceeds from the assumption of bank loans	(31, 32)	0	239
Cash flow from financing activities		-17,401	-12,776
Cash and cash equivalents[1)]			
Change in cash	(37)	6,801	-3,656
Change in cash due to currency translation		337	-26
Cash at the beginning of the period	(37)	19,165	22,846
Cash at the end of the period	**(37)**	**26,302**	**19,165**

[1)] Postage credit balances managed by the FP Group of EUR 17,994 (previous year: EUR 19,380) are deducted from cash.

Consolidated statement of changes in equity for the period from 1 January to 31 December 2024

in EUR thousand	Share capital	Capital reserves	Stock option reserve	Treasury shares	Consolidated profit/loss
As at 1 Jan 2023	**16,301**	**34,296**	**1,544**	**-1,559**	**-22,477**
Consolidated profit 01.01. - 31.12.2023					**10,446**
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0
Adjustment of provisions for pensions and similar liabilities	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Other comprehensive income 01.01. - 31.12.2023	**0**	**0**	**0**	**0**	**0**
Overall result 01.01. - 31.12.2023	**0**	**0**	**0**	**0**	**10,446**
Share Buyback	0	0	0	-965	0
As at 31 December 2023	**16,301**	**34,296**	**1,544**	**-2,524**	**-12,031**
Consolidated profit 01.01. - 31.12.2024					**14,573**
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0
Adjustment of provisions for pensions and similar liabilities	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Other comprehensive income 01.01. - 31.12.2024	**0**	**0**	**0**	**0**	**0**
Comprehensive income 01.01. - 31.12.2024	**0**	**0**	**0**	**0**	**14,573**
Changes in the scope of consolidation	0	0	0	0	68
As at 31 Dec.2024	**16,301**	**34,296**	**1,544**	**-2,524**	**2,610**

	Other comprehensive income						
	Foreign currency translation	**Adjustment due to IAS 19**	**Difference amount from acquisition of shares of other shareholders**	**Reserve from cash flow hedge**	**Reserve from hedging transactions**	**Equity attributable to the shareholders of FP Holding**	**Total equity**
	393	**-2,722**	**-439**	**-379**	**64**	**25,021**	**25,021**
						10,446	**10,446**
	-509	0	0	0	0	-509	-509
	0	165	0	0	0	165	165
	0	0	0	152	48	200	200
	-509	**165**	**0**	**152**	**48**	**-144**	**-144**
	-509	**165**	**0**	**152**	**48**	**10,303**	**10,303**
	0	0	0	0	0	-965	-965
	-116	**-2,557**	**-439**	**-227**	**112**	**34,359**	**34,359**
						14,573	**14,573**
	1,383	0	0	0	0	1,383	**1,383**
	0	382	0	0	0	382	**382**
	0	0	0	-150	-132	-282	**-282**
	1,383	**382**	**0**	**-150**	**-132**	**1,483**	**1,483**
	1,383	**382**	**0**	**-150**	**-132**	**16,056**	**16,056**
	0	0	0	0	0	68	**68**
	1,267	**-2,175**	**-439**	**-377**	**-20**	**50,483**	**50,483**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of Francotyp-Postalia Holding AG for Fiscal Year 2024

Translation from the German original – in case of doubt the German version shall prevail.

I. General information

(1) General information

Francotyp-Postalia Holding AG, based in Berlin (hereinafter also referred to as 'FP Holding', 'Company', or 'Parent Company'), is registered in the Commercial Register of the Charlottenburg Local Court under HRB 169096 B. The registered office of Francotyp-Postalia Holding AG is located at Prenzlauer Promenade 28, 13089 Berlin, Germany.

Francotyp-Postalia Holding AG is the parent company of directly and indirectly held subsidiaries (hereinafter also 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 internationally active FP Group's business activities focus on products and services for efficient mail processing and digital solutions for businesses and government agencies. Operations to consolidate business mail were discontinued in the 2024 financial year.

The Management Board of Francotyp-Postalia Holding AG approved the consolidated financial statements for submission to the Supervisory Board on 24 April 2025. It is the responsibility of the Supervisory Board to examine the consolidated financial statements and to state whether they are adopted.

(2) Accounting principles

General information

Francotyp-Postalia Holding AG acts as the parent company under which the FP Group is consolidated. The financial year is the calendar year for all Group companies.

The consolidated financial statements and the FP Holding Group management report for the year ending 31 December 2024 will be submitted electronically to and published in the business register.

The consolidated financial statements have been prepared in euro. Unless otherwise stated, all amounts are shown in thousands of euros (EUR thousand) for the sake of clarity and comparability. The commercial rounding of individual items and percentages can result in minor arithmetic differences.

Statement of compliance

FP Holding prepared its consolidated financial statements as at 31 December 2024 in accordance with the International Financial Reporting Standards (IFRS) as applicable in the EU, as well as the supplementary provisions of commercial law pursuant to section 315e (1) German Commercial Code (HGB).

The accounting policies applied in the preparation of these consolidated financial statements have been applied consistently in all periods presented. These are explained in note 7. In addition, the Group applied the IFRS standards and IFRS interpretations presented in note 3 for the first time in the 2024 financial year.

(3) Application of new and revised IFRS standards

First-time application of IFRS standards and interpretations

In the 2024 financial year, the Group applied the following new or revised IFRS standards and IFRS interpretations, which have already been adopted by the EU and whose application is mandatory for financial years beginning on 1 January 2024, for the first time:

- Amendments to IAS 1 – non-current liabilities with covenants and current/non-current classification of liabilities
- Amendments to IFRS 16 – lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7 – supplier finance arrangements

These new or revised IFRS standards and interpretations had no impact or no material impact on the consolidated financial statements.

Non-mandatory IFRS standards and interpretations

The following new and revised IFRS standards and IFRS interpretations, which were not yet mandatory in the reporting period or have not yet been adopted by the European Union, have not been applied early. The Group intends to apply these standards once they are mandatory in the EU. No material impact on the consolidated financial statements is expected. With regard to IFRS 18, the FP Group is currently examining this standard and the impact it could have on the disclosures in the financial statements.

Standard/Interpretation		Mandatory for fiscal years beginning on	Adopted by the European Union
Amendments to IAS 21	Lack of Exchangeability	1. January 2025	Yes
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1. January 2026	No
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements	1. January 2027	No
Amendments to IFRS 19	Subsidiaries without Public Accountability: Disclosures	1. January 2027	No
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Undetermined	No

(4) Consolidated group

The consolidated financial statements comprise the financial statements of FP Holding and its directly and indirectly controlled subsidiaries. FP Holding controls a company if FP Holding is exposed to variable returns from its investment/has rights to such returns and is able to influence these returns through its power over the company. If the ability to exercise control ends, these companies are deconsolidated.

In addition to Francotyp-Postalia Holding AG, the FP Group's consolidated financial statements for 2024 include 7 (previous year: 10) domestic and 19 (previous year: 20) foreign subsidiaries (see table below).

LIST OF SHAREHOLDINGS IN ACCORDANCE WITH SECTION 313 HGB[1)]

No.	Name and registered office of the company	31.12.2024 Interest in %[2)]	Via no.
1	Francotyp-Postalia Holding AG, Berlin		
	Fully consolidated subsidiaries		
2	Azolver Belgium SA, Brussels, Belgium[4)]	100	10
3	Azolver Danmark Aps, Herlev, Denmark	100	19
4	Azolver Digital Business Solution AB, Stockholm, Sweden	100	12
5	Azolver Eesti OÜ, Tallinn, Estonia	100	9, 19
6	Azolver Italia S.r.l., Milan, Italy	100	26
7	Azolver Logistics AB, Stockholm, Sweden	100	19
8	Azolver Norge AS, Oslo, Norway	100	19
9	Azolver Suomi OY, Helsinki, Finland,	100	19
10	Azolver Svenska AB, Sollentuna, Sweden	100	19
11	Azolver Switzerland AG, Winterthur, Switzerland	100	19
12	FP Digital Business Solutions GmbH, Fürstenwalde	100	1
13	FP Finance LLC, Addison, Illinois, USA	100	21
14	FP InovoLabs GmbH, Berlin	100	1
15	FP NeoMonitor GmbH, Berlin	100	1
16	FP Produktionsgesellschaft mbH, Wittenberge	100	19
17	Francotyp-Postalia Canada Inc., Concord, Canada	100	21
18	Francotyp-Postalia France SAS, Champs-sur-Marne, France	100	19
19	Francotyp-Postalia GmbH, Berlin	100	1
20	Francotyp-Postalia GmbH, Schwechat, Austria	100	19
21	Francotyp-Postalia Inc., Addison, Illinois, USA	100	19
22	Francotyp-Postalia Ltd., Dartford, UK	100	19
23	Francotyp-Postalia N.V./S.A., Antwerp, Belgium	100	19
24	Francotyp-Postalia Support Facility GmbH, Berlin	100	19
25	Francotyp-Postalia Vertrieb und Service GmbH, Berlin	100	12
26	Italiana Audion s. r. l, Milan, Italy	100	19
27	Ruys Handelsvereniging B.V., The Hague, Netherlands	100	19
	Other subsidiaries[3)]		
28	FP Systems India Private Limited, Mumbai, India[4)]	99.998	1, 19

1) For FP Produktionsgesellschaft mbH, Francotyp-Postalia GmbH, Francotyp-Postalia Vertrieb und Service GmbH, FP InovoLabs GmbH, FP Digital Business Solutions GmbH and FP NeoMonitor GmbH, it was decided to make full use of the exemptions provided by section 264 (3) HGB in conjunction with section 325 of the German Commercial Code (HGB). These companies are also exempt from the obligation to prepare a 2024 management report in accordance with section 264 (3) HGB in conjunction with section 289 HGB or section 264b HGB. The corresponding resolutions were submitted to the operator of the electronic Federal Gazette, the respective announcement was arranged.
2) Including directly and indirectly attributable shares.
3) Not included in the consolidated financial statements due to immateriality.
4) in Liquidation

Change in consolidated group in 2024 financial year

The consolidated group has changed as follows compared to the previous year:

FP Shared Service Europe GmbH, Hennigsdorf, was merged with Francotyp-Postalia GmbH, Berlin, on 18 March 2024 effective 1 January 2024.

Hefter Systemform GmbH, Prien a. Chiemsee, was merged with Francotyp-Postalia Vertrieb und Service GmbH, Berlin, on 21 June 2024 effective 1 January 2024.

Freesort GmbH, Langenfeld, was sold on 30 September 2024. For further explanations, please refer to note 18 Discontinued operations.

Azolver Digital Business Solution ApS, Herlev, Denmark, was liquidated on 14 October 2024.

FP Direct Ltd, Dartford, UK, was liquidated on 26 November 2024.

FP Digital Business Solutions Ltd, Dartford, UK, was liquidated on 1 October 2024.

Azolver Digital Business Solution Norge AS, Lorenskog, Norway, was liquidated on 23 December 2024.

Change in consolidated group in 2023 financial year

In the previous year, the FP Group made the following changes to the consolidated group:

- 30 January 2023: FP Technology & Services OÜ, Tallinn, Estonia, merged with Azolver Eesti OÜ, Tallinn, Estonia.
- 19 July 2023: Francotyp-Postalia Sverige AB, Bromma, Sweden, merged with Azolver Svenska AB, Sollentuna, Sweden.
- 1 July 2023: FP Produktionsverwaltung GmbH, Wittenberge, merged with Francotyp-Postalia GmbH, Berlin.

Detailed information on changes can be found in the 2023 annual report.

(5) Consolidation principles

Capital is consolidated in accordance with the principles of IFRS 10.

Business combinations are recognised in accordance with IFRS 3 using the purchase method. All identifiable assets, liabilities and contingent liabilities acquired as part of a business combination are recognised at fair value at the acquisition date. The cost of the equity investments is then offset against the remeasured pro rata equity. Any surplus is capitalised as goodwill.

(6) Currency translation

The functional currency of FP Holding is the euro (EUR).

Foreign currency transactions are translated at the exchange rates in effect on the transaction date. Foreign currency monetary items are reported using the closing rate at the end of the reporting period. Translation differences are recognised in the consolidated statement of comprehensive income and reported in the financial result.

Foreign companies belonging to the FP Group are independent units and prepare their annual financial statements in their own national currency. When preparing the consolidated financial statements, assets and liabilities of subsidiaries that do not prepare their accounts in euro are translated at the closing rate, equity is translated at the historical rate and items in the consolidated statement of comprehensive income at average rates for the year. Foreign exchange gains and losses resulting from different exchange rates for balance sheet items and for items in the consolidated statement of comprehensive income are recognised in other comprehensive income. If Group companies are deconsolidated, the foreign currency translation difference in question is reversed in profit or loss.

Translation differences from monetary items that represent net investments in foreign operations are recognised in other comprehensive income at Group level in accordance with IAS 21. In the event of a subsequent sale of the respective net investment or repayment of the loan, the equity amounts in question are recognised in profit for the period.

	Closing rate		Average rate	
EUR 1 =	**31.12.2024**	**31.12.2023**	**2024**	**2023**
CAD	**1.49480**	1.46420	**1.48211**	1.45889
CHF	**0.94120**	0.92600	**0.95239**	0.97292
DKK	**7.45780**	7.45290	**7.45891**	7.45062
GBP	**0.82918**	0.86905	**0.84656**	0.87037
NOK	**11.79500**	11.24050	**11.62905**	11.39816
SEK	**11.45900**	11.09600	**11.43166**	11.4612
USD	**1.03890**	1.10500	**1.08234**	1.08171

(7) Accounting policies

When preparing the consolidated financial statements for 2024, the Management Board assumed that all companies included in consolidated financial statements would continue as going concerns.

Revenue

The FP Group recognises revenue in accordance with IFRS 15 from contracts with customers and in accordance with IFRS 16 as a lessor in the transfer of rights of use. See the explanations on leases for information on the recognition of revenue as a lessor.

Revenue per IFRS 15

Contracts not including a right-of-use transfer

The FP Group generates revenue from contracts with customers in the Mailing & Shipping Solutions as well as the Digital Business Solutions segments. Revenue is recognised in accordance with IFRS 15 when the customer has obtained control over the goods and services that the FP Group is obliged to provide. Control is transferred either at a point in time or over a period of time.

The FP Group sells goods and provides services. Sales primarily relate to the sale of franking and inserting machines and consumables. Services relate to customer service and Telepostage services for sold or leased franking and inserting machines as well as software services for businesses and government agencies.

Services can be ordered individually or through fixed-term service contracts. Service contracts generally have initial terms of 12 months and roll over if the customer does not cancel on time.

Service contracts can contain various services, such as customer services, postage crediting services or postage rate updating services.

Individual services are sold as independent performance obligations. The revenue from sales and individually ordered services is recognised upon delivery/performance. The revenue from services as part of fixed-term service contracts is recognised evenly over the term of the contract. The even recognition over the terms of these contracts directly reflects the even provision of the services and is, therefore, an appropriate representation of revenue recognition over time.

Depending on the payment arrangement, customers pay in advance for service periods in subsequent months. Contract liabilities are recognised in this respect. This means the time between performance of the service and receipt of payment is a few months at most. For this reason, the transaction price is not adjusted by the time value of money.

If the FP Group provides services in advance, contract assets are recognised.

The amount of the revenue depends on contractually defined fixed prices less trade discounts and rebates. The transaction price is allocated to various obligations from a contract based on the relative stand-alone selling prices. The FP Group uses observable prices and estimates to determine stand-alone selling prices for the purpose of allocation to contractual obligations. This requires discretion. FP bases its estimates on market data and cost information.

The average payment term is 30 days.

The warranty essentially is a guarantee of accuracy over the statutory term.

Contracts including a right-of-use transfer

The FP Group also enters into contractual obligations that must be recognised in accordance with IFRS 15 in the form of leases that grant customers the right to use franking or inserting machines. The components in these contracts that constitute right of use are recognised separately from those that do not. The right-of-use component is recognised in accordance with IFRS 16 whilst the other components are subject to IFRS 15. The consideration for the overall contract is also allocated to the contract's components and obligations based on the relative stand-alone selling prices.

Other operating income

Other operating income is recognised when a service is rendered or goods are delivered, i.e. when risk has transferred to the customer.

Interest income and expenses

Interest income is recognised when it is probable that the economic benefit of the transaction will accrue to the Group and the amount of the income can be measured reliably. Interest expenses are recognised in the period in which they accrue net any transaction costs and discounts using the effective interest method.

Goodwill

Goodwill is subject to an impairment test at least once a year. In addition, an impairment test is performed whenever there is an indication that the cash-generating unit may be impaired. Impairment tests are performed at the level of cash-generating unit.

Intangible assets

The impairment of purchased intangible assets is tested in accordance with IAS 36. In principle, either use value or fair value is used, whichever is higher. The present value of cash flows attributable exclusively to the asset being measured is determined. The discount rate for cash flows is based on the concept of the weighted average cost of capital (WACC) after taxes.

Customer relationships capitalised as part of purchase price allocation are measured using an earnings-based approach, though the value of the customer relationships is reported by discounting the resulting cash flows. The cost of revenue generation is deducted from any revenue anticipated from customer relationships.

Except for capitalised development costs, the costs of own intangible assets are recognised in profit or loss in the period in which they are incurred.

Development costs for own intangible assets are capitalised in accordance with IAS 38 if the production of these products is technically feasible to the extent that they can be used or sold, the Group intends to complete the asset and use or sell it, the FP Group is able to use or sell the intangible asset, the type of incoming economic benefit can be shown, the technical and financial resources are available for completion and the expenditure attributable to the development can be measured reliably. Development costs include all costs directly attributable to the development process. Grants received for development costs are deducted from assets. Borrowing costs that can be directly allocated to a development project that is a qualifying asset as defined by IAS 23 are capitalised as part of the production costs for the period of production. They are recognised solely in connection with capitalised development costs. The amount of borrowing costs eligible for capitalisation is calculated from the weighted average of borrowing costs for loans granted by lenders.

Starting from commercial production of the corresponding products, capitalised development costs are amortised over the period of their expected use. An impairment test is performed annually for intangible assets in development. Completed intangible assets are tested for impairment if there are indications of possible impairment. Impaired capitalised developments are written down.

As in the previous year, straight-line amortisation of intangible assets is essentially based on the following economic lives:

Intangible assets	**Useful life**
Industrial property rights (including licences, software, customer lists)	2 to 10 years
Internally generated intangible assets	2 to 6 years

Property, plant and equipment

Property, plant and equipment is measured at cost less depreciation due to use and amortisation. Their cost includes purchase price, incidental costs and subsequent costs of acquisition. Reductions in purchase price are deducted. Financing costs are included for the period of production whenever qualifying assets are concerned. Costs for the maintenance and repair of property, plant and equipment are expensed as incurred. Reconditioning costs for property, plant and equipment are recognised as subsequent production costs under the criteria of IAS 16.12 et seq. if these costs increase the future benefit of the property, plant and equipment (IAS 16.10). Property, plant and equipment are depreciated using the straight-line method. If leased products are sold, revenue and cost of materials are recognised at the residual carrying amount. If property, plant and equipment is shut down, sold or given up, the profit or loss from the difference between the proceeds and the residual carrying amount is recognised in other operating income/expenses.

Straight-line depreciation of property, plant and equipment is based on the following useful lives:

Buildings	**Useful life**
Buildings	2 to 25 years
Technical equipment and machinery	3 to 19 years
Operating and office equipment	1 to 25 years
Leased products	7 to 8 years

Impairment losses on property, plant and equipment are recognised in accordance with IAS 36 if the recoverable amount, i.e. the higher of the value in use of the asset concerned and the fair value less costs to sell, has fallen below the carrying amount. If the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount and the carrying amount are then also compared at the level of the cash-generating unit. If the reasons for impairment losses recognised in previous years no longer apply, the impairments are reversed.

Inventories

In the measurement of inventories, a simplified measurement method was applied in the form of average prices.

Inventories are measured at the lower of cost and net realisable value. The cost of raw materials, consumables and supplies and merchandise includes the purchase price and ancillary costs less purchase price reductions. The cost of finished goods and work in progress includes the direct costs and the overheads attributable to the production process, including appropriate depreciation of production facilities assuming normal capacity utilisation. Financing costs are not included for the period of production as there are no qualifying assets. Net realisable value is the estimated selling price in the ordinary course of business less the costs still required to complete and sell the assets.

Impairment in inventories is shown in the cost of materials.

Telepostage funds

Telepostage is a system for processing and billing postage used by customers via franking machines. Telepostage funds collected from customers are accounted depending on the specific structure of the contractual agreements with the postal authorities and the legal framework in each country. If neither FP is involved in the payment flow between users and postal authorities nor sufficient rights exist in terms of beneficial ownership, the corresponding amounts are not reported on the consolidated balance sheet. If, on the other hand, there is beneficial ownership of the telepostage funds with access restrictions, they are reported as bank balances with access restrictions, together with a corresponding liability. In the case of unrestricted access to bank balances, only a liability from telepostage funds is reported. The majority of telepostage funds in the FP Group fall into the category in which neither FP is involved in the payment flow between users and postal authorities nor sufficient rights exist in terms of beneficial ownership, meaning that the corresponding amounts are not reported on the consolidated balance sheet.

Financial instruments

Financial instruments are contracts that result in both a financial asset for one entity and a financial liability or equity instrument for another entity. These include primary financial instruments such as trade receivables and payables as well as financial receivables and liabilities. On the other hand, this also includes derivative financial instruments that are used as hedges against risks arising from changes in exchange rates or interest rates.

Financial assets and financial liabilities are shown in the consolidated balance sheet from the time at which the Group becomes a contractual party to the financial instrument.

Financial assets

Classification

The FP Group classifies its financial assets into the following measurement categories:

- Financial assets held at fair value through profit or loss (FVTPL)
- Financial assets held at fair value through other comprehensive income (FVTOCI)
- Financial assets held at amortised cost (FAAC).

Financial assets are classified based on the business model in which they are held and the composition of the contractual cash flows. The business model is determined at portfolio level and conforms to the intention of management and past transaction patterns. Cash flows are examined based on the individual instruments. For assets held at fair value, gains and losses are either recognised in profit or loss or in other comprehensive income. For investments in equity instruments not held for trading, this depends on whether the Group has irrevocably decided at the time of initial recognition to measure the equity instruments at fair value through other comprehensive income.

The Group reclassifies debt instruments only if the business model for managing those assets changes. This is reviewed by management at each reporting date.

Recognition

A regular purchase or sale of financial assets is recognised as at the trading date, i.e. the date the Group is obligated to buy or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has materially transferred all risks and rewards of ownership.

Measurement

At initial recognition, the FP Group measures a financial asset at fair value plus – in the case of a financial asset subsequently not measured at fair value through profit and loss – the transaction costs directly attributable to the acquisition of that asset. Transaction costs of financial assets measured at fair value through profit or loss are expensed.

Financial assets with embedded derivatives are considered in their entirety if it is determined that their cash flows represent only principal and interest payments.

The subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the asset's cash flow characteristics.

In the 2024 and 2023 financial years, all of the Group's debt instruments were recognised at amortised cost. Interest income from these financial assets is recognised in financial income using the effective interest method. Gains or losses from derecognition are recognised directly in the statement of profit or loss and – together with foreign currency gains and losses – are reported in other financial income/other finance costs.

Subsequently, the FP Group measures all held equity instruments at fair value through profit or loss (FVTPL). Dividends from those instruments continue to be recognised in the financial result if the FP Group’s right to receive payments is justified.

Impairment

The FP Group assesses the expected credit losses associated with its debt instruments measured at amortised cost on a forward-looking basis. The impairment method depends on whether there is a significant increase in credit risk.

The expected credit losses approach employs a three-stage model to allocate impairment:

Stage 1: expected credit losses within the next 12 months.

Stage 1 includes all contracts without a significant increase in credit risk since initial recognition and regularly includes new contracts as well as those whose payments are less than 31 days overdue. The percentage of the lifetime credit losses of the instrument due to default within the next 12 months is recognised.

Stage 2: expected credit losses over the entire term – credit not impaired.

If a financial asset has experienced a significant increase in credit risk after initial recognition but is not credit-impaired, it is allocated to stage 2. Impairment is recognised as the expected credit losses anticipated over the lifetime of the financial asset.

Stage 3: expected credit losses over the entire term – credit impaired.

If the financial asset is credit-impaired or in default, it is allocated to stage 3. The lifetime credit losses of the financial asset are recognised as impairment. Objective indications that a financial asset is credit-impaired include an overdue period of 91 days or more and other information about significant financial difficulties on the part of the debtor.

Whether a financial asset has experienced a significant increase in credit risk is determined based on an assessment of default probability, performed at least quarterly, which takes account of not only external rating information but also internal information on the credit quality of the financial asset. For debt instruments which are not receivables from financial services, a significant increase in credit risk is determined based on overdue status or default probability.

Expected credit losses are calculated based on the following factors:

- Neutral and probability-weighted amount
- Time value of money
- Adequate and reliable information (providing this is available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions

Expected credit losses are calculated as the probability-weighted present value of all defaults over the expected lifetime of the financial asset.

Assessment of these risk parameters includes all publicly available relevant information. In addition to historical and current information on losses, reasonable and reliable forward-looking information on factors are included. This information covers macro-economic factors (e.g. gross domestic product growth, unemployment rate) and forecasts of future economic conditions.

The simplified approach is used for trade receivables and contract assets, whereby these receivables are allocated to stage 2 on initial recognition. Credit losses expected over the term are recognised from the point at which the receivables are recognised for the first time. Further details can be found in note 24.

Individual impairment on trade receivables is recognised if there are objective indications that the amounts due are not fully recoverable (e.g. opening of insolvency proceedings or significant delays in payment by the debtor).

Impairments on other financial assets and cash and cash equivalents are immaterial to the Group.

Derecognition

A financial asset is derecognised if it cannot be reasonably assumed that it can be realised in full or in part, e.g. after the end of insolvency proceedings or following court decisions.

Impairments on trade receivables and contract assets are shown in the operating result as net impairment. Previously depreciated amounts collected in subsequent periods are recognised in the same items.

Derivatives and hedges

The effective part of changes in the fair value of derivatives designated as hedging instruments as part of cash flow hedges is recognised as equity in the reserve for cash flow hedges. Gains or losses relating to the percentage designated as hedging costs are recognised as equity in the hedging cost reserve in other comprehensive income.

The volume of the underlying transaction actually hedged equals the volume of the corresponding hedging instrument. This means the hedge ratio is 100%.

Designated hedges can entail ineffectiveness as a result of deferrals of the hedged items and effects of credit default risk on the fair value of the hedging instruments. Any ineffectiveness is recognised in the statement of comprehensive income under other financial result.

If options are used to hedge expected transactions, the FP Group only designates the intrinsic value of the options as a hedging instrument.

Gains or losses from the effective part of the change in the intrinsic value of the options are recognised as equity in the reserve for cash flow hedges. Changes in the fair value of options relating to the hedged item are recognised as equity in the reserve for hedging costs in other comprehensive income.

If forward transactions are used to hedge expected transactions, the FP Group classifies only the change in the fair value of the forward contract from the spot element as a hedging instrument. The spot element is determined using the relevant spot exchange rate. The difference between the stipulated forward exchange rate and the spot exchange rate is defined as a forward element and discounted if material. Gains and losses from the effective part of the spot element of the forward transaction are reported as equity in the reserve for cash flow hedges. The change of the forward element of the hedging instrument which relates to the hedged item is recognised as equity in the reserve for hedging costs in other comprehensive income.

Cumulative amounts recognised in equity are reclassified during periods in which the hedged item affects profit or loss. In the statement of comprehensive income, the reclassification is recognised in other comprehensive income as “Cash flow hedges – reclassified as profit or loss” or as “Revenue”.

If a hedging instrument expires, is sold or terminated or the hedging transaction no longer meets the criteria for accounting of hedging transactions, any accrued gains or losses from hedging and deferred hedging costs accumulated at that time will remain in equity until the expected transaction occurs. If the transaction is no longer expected to occur, the cumulative hedging gains and losses and the deferred hedging costs that were recognised in equity are reclassified directly to the financial result.

Financial liabilities

Financial liabilities are divided into the following categories:

- Financial liabilities measured at amortised cost (FLAC)
- Financial liabilities measured at fair value through profit or loss (FLFV)

Financial liabilities measured at amortised cost are initially recognised at fair value plus any directly attributable transaction costs. Loans are always measured at amortised cost in the Group. They are not designated as measured at fair value through profit or loss. The effective interest method is used to calculate the amortised cost.

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and other financial liabilities classified as measured at fair value through profit or loss on initial recognition. Financial liabilities are classified as held for trading if they are acquired with the intent to dispose of them in the near future. Financial liabilities measured at fair value through profit and loss also include liabilities from derivatives transactions. Gains and losses from financial liabilities held for trading are recognised in profit or loss.

Finance lease liabilities are reported at the present value of the lease payments.

Equity

Share capital is equal to the number of shares issued.

Amounts contributed to equity by shareholders are reported in the capital reserves. Expenses directly incurred by the issue of new shares in the earlier IPO of FP Holding are deducted from equity less any associated income tax benefit.

The stock option reserve shows amounts recognised in staff costs from the 2010 and 2015 stock option programmes. This is based on the fair value of the options likely to vest, which is distributed periodically.

Treasury shares are deducted directly from equity. The value of the treasury shares is openly deducted from equity. The purchase, sale, issue or cancellation of treasury shares does not affect consolidated profit.

Provisions

Provisions for pensions and similar obligations are constituted using the projected unit credit method based on actuarial principles. This method includes not only the pensions and vested benefits at the end of the reporting period but also the expected future increases in pensions and salaries when estimating relevant factors. These benefits earned in return for work performed are discounted by the interest rate at the end of the period. Plan assets are deducted from these defined benefit obligations at fair value. This results in the net liability for defined benefit obligations, which is recognised as a provision.

The net liability is calculated at the end of each reporting period based on actuarial reports from qualified actuaries.

The interest rate is determined based on market yields on high-quality, fixed-interest corporate bonds at the end of the reporting period. The currencies and terms consistent with benefit obligations are taken into account in selecting the underlying bonds.

Pension plans that the FP Group executes through insurance contracts are accounted for as defined benefit plans if the vested entitlements are not covered by the insurance premiums.

Contributions under defined contribution plans are expenses in the period in which the payments in question are rendered.

Termination benefits are granted if employment is terminated before the employee reaches pension age or if an employee voluntarily leaves the company in return for severance pay. The Group recognises severance pay if it can be shown that the Group is required either to terminate the employment of a current employee according to a detailed, formal plan which cannot be revoked or to pay severance whenever an employee leaves voluntarily.

Provisions for early retirement are measured at the present value of each outstanding settlement amount and top-up amount (accrued pro rata in the vesting period) and netted against plan assets measured at fair value in the form of insurance used to cover early retirement commitments.

The Group recognises a provision for profit-sharing and bonuses when there is a contractual obligation or a constructive obligation as a result of past business practices.

Provisions for warranty expenses are recognised when the products in question are sold in accordance with management’s best estimate of the expenses necessary to fulfil the Group’s obligation.

Accounting for leases in which Francotyp-Postalia is lessor

The FP Group leases franking and inserting machines in the Mailing, Shipping & Office Solutions segment. Leases generally have fixed terms of 2–6 years. If the customer does not cancel on time, the lease is automatically extended for typically one year. In addition to the transfer of the right of use, the leases can also contain service components.

The lease components contained in the leases are accounted for in accordance with IFRS 16. The service components are accounted for in accordance with IFRS 15. The consideration for the overall contract is allocated to the components and contractual obligations included in accordance with IFRS 15 in proportion to the individual selling prices.

According to IFRS 16, a lease is to be classified as a finance lease or an operating lease. A finance lease exists when the significant risks and rewards incidental to ownership are transferred to the lessee. For further explanations, refer to note 8 'Classification of leases in which Francotyp-Postalia is lessor'.

For leases classified as finance leases, a receivable and revenue in the amount of the present value of the minimum lease payments are recognised at the inception of the contract. The lease instalments subsequently received are divided into principal and interest. The principal reduces receivables in other comprehensive income. The interest is recognised in profit or loss. The intrinsic interest rate for the lease in question is used.

For operating leases, the machines in question are recognised as leased products under non-current assets in property, plant and equipment while the lease instalments are reported as revenue.

Depending on the payment arrangement, customers pay in advance for lease periods in subsequent months. If they do not represent revenue for the financial year, they are recognised as liabilities from deferred payments.

The FP Group pays commissions to dealers for brokering leases. The commission paid for a contract can be based on different components within the scope of IFRS 16 and IFRS 15. Accordingly, commissions are allocated as follows:

- The portion of the commission attributable to lease components classified as finance leases is recognised in other operating expenses at the time of revenue recognition.
- The portion of the commission attributable to lease components classified as operating leases is capitalised as part of the underlying asset under leased products and amortised on a straight-line basis over the term of the corresponding contracts.
- The portion of the commission attributable to contractual obligations over time as defined by IFRS 15 is capitalised as contract acquisition costs in other non-current assets and recognised on a straight-line basis over the term of the contract in other operating expenses.

Accounting for leases in which Francotyp-Postalia is lessee

In accordance with IFRS 16, the FP Group recognises leases on the balance sheet in which it is the lessee. Accordingly, rights of use are recognised as assets and lease liabilities are recognised as liabilities (under financing liabilities). The right of use is initially measured at cost, equalling the present value of the lease liability plus any initial direct costs, payments made before the commencement date and estimated asset retirement obligations, and less any incentives received by the Group from the lessor.

The right of use is subsequently reduced by scheduled (and, if applicable, unscheduled) amortisation. Amortisation is generally on a straight-line basis over the term of the lease. If ownership of the leased asset is transferred to the FP Group at the end of the lease term, the right of use is amortised on a straight-line basis over the useful life of the asset. In the event the lease liability is revaluated, the right of use is adjusted accordingly.

The lease liability is recognised upon addition at the present value of the lease payments. In subsequent accounting, it is increased to reflect interest using the Group’s respective incremental borrowing rate and reduced to reflect the lease instalments paid.

Leases with a term of up to 12 months and low-value leases are not recognised on the balance sheet, but the lease payments are expensed on a straight-line basis over the term of the lease. This also applies to leases on intangible assets.

(8) Discretionary decisions and estimates

When preparing the consolidated financial statements, certain items require discretionary decisions and estimates to be made for the recognition, measurement and reporting of recognised assets and liabilities as well as income and expenses. The actual figures may differ from the estimates. Estimates and their underlying assumptions are examined on an on-going basis. Revisions of estimates are recognised prospectively. Material discretionary decisions and estimates result from the following circumstances:

Revenue

Recognition of revenue for letter postage

In the DBS segment, FP purchases letter postage from Deutsche Post and alternative delivery services on behalf of its customers. This postage is applied to letter post as part of an integrated production process – consisting of printing, inserting, franking and handing over the letters to the respective delivery service. These services are provided based on contracts with customers in accordance with IFRS 15 'Revenue from contracts with customers'. In accordance with IFRS 15, the entire production process is regarded as a performance bundle (a single contractual obligation). As part of this process, FP assumes responsibility for the complete fulfilment of the service contractually owed to the customer, including the procurement and implementation of postage. In this context, revenue and the corresponding cost of materials (postage expenses) are recognised gross in the statement of profit or loss. Revenues and expenses are not netted as defined in the principal–agent rule pursuant to IFRS 15.B34 et seq. The assessment that FP acts as principal in relation to the overall service is based in particular on the fact that FP has control of the overall service before it is transferred to the customer and is responsible to the customer for the fulfilment of the stipulated service.

Allocation of transaction prices to contractual obligations per IFRS

Regarding the use of discretion in the allocation of transaction prices, refer to the explanations on revenues in note 7.

Classification of leases in which Francotyp-Postalia is lessor

In the FP Group, a lease is classified as a finance lease if the term of the lease covers the majority of the economic life of the asset (useful life test) or the present value of the future minimum lease payments substantially equals at least the fair value of the leased asset (present value criterion). The FP Group has interpreted “the majority” to mean 75% and “substantially” to mean 90%. When determining the contract term, the FP Group considers the probability that the contract will be automatically extended. Probability is assessed based on static empirical values gathered on a country-specific basis.

Deferred tax assets

Deferred tax assets are recognised for unused tax loss carry-forwards and temporary differences between the tax bases of assets and liabilities and their carrying amounts in the IFRS consolidated balance sheet to the extent that it is probable that future taxable profit will be available against which they can be used. The calculation of the amount of deferred tax assets requires significant managerial discretion based on the expected timing and amount of future taxable income together with future tax planning strategies.

Tax receivables and liabilities

The assessment and measurement of tax assets and liabilities involves a significant degree of managerial discretion due to the complexity of legislation and the differing practices of the competent tax authorities, particularly in the context of cross-border transactions. An asset or liability from a tax risk position is recognised in accordance with IAS 12 if a payment or refund is probable with regard to legal uncertainty. Uncertain tax assets and liabilities are measured at the most probable value in accordance with IFRIC 23.

Material assumptions regarding estimates and sources for estimation uncertainty include:

Impairment losses

The Group measures expected credit losses for all trade receivables based on lifetime expected credit losses.

Development costs

Estimates are required whenever a development project reaches certain milestones in a current project. For the purpose of assessing the recoverability of the amounts to be capitalised, management makes assumptions about the amount of cash flows to be expected from assets, the discount rates to be applied and the period of the inflow of expected future cash flows generated by the assets.

Goodwill

In order to establish possible impairment of goodwill, the value in use or the fair value of the cash-generating unit must be calculated. The calculation requires an estimate of future cash flows from the cash-generating unit and a suitable discount rate to calculate present value.

The recoverable amount of all cash-generating units with goodwill is derived based on the associated value in use. If this is found to be higher than the carrying amount of the cash-generating unit, there is no need to determine the fair value less selling costs.

The value in use is determined based on discounted cash flows. This is based on cash flow forecasts derived from financial planning by management. The figures used in these assumptions are based on external analyses of the postal market (including expected postage increases by Deutsche Post AG) and on management experience. Financial planning generally consists of profit planning, the balance sheet and the statement of cash flows, and is prepared in detail for the first three years based on sales planning and is then extrapolated using general assumptions for the next two years of planning. Perpetual annuity is assumed after the fifth year of planning.

The discount rates were derived as required in IAS 36, taking into account a growth rate for the cash flows after the end of the five-year planning period. The discount rates are based on weighted average cost of capital (WACC).

The recoverable amount is initially derived based on the discounting of cash flows using the cost of capital after taxes. The cost of capital before taxes is then calculated iteratively.

The basic assumptions on which the calculation of the value in use of the cash-generating units are based are subject to estimation uncertainty affecting EBIT and, thus, the cash flows to be discounted and the discount rate.

The gross profit margins used are based on currently realisable figures and management experience.

To calculate the discount rate, assumptions are made on the individual components of WACC and the long-term growth rate.

As a result of the discretion exercised in the impairment test, goodwill and intangible assets were amortised in the reporting year.

Pensions and other post-employment benefits

The actuarial valuation is based on assumptions regarding interest rates, future wage and salary increases, mortality and future pension increases.

Provisions

The calculation of provisions for potential losses from contracts, warranties and legal disputes requires a great degree of estimation by management.

Expenses for warranties are incurred in connection with subsequent improvements.

Legal disputes often involve complex legal issues – hence they entail considerable uncertainty. The estimate of expected expenses also includes the anticipated litigation costs. The FP Group regularly evaluates the current status of proceedings, including with outside counsel.

For restructuring costs, a provision is made to cover expected direct expenses.

The expected internal and external costs in connection with the outstanding audit cycles of FP Group companies/appeals of tax audits in Germany and abroad are accounted for by recognising as liabilities corresponding provisions that take into account the complexity of the issues, including in the cross-border context.

Calculation of fair value

A number of the Group's accounting policies and disclosures require the determination of the fair values of financial and non-financial assets and liabilities.

When determining the fair value of an asset or liability, the Group uses observable market data as much as possible. Based on the inputs used in the measurement methods, fair values are assigned to different levels of the fair value hierarchy:

- Level 1: quoted (unadjusted) prices on active markets for identical assets or liabilities.
- Level 2: measurement parameters other than quoted prices included in level 1 which are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: measurement parameters for assets or liabilities not based on observable market data.

If the inputs used to determine the fair value of an asset or liability can be classified into different levels of the fair value hierarchy, the fair value measurement in its entirety is assigned to the level of the fair value hierarchy based on the lowest input factor that is material overall for measurement of fair value.

The Group recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change occurred.

Further information on the assumptions used to determine fair values can be found in note 32.

II. Segment reporting

In the 2024 financial year, a combination of factors from organisational structure as well as differences between products and services were used to identify the reportable segments, the financial information of which is regularly submitted to the Management Board (chief operating decision-maker) for review with regard to decisions on the allocation of resources.

Until the sale of Freesort GmbH in September 2024, the Group was divided into the three segments Mailing & Shipping Solutions (MSO), Mail Services (MS) and Digital Business Solutions (DBS) based on a subdivision for internal management purposes. Due to the sale of Freesort GmbH, the MS segment no longer exists and is no longer represented in the segment reporting.

The MSO segment is largely focussed 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. Generated revenue and earnings from companies allocated to the MSO segment with digital solutions and products are allocated to the DBS segment.

The DBS 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 division. The Business Process Management & Automation division comprises the products and solutions for efficient and automated process workflows for customers. The Shipping & Logistics division comprises SaaS-based parcel shipping software as well as software solutions for parcel receipt management, asset tracking and internal logistics. Revenue and earnings from digital solutions such as parcel shipping, which are sold via the MSO sales channel, are recognised in the DBS segment.

While the revenue and cost of materials of the subsidiary Francotyp-Postalia GmbH are allocated to the MSO segment, other income and expenses of this company are not allocated to any segment. Revenue with external third parties in the DBS segment includes Deutsche Post AG's rebates passed on within the Group.

SEGMENT INFORMATION 2024

in EUR thousand	Mailing & Shipping Solutions	Digital Business Solutions	Total
Revenue with external third parties	142,977	26,054	169,031
Intersegment revenue	145	1,146	1,292
Segment revenue	**143,123**	**27,200**	**170,323**
SOR, changes in inventories & own work capitalised	9,902	616	10,518
Cost of materials	40,482	15,604	56,086
Employee benefit expenses	39,971	6,664	46,635
Expenses from impairment losses less income from reversals of impairment losses on trade receivables	1,267	-29	1,238
Other operating expenses	33,216	4,937	38,153
Segment EBITDA	**38,089**	**639**	**38,728**

SEGMENT INFORMATION 2023

in EUR thousand	Mailing & Shipping Solutions	Digital Business Solutions	Total
Revenue with external third parties	149,403	27,281	**176,684**
Intersegment revenue	1,583	1,365	**2,948**
Segment revenue	**150,986**	**28,646**	**179,632**
SOR, changes in inventories & own work capitalised	7,879	437	**8,316**
Cost of materials	41,378	17,103	**58,481**
Employee benefit expenses	43,169	7,370	**50,539**
Expenses from impairment losses less income from reversals of impairment losses on trade receivables	1,838	435	**2,273**
Other operating expenses	35,846	4,822	**40,669**
Segment EBITDA	**36,635**	**-648**	**35,987**

RECONCILIATION OF REVENUE

in EUR thousand	2024	2023
Segment revenue	**170,323**	179,632
Revenue of other Group companies	**2,066**	2,713
Effects from the adjustment of IFRS 15 and IFRS 16	**-528**	774
Effect from other revenue corrections	**223**	334
Effects from consolidation	**-2,746**	-7,878
Group revenue	**169,337**	**175,575**

RECONCILIATION OF SEGMENT EBITDA TO GROUP EBT

in EUR thousand	2024	2023
Segment EBITDA	38,728	35,987
Segment amortisation, depreciation and impairment	-12,611	-12,865
Segment net interest	2,360	1,438
Segment other financial result	1,877	-1,015
Segment EBT	**30,353**	**23,544**
Result not allocated to a segment	2,328	37,670
Effects of IFRS remeasurement		
Lessee valuation in accordance with IFRS 16	3,872	4,089
Effects from the capitalisation of internally generated intangible assets	1,592	2,878
Effects of the adjustment of revenue from IFRS 15/16	541	355
Effects from the adjustment of cost of materials in accordance with IFRS 15/16	-415	-431
Sales adjustment due to currency effects from hedge accounting	-223	-334
Contract acquisition cost adjustment according to IFRS 15/16	518	901
Other IFRS entries	-448	1,849
Effects of IFRS remeasurement on amortisation, depreciation and impairment	-3,714	-633
Effects of IFRS remeasurement on interest	693	908
Effects of IFRS remeasurement on other financial result	-3,239	-41,108
Effects at consolidation level (including consolidation of expenses and income, elimination of intercompany profits)	-23,701	-19,024
Group EBT	**8,158**	**10,663**

REVENUE BY REGION

in EUR thousand	2024	2023
Germany	54,153	58,895
Abroad	115,183	116,680
thereof		
United States	61,249	58,972
UK	9,749	10,414
Sweden	8,201	9,616
Other countries	35,985	37,678
Group revenue	**169,337**	**175,575**

NON-CURRENT ASSETS[1] BY REGION

in EUR thousand	31.12.2024	31.12.2023
Germany	**15,817**	23,308
Abroad	**32,022**	35,442
thereof		
United States	**22,537**	21,780
Sweden	**1,858**	2,317
UK	**1,735**	2,156
Other countries	**5,893**	9,190
Total	**47,839**	**58,751**

[1] In line with IFRS 8.33 (b) this includes current assets which are not financial instruments, deferred tax assets, post-employment benefit assets and rights arising from insurance contracts.

III. Notes to the consolidated statement of comprehensive income

(9) Revenue

The following tables show revenue disaggregated by service type. Revenue within the scope of both IFRS 15 and IFRS 16 are reported.

The tables also include the reconciliation of disaggregated revenue to segment reporting.

2024				**IFRS revenue**
in EUR thousand	**Mailing & Shipping Solutions**	**Digital Business Solutions**	**Not allocated to any segment**	**Total**
Product sales income (Franking and Inserting)	37,012	0	1	**37,013**
Service / customer service	28,582	58	0	**28,641**
Consumables	25,533	0	0	**25,533**
Telepostage	8,645	0	0	**8,645**
Software/Digital	972	27,391	44	**28,407**
Revenue in accordance with IFRS 15	**100,745**	**27,449**	**45**	**128,239**
Finance lease	14,938	0	0	**14,938**
Operating lease	26,434	0	0	**26,434**
Revenue in accordance with IFRS 16	**41,372**	**0**	**0**	**41,372**
Reduction in revenue due to currency effects from hedge accounting	-275	0	0	**-275**
Revenue total	**141,842**	**27,449**	**45**	**169,337**

	Reconciliation to segment revenue				Segment revenue		
	Mailing & Shipping Solutions	Digital Business Solutions	Not allocated to any segment	Total	Mailing & Shipping Solutions	Digital Business Solutions	Total
	-2	0	-1	-3	37,010	0	37,010
	-3,169	0	0	-3,169	25,414	58	25,472
	-532	0	0	-532	25,001	0	25,001
	-487	0	0	-487	8,159	0	8,159
	0	-1,396	-44	-1,440	972	25,995	26,967
	-4,190	**-1,396**	**-45**	**-5,631**	**96,555**	**26,053**	**122,609**
	-3,855	0	0	-3,855	11,083	0	11,083
	8,958	0	0	8,958	35,391	0	35,391
	5,102	**0**	**0**	**5,102**	**46,474**	**0**	**46,474**
	223	0	0	223	-52	0	-52
	1,135	**-1,396**	**-45**	**-306**	**142,977**	**26,054**	**169,031**

The reconciliation of IFRS revenue to segment revenue shows a reduction in segment revenue of EUR -306 thousand (previous year: increase of EUR 1,108 thousand). The effect mainly relates to revenue from leases and service contracts in accordance with IFRS 15 & 16 in the MSO segment totalling EUR 913 thousand (previous year: EUR 1,961 thousand). This was offset by i) the IFRS 15-related elimination of digital sales in the MSO segment in the amount of EUR -1,396 thousand (previous year: EUR -849 thousand) and ii) currency effects from hedge accounting in the amount of EUR 223 thousand (previous year: EUR 334 thousand). Revenue in the amount of EUR -45 thousand (previous year: EUR -338 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 under IFRS that are eliminated in the reconciliation with segment revenue.

2023				IFRS revenue				Reconciliation to segment revenue			Segment revenue
in EUR thousand	**Mailing & Shipping Solutions**	**Digital Business Solutions**	**Not allocated to any segment**	**Total**	**Mailing & Shipping Solutions**	**Digital Business Solutions**	**Not allocated to any segment**	**Total**	**Mailing & Shipping Solutions**	**Digital Business Solutions**	**Total**
Product sales income (Franking and Inserting)	35,673	0	25	**35,698**	-30	0	-25	**-55**	35,642	0	**35,642**
Service / customer service	31,385	0	0	**31,385**	-2,685	0	0	**-2,685**	28,701	0	**28,701**
Consumables	26,550	0	0	**26,550**	-579	0	0	**-579**	25,970	0	**25,970**
Telepostage	9,211	0	0	**9,211**	-419	0	0	**-419**	8,792	0	**8,792**
Software/Digital	131	28,130	313	**28,573**	0	-849	-313	**-1,162**	131	27,281	**27,412**
Revenue in accordance with IFRS 15	**102,950**	**28,130**	**338**	**131,417**	**-3,713**	**-849**	**-338**	**-4,900**	**99,236**	**27,281**	**126,517**
Finance lease	14,793	0	0	**14,793**	-3,031	0	0	**-3,031**	11,763	0	**11,763**
Operating lease	29,699	0	0	**29,699**	8,705	0	0	**8,705**	38,404	0	**38,404**
Revenue in accordance with IFRS 16	**44,492**	**0**	**0**	**44,492**	**5,674**	**0**	**0**	**5,674**	**50,167**	**0**	**50,167**
Reduction in revenue due to currency effects from hedge accounting	-334	0	0	**-334**	334	0	0	**334**	0	0	**0**
	0	0	0	**0**	0	0	0	**0**	0	0	**0**
Revenue total	**147,108**	**28,130**	**338**	**175,575**	**2,295**	**-849**	**-338**	**1,108**	**149,403**	**27,281**	**176,684**

The following table shows contract assets and contract liabilities. These are recognised on the balance sheet under other non-financial assets or other non-financial liabilities.

in EUR thousand	31.12.2024	31.12.2023
Contract assets	426	456
thereof non-current	320	342
thereof current	107	114
Liabilities for social security contributions	8,979	9,654
thereof non-current	1,065	1,095
thereof current	7,913	8,559

Contract liabilities result from accounting-related advance payments for future services in subsequent months.

As the original terms of service contracts in the FP Group are generally not longer than one year, FP makes use of the practical expedient under IFRS 15.121(a). The transaction price attributable to contractual obligations that were not yet fulfilled as at the reporting date is, therefore, not disclosed.

Amounts reported under current contract liabilities in the previous year were realised in full in the 2024 reporting year.

(10) Own work capitalized

in EUR thousand	2024	2023
Capitalised development costs	1,488	2,674
Rental machinery	3,897	5,774
Other	0	37
Total	**5,385**	**8,485**

Capitalised development costs mainly include the development of new products in the MSO division (EUR 1,021 thousand; previous year: EUR 1,737 thousand) and in the DBS division (EUR 466 thousand; previous year: EUR 937 thousand).

Own work capitalised for rental machinery relates to own leased products.

(11) Other operating income

in EUR thousand	2024	2023
Derecognition of liabilities	778	1,007
Prior-period income	226	96
Usage fees	207	237
Bonus credit	119	261
Cost subsidies and grants	39	9
Other income	1,721	710
Total	**3,089**	**2,320**

The derecognition of liabilities mainly relates to lapsed telepostage obligations in the amount of EUR 480 thousand (previous year: EUR 573 thousand) and derecognition of other contractual obligations in the amount of EUR 165 thousand (previous year: EUR 226 thousand). Income relating to other periods mainly results from invoice credits. Other income mainly results from the reversal of provisions for impending losses from executory supplier contracts totalling EUR 1,214 thousand.

(12) Cost of materials

in EUR thousand	2024	2023
Expenses for raw materials, consumables and supplies	38,974	40,424
Cost of purchased services	15,481	16,613
thereof postage fees	12,017	12,888
Total	**54,455**	**57,037**

(13) Staff costs

in EUR thousand	2024	2023
Wages and salaries	49,284	52,071
Social security contributions	7,989	8,536
Expenses for pensions and other benefits	1,318	1,050
thereof defined contribution plans	1,239	973
thereof defined benefit plans	80	76
Total	**58,591**	**61,657**

In the 2024 financial year, staff costs fell by 5.0% compared to the previous year to EUR 58,591 thousand (previous year: EUR 61,657 thousand). The average number of employees, excluding freesort GmbH, fell from 893 in the 2023 financial year to 816 in the reporting year.

The staff costs ratio, staff costs in relation to revenue, fell slightly to 34.6% in the 2024 financial year compared to 35.1% in the previous year. This decrease is mainly due to the lower number of employees as the transformation process continues.

(14) Expenses from impairments losses less income from reversals of impairment losses on trade receivables and other current assets

in EUR thousand	2024	2023
Expenses from recognition of impairment	2,647	2,350
Derecognition of receivables	494	571
Income from dissolution of impairment losses	-1,928	-805
Expense (+) from expected losses on receivables, income (-) from reversals of impairment on receivables	-107	-60
Payments received on derecognised receivables	-3	-15
Reversal of prepaid expenses	10	478
Total	**1,113**	**2,519**

Expenses from the recognition of impairment in the reporting year were based primarily on the measurement of individual default risks.

Furthermore, prepaid expenses of EUR 10 thousand (previous year: EUR 478 thousand) were reversed in the reporting year. This relates to prepaid expenses for licences that could not be fully utilised in the Group's operations.

(15) Other operating expenses

in EUR thousand	2024	2023
External IT services and licences	9,240	9,627
Legal and consulting costs	5,166	5,267
Packaging and freight	4,105	4,229
Marketing	2,789	3,109
Sales commission	2,740	2,765
Rents/leases	1,833	1,713
Staff-related costs	1,820	-1,686
Messaging and postage	1,525	1,676
Travel expenses	1,154	1,299
Repairs and maintenance	863	805
Payment transaction costs	747	703
Motor vehicle costs (fuel, operating overheads) excluding lease costs	653	783
Insurance	652	634
Other taxes	363	187
Office supplies	309	442
Expenses from disposal of non-current assets	210	490
Expenses from the recognition of provisions	68	1,349
Other	3,189	2,884
Total	**37,425**	**36,276**

External IT services and licences includes expenses for external assistance with the support and maintenance of all systems in operation, external assistance with the implementation of the new ERP system, and licence costs. The decrease in expenses for external IT services and licences is mainly due to the discontinuation of the project to introduce a globally standardised ERP/CRM system.

Legal and consulting costs relate mainly to legal counselling and management consulting.

The expenses for staff-related costs totalling EUR 1,820 thousand (previous year: EUR -1,686 thousand) include the reversal of the restructuring provision of EUR 4,833 thousand recognised in profit or loss in the previous year.

The expenses from the formation of provisions in the previous year resulted from the addition to provisions for impending losses from executory supplier contracts totalling EUR 1,349 thousand.

(16) Net interest income and other financial result

in EUR thousand	2024	2023
Other interest receivable and similar income	3,399	2,786
thereof from finance leases	2,339	2,383
thereof from bank balances	313	300
thereof from third parties	747	103
Interest and similar expenses	2,331	2,261
thereof from bank liabilities	1,520	1,486
thereof interest on the net liability for pension obligations	424	466
thereof from lease liabilities	340	239
Other	46	71
Total net interest income	1,069	525
Other financial income	1,420	1,158
Other finance costs	277	1,801
Total	**2,212**	**-118**

In the 2024 financial year, other interest and similar income includes income from tax refunds from the US subsidiary (EUR 632 thousand) through the mutual agreement procedure.

The increase in net interest income is again the result of lower interest expenses to banks due to the lower syndicated loan amount.

As in the previous year, other finance income and other finance costs mainly result from foreign currency translation, in particular the valuation of balance sheet items as at the reporting date.

It also includes expenses from currency hedging single derivatives totalling EUR 25 thousand (previous year: EUR 970 thousand). In the previous year, this also included income of EUR 1,123 thousand from the market valuation of currency swaps.

(17) Income taxes

in EUR thousand	2024	2023
Current tax expense (+), income (-)	2,830	4,406
thereof prior-period	-226	-308
Deferred tax income	-4,815	-2,385
thereof occurrence and reversal of temporary differences	-6,055	288
thereof utilisation of loss and interest carryforwards and capitalisation of deferred taxes on new loss carryforwards	1,238	-2,710
thereof due to change in tax rates	2	37
Income taxes	**-1,985**	**2,021**

Deferred taxes were measured using tax rates and tax regulations valid or enacted by the end of the reporting period. Combined income tax rates consisting of corporation tax, solidarity surcharge and trade tax were included for the German subsidiaries. The German tax rates changed slightly compared to the previous year due to the expected trade tax split in a range of 29.63%–30.28% (previous year: 29.13%–30.24%).

Country-specific tax rates of 20.00%–26.60% (previous year: 20.00%–26.60%) were calculated for foreign companies. The tax rate adjustments result in only immaterial differences in deferred taxes.

in EUR thousand	2024	2023
Consolidated profit from continued operations before taxes	8,158	10,662
Forecast tax expense (29.63%)	2,417	3,159
Tax rate difference	1,186	-635
Tax effect of non-deductible expenses and tax-free income	-3,727	713
Tax effect from outside basis differences	-293	-393
Current and deferred income tax for previous years	26	-1,041
Change in recognition/nonrecognition of deferred taxes assets on loss carry-forwards and deductible temporary differences	-2,877	68
Change in scope of consolidation	1,313	424
Other deviations	-30	-275
Income taxes	**-1,985**	**2,021**
Tax expense in %	**-24.3%**	**19.0%**

(18) Discontinued operations

On 30 September 2024, the FP Group concluded a share purchase agreement with an Austrian investor for the sale of all shares in freesort GmbH, Langenfeld. This resulted in the sale of the entire Mail Services segment. The Management Board decided to sell this segment in 2024 following a strategic decision to focus more strongly on the MSO and DBS divisions with the aim of driving forward the transformation of the FP Group. With the sale on 30 September 2024, control over freesort GmbH was transferred to the purchaser Max Ventures Management GmbH, Guntramsdorf, Austria.

Following the sale, the Mail Services segment was categorised as a discontinued operation in accordance with IFRS 5. The current and previous year's figures in the consolidated statement of comprehensive income have been adjusted accordingly in order to represent the discontinued operation separately from continuing operations.

The Group continued to provide services to freesort GmbH after the sale. Intra-Group transactions were eliminated entirely from the consolidated financial results. The eliminations were allocated to continuing operations and discontinued operations in a way that takes into account the continuation of these transactions after disposal. For this purpose, the Management Board has eliminated the revenue (and related costs less unrealised gains) from transactions with continuing operations prior to disposal in the result from discontinued operations. As services continue to be provided to freesort GmbH after the sale, the services provided before the sale continue to be recognised under continuing operations.

The result from the discontinued operation included in the annual financial statements is as follows:

CONSOLIDATED PROFIT FROM DISCONTINUED OPERATIONS

in EUR thousand	01 Jan.-31 Dec. 2024	01 Jan.-31 Dec. 2023
Revenue	45,438	66,251
Other income	176	123
Expenses	44,970	64,146
Results from operating activities	**644**	**2,228**
Income Taxes	126	424
Results from operating activities after taxes	**518**	**1,804**
Gain on sale of discontinued operations	3,912	-
Profit from discontinued operations after taxes	**4,430**	**1,803**
Earnings per share (basic in EUR)	0.28	0.12
Earnings per share (diluted in EUR)	0.28	0.12

The profit from discontinued operations of EUR 4,430 thousand (previous year: EUR 1,803 thousand) and the profit from continuing operations are attributable in full to the shareholders of the Group.

CASH FLOWS FROM DISCONTINUED OPERATION

in EUR thousand	2024	2023
Net cash flow from operating activities	3,978	1,185
Net cash flow from investing activities	8,744	-415
Net cash flow from financing activities	-567	-790
Net cash flows for the year	**12,155**	**-20**

The sale of freesort GmbH resulted in a profit of EUR 3,912 thousand. This resulted from the difference between the proceeds from the sale of EUR 12,162 thousand and the carrying amount of the net assets of freesort of EUR 8,182 thousand well as the disposal of retained earnings of EUR 68 thousand.

EFFECT OF DISPOSAL ON THE FINANCIAL POSITION OF THE GROUP

in EUR thousand	As at 30 Sep. 2024
Intangible assets	261
Property, plant and equipment	752
Right-of-use assets	1,156
Trade receivables and other receivables	3,698
Other assets	6,480
Cash and cash equivalents	3,038
Deferred tax assets	3
Provisions	-918
Trade payables	-1,949
Financing liabilities n	-1,181
Other liabilities	-3,158
Net assets and liabilities	**8,182**
Consideration received, satisfied in cash	12,162
Cash and cash equivalents disposed of	-3,038
Net inflow of cash and cash equivalents	**9,124**

(19) Earnings per share

As at 31 December 2024, the Group held 677,603 treasury shares (previous year: 677,603). This corresponds to 4.2% (previous year: 4.2%) of share capital.

	2024	2023
Ordinary shares outstanding as at 1 January	**15,623,853**	15,623,853
Weighted average ordinary shares (basic) as at 31 December	**15,623,853**	15,623,853
Weighted average ordinary shares (diluted) as at 31 December	**15,623,853**	15,623,853
Consolidated profit/loss (in EUR thousand)	**14,573**	10,446
Basic result (in EUR/share)	**0.93**	0.67
Diluted result (in EUR/share)	**0.93**	0.67

IV. Notes to the consolidated statement of financial position

(20) Intangible assets

The tables below present the development of intangible assets.

DEVELOPMENT OF INTANGIBLE ASSETS 2024

in EUR thousand	Internally generated intangible assets	Customer relationships and purchased intangible assets	Goodwill	Development projects in progress and advance payments	Total
Cost or cost of manufacture					
As at 1 Jan. 2024	**76,999**	**94,524**	**25,455**	**3,422**	**200,400**
Currency differences	1	-113	-38	0	-150
Change in scope of consolidation	0	-4,499	-498	0	-4,997
Additions	267	264	0	1,220	1,751
Disposals	0	-124	0	0	-124
Reclassifications	2,662	31	0	-2,693	0
As at 31 Dec. 2024	**79,929**	**90,083**	**24,919**	**1,950**	**196,880**
Amortisation, depreciation and impairment					
As at 1 Jan. 2024	**72,549**	**88,789**	**21,135**	**0**	**182,474**
Currency differences	1	-7	-122	0	-128
Change in scope of consolidation	0	-4,238	-498	0	-4,736
Additions	5,188	2,621	156	269	8,233
Disposals	0	-124	0	0	-124
As at 31 Dec. 2024	**77,738**	**87,041**	**20,671**	**269**	**185,720**
Carrying amount as at 1 Jan. 2024	**4,450**	**5,735**	**4,320**	**3,422**	**17,926**
Carrying amount as at 31 Dec. 2024	**2,190**	**3,041**	**4,248**	**1,681**	**11,161**

DEVELOPMENT OF INTANGIBLE ASSETS 2023

in EUR thousand	Internally generated intangible assets	Customer relationships and purchased intangible assets	Goodwill	Development projects in progress and advance payments	Total
Cost or cost of manufacture					
As at 1 Jan. 2023	**76,648**	**94,835**	**25,390**	**1,273**	**198,146**
Currency differences	0	-230	66	0	-163
Additions	272	419	0	2,402	3,093
Disposals	0	-663	-2	-11	-676
Reclassifications	78	163	0	-241	0
As at 31 Dec. 2023	**76,999**	**94,524**	**25,455**	**3,422**	**200,400**
Amortisation, depreciation and impairment					
As at 1 Jan. 2023	**69,427**	**87,957**	**20,982**	**0**	**178,367**
Currency differences	0	-151	113	0	-38
Additions	3,122	1,638	40	0	4,800
Disposals	0	-655	0	0	-655
As at 31 Dec. 2023	**72,549**	**88,789**	**21,135**	**0**	**182,474**
Carrying amount as at 1 Jan. 2023	**7,221**	**6,878**	**4,408**	**1,273**	**19,779**
Carrying amount as at 31 Dec. 2023	**4,450**	**5,734**	**4,320**	**3,422**	**17,926**

Additions to own intangible assets, on-going development projects and advance payments totalled EUR 1,488 thousand (previous year: EUR 2,674 thousand). Scheduled amortisation of own intangible assets amounting to EUR 2,851 thousand was recognised in the reporting year (previous year: EUR 3,122 thousand). In addition, impairment losses of EUR 2,607 thousand were recognised on capitalised development costs for completed and on-going MSO projects.

Amortisation of customer relationships and purchased intangible assets includes impairment losses of EUR 1,450 thousand (previous year: EUR 185 thousand). These are provided for customer relationships of three subsidiaries in the MSO segment as a result of the amortisation of goodwill (see below: Goodwill).

The additions to purchased intangible assets and customer relationships totalling EUR 264 thousand (previous year: EUR 419 thousand) mainly include the acquisition of software and licences.

With regard to the change in the consolidated group, refer to note 18 'Discontinued operations' in the notes to the consolidated financial statements for the 2024 financial year.

Goodwill

Of the goodwill of EUR 4,248 thousand (previous year: EUR 4,320 thousand), EUR 2,643 thousand (previous year: EUR 2,643 thousand) is attributable to the cash-generating unit IAB as part of FP Digital Business Solutions GmbH (DBS segment), EUR 1,401 thousand (previous year: EUR 1,317 thousand) to PostageInk.com LLC (cash-generating unit Francotyp-Postalia Inc. in the Mailing, Shipping & Office Solutions segment) and EUR 204 thousand (previous year: EUR 360 thousand) to the group (several units without significant goodwill) of cash-generating units of the operating Azolver companies in the MSO segment. Due to the impairment test in accordance with IAS 36, an impairment loss of EUR 156 thousand was recognised on 3 units of the Azolver companies.

The other minor changes compared to the previous year result from exchange rate differences.

The following table shows the material assumptions used in estimating the recoverable amount:

2024

in EUR thousand	Francotyp-Postalia Inc., USA	IAB, Germany	Azolver Switzer-land AG, Switzer land	Azolver Danmark Aps, Denmark	Azolver Suomi OY, Finland	Azolver Italy S.r.l., Italy	Azolver Norge AS, Norway	Azolver Svenska AB, Sweden
Basic assumptions								
Revenue growth range	0.0 % - 3.8 %	0.0 % - 11.0 %	-6.7 % - 0.0 %	-13.2 % - 0.0 %	-11.5 % - 0.0 %	-3.2 % - 1.0 %	-4.4 % - 0.0 %	-9.9 % - 0.0 %
Gross profit margins[1)]	29.3 % - 30.0 %	2.3 % - 7.9 %	-4.8 % - 8.7 %	-10.8 % - 9.9 %	-4.1 % - 3.4 %	-18.5 % - -11.5 %	3.6 % - 6.6 %	2.6 % - 13.0 %
Growth rate perpetuity	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Discount rate (WACC)	8.37 %	8.04 %	5.85 %	8.03 %	9.54 %	9.54 %	8.21 %	8.22 %
Discount rate before taxes	9.02 %	10.79 %	5.61 %	7.71 %	9.18 %	9.46 %	10.50 %	12.58 %

[1)] EBITDA in % of sales

2023

in EUR thousand	Francotyp-Postalia Inc., USA	IAB, Germany	Azolver Switzer-land AG, Switzer land	Azolver Danmark Aps, Denmark	Azolver Suomi OY, Finland	Azolver Italy S.r.l., Italy	Azolver Norge AS, Norway	Azolver Svenska AB, Sweden
Basic assumptions								
Revenue growth range	-1.6 % - 5.2 %	1.0 % - 4.9 %	0.0 % - 6.6 %	-67.7 % - 2.0 %	-5.8 % - 2.0 %	0.0 % - 1.7 %	0.0 % - 8.1 %	-3.7 % - 2.0 %
Gross profit margins[1)]	28.1 % - 30.4 %	9.9 % - 10.8 %	4.0 % - 6.6 %	-5.8 % - 2.6 %	3.9 % - 8.7 %	5.6 % - 6.1 %	4.6 % - 5.7 %	12.3 % - 14.2 %
Growth rate perpetuity	1.0 %	1.0 %	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Discount rate (WACC)	8.00 %	9.00 %	6.00 %	9.00 %	9.00 %	10.00 %	9.00 %	9.00 %
Discount rate before taxes	10.00 %	12.00 %	8.00 %	14.00 %	10.00 %	13.00 %	11.00 %	12.00 %

[1)] EBITDA in % of sales

The impairment test for goodwill is based on a number of discretionary assumptions, including expected business performance and regulatory environment.

For the cash-generating units that still carry goodwill as at 31 December 2024, a reasonably possible sensitivity analysis of the interest rate, growth rate and EBIT parameters does not result in the recoverable amount exceeding the carrying amount of the CGU.

Development costs

in EUR thousand	2024	2023
Total development costs	9,788	11,395
thereof MSO	5,708	6,356
thereof DBS	4,080	5,039
thereof capitalised	1,488	2,674
thereof MSO	1,021	1,737
thereof DBS	466	937
Total activation rate	15%	24%
thereof MSO	18%	27%
thereof DBS	11%	19%
Total R&D rate	6%	7%
thereof MSO	4%	4%
thereof DBS	15%	18%

Development costs decreased in both divisions in the financial year. In the MSO division, development costs fell by 0.3% and the R&D rate was 4.0% of the division's sales. In the DBS division, development costs fell by 3% and R&D rate reached 15% of the division's sales.

Borrowing costs of EUR 72 thousand (previous year: EUR 95 thousand) were capitalised in the reporting period. An average financing cost rate of 5.28% (previous year: 5.14%) was applied.

(21) Property, plant and equipment

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

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT 2024

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						
As at 1 Jan. 2024	**4,275**	**10,544**	**31,244**	**86,083**	**267**	**132,413**
Currency differences	23	3	110	3,976	0	4,113
Change in scope of consolidation	-28	-6,384	-464	0	-29	-6,905
Additions	23	322	731	5,568	34	6,678
Disposals	0	-72	-943	-1,433	0	-2,447
Reclassifications	0	-43	163	0	-120	0
As at 31 Dec. 2024	**4,293**	**4,371**	**30,841**	**94,195**	**152**	**133,851**
Amortisation, depreciation and impairment						
As at 1 Jan. 2024	**2,491**	**9,273**	**28,197**	**63,779**	**0**	**103,740**
Currency differences	23	2	97	3,011	0	3,133
Change in scope of consolidation	-23	-5,781	-349	0	0	-6,153
Additions	202	528	1,094	5,911	0	7,735
Disposals	0	-69	-984	-928	0	-1,981
Reclassifications	0	-72	72	0	0	0
As at 31 Dec. 2024	**2,693**	**3,881**	**28,127**	**71,773**	**0**	**106,473**
Carrying amount as at 1 Jan. 2024	**1,784**	**1,271**	**3,047**	**22,304**	**267**	**28,673**
Carrying amount as at 31 Dec. 2024	**1,600**	**490**	**2,715**	**22,422**	**152**	**27,378**

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT 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						
As at 1 Jan. 2023	**4,644**	**11,653**	**29,961**	**80,983**	**270**	**127,512**
Currency differences	9	-2	-52	-1,884	0	-1,929
Additions	35	383	1,776	9,094	120	11,408
Disposals	-414	-1,489	-564	-2,111	0	-4,577
Reclassifications	0	0	123	0	-123	0
As at 31 Dec. 2023	**4,275**	**10,544**	**31,244**	**86,083**	**267**	**132,413**
Amortisation, depreciation and impairment						
As at 1 Jan. 2023	**2,553**	**10,081**	**27,443**	**60,539**	**0**	**100,616**
Currency differences	9	-2	-44	-1,501	0	-1,537
Additions	237	680	1,236	6,383	0	8,537
Disposals	-308	-1,487	-439	-1,643	0	-3,876
As at 31 Dec. 2023	**2,491**	**9,273**	**28,197**	**63,779**	**0**	**103,740**
Carrying amount as at 1 Jan. 2023	**2,091**	**1,572**	**2,518**	**20,444**	**270**	**26,896**
Carrying amount as at 31 Dec. 2023	**1,784**	**1,271**	**3,048**	**22,304**	**267**	**28,674**

The additions to leased products totalling EUR 5,568 thousand (previous year: EUR 9,094 thousand) include leased franking machines and capitalised contract acquisition costs and relate to the Mailing & Shipping Solutions segment.

With regard to the change in the consolidated group, refer to note 18 'Discontinued operations' in the notes to the consolidated financial statements for the 2024 financial year.

Own work capitalised in the amount of EUR 5,385 thousand was recognised in the cost to manufacture fixed assets in the reporting period (previous year: EUR 8,548 thousand).

(22) Finance lease receivables (FP as lessor)

Net investments in leases amounted to EUR 24,974 thousand as at 31 December 2024 (previous year: EUR 22,974 thousand). The change of EUR 2,000 thousand is made up as follows:

CHANGE IN NET INVESTMENTS IN LEASES

in EUR thousand	2024	2023
United States	1,499	530
Canada	-15	174
United Kingdom	624	-57
Azolver companies	0	-597
Other	-109	-126
Total	**2,000**	**-76**

The increase in finance lease receivables is due to the following two effects:

- Increase in the United States due to an increase in contract population of around EUR 1,000 thousand

- Currency effects in the United States (EUR 500 thousand) and the United Kingdom (EUR 600 thousand) totalling EUR 1,100 thousand

Proceeds from the sale of finance leases (selling profit) totalled EUR 8,432 thousand in the reporting year (previous year: EUR 8,463 thousand). The decrease resulted overall from an increase in sales from finance leases in the USA, which was offset by declining developments in the United Kingdom, Canada and Sweden.

Interest income from the unwinding of the discount on finance lease receivables totalled EUR 2,339 thousand in the reporting year (previous year: EUR 2,383 thousand).

The reduction of EUR 44 thousand in the reporting year is due to the changed age structure of the finance lease contracts in the portfolio.

The following table provides an overview of the due dates for payments under the finance leases with FP as lessor as at 31 December 2024 and 31 December 2023. The contractually agreed payments are stated insofar as they are to be allocated to the lease components.

in EUR thousand	Total	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
31.12.2024							
Nominal payments	**28,545**	8,565	7,239	5,534	3,860	2,400	948
Non-guaranteed residual value	**919**						
Future interest income	**-4,491**						
Net leasing investment	**24,974**						
31.12.2023							
Nominal payments	**26,629**	8,639	6,553	5,088	3,466	2,031	852
Non-guaranteed residual value	**1,072**						
Future interest income	**-4,726**						
Net leasing investment	**22,974**						

The following table shows the due dates of payments from operating leases with FP as lessor as at 31 December 2024 and 31 December 2023. The stipulated payments are disclosed without separating any shares for non-leasing components. The lease and non-lease components are separated in the period in which revenue from each is recognised.

in TEUR	Total	Year 1	Year 2	Year 3	Year 4	Year 5	More than 5 years
Nominal payments as at 31 Dec. 2024	**54,303**	21,287	13,510	9,627	5,801	2,947	1,132
Nominal payments as at 31 Dec. 2023	**50,665**	20,804	11,820	8,782	5,498	2,626	1,135

(23) Inventories

in EUR thousand	31.12.2024	31.12.2023[1]
Raw materials, consumables and supplies	**9,484**	9,139
Work in progress	**253**	220
Finished goods and goods for resale	**9,998**	12,187
Impairment of inventories	**-3,729**	-3,666
Total	**16,007**	**17,880**

[1] Adjustment of the comparative period due to the change to gross presentation

The impairment losses on inventories amount to EUR 3,729 thousand (previous year: EUR 3,666 thousand) and were recognised at the time of impairment in the consolidated statement of comprehensive income under cost of materials. The consumption of inventories affected the consolidated statement of comprehensive income in the reporting period in the amount of EUR 38,858 thousand (previous year: EUR 40,424 thousand).

(24) Trade receivables

in EUR thousand	31.12.2024	31.12.2023
Trade receivables – Germany	5,417	9,305
Trade receivables – abroad	14,357	14,989
Trade receivables – gross	**19,774**	**24,294**
Impairment on trade receivables	-3,148	-4,039
Trade receivables – net	**16,625**	**20,255**

IMPAIRMENT LOSSES

in EUR thousand	
As at 1 January 2023	**3,555**
Foreign currency effects	-28
Addition	2,375
Utilised	-943
Unused amounts reversed	-920
As at 31 December 2023	**4,039**
Foreign currency effects	96
Disposals due to change in scope of consolidation	-186
Addition	2,665
Utilised	-1,420
Unused amounts reversed	-2046
As at 31 December 2024	**3,148**

EXPECTED CREDIT LOSS

in TEUR	
As at 1 January 2023	**362**
Foreign currency effects	-4
Addition	26
Utilised	0
Unused amounts reversed	-87
As at 31 December 2023	**298**
Foreign currency effects	4
Disposals due to change in scope of consolidation	-6
Addition	1
Utilised	0
Unused amounts reversed	-107
As at 31 December 2024	**189**

Allowances

The Group applies the simplified approach in accordance with IFRS 9 to measure the expected credit losses on trade receivables. Accordingly, the credit losses expected over the term are used for all trade receivables. Under the General Terms and Conditions, the FP Group receives the leased machines back in the event of default on finance lease receivables. The market prices of the assets less the return-related costs exceed the defaulted receivables.

Trade receivables based on joint credit risk characteristics and number of days past due were combined to measure expected credit losses.

The expected loss ratios are based on the payment profiles of revenue over 5 years and the corresponding historical defaults. The historical default rates are adjusted to map current and forward-looking information on macro-economic factors which impact the ability of customers to settle receivables. The Group has identified the gross domestic product and the employment rate of the countries in which it sells products and services as the most relevant factors and adjusts the historical loss rates based on the expected changes in these factors.

On this basis, the allowance for bad accounts as at 31 December 2024 and 31 December 2023 was determined as follows:

in EUR thousand		**Payment term**	**Payment term**	**Payment term**	**Payment term**	**Payment term**
31 December 2024	**Total**	**Immediately**	**< 30 days**	**30–60 days**	**61–90 days**	**> 90 days**
Gross carrying amount – trade receivables	**19,774**	310	15,177	3,530	415	342
Impairment – not credit-impaired	**-189**	-1	-152	-30	-3	-3
Impairment – credit-impaired	**-2,959**	-125	-2,244	-444	-68	-78
31 December 2023						
Gross carrying amount – trade receivables	**24,294**	804	19,321	3,303	295	571
Impairment – not credit-impaired	**-298**	-2	-223	-45	-3	-25
Impairment – credit-impaired	**-3,742**	-747	-2,721	-175	-16	-83

(25) Other assets

in EUR thousand	**31.12.2024**	**31.12.2023**
Contract assets (non-current)	**320**	342
Costs to obtain contracts	**877**	1,081
Remaining non-current non-financial assets	**178**	36
Other non-current non-financial assets	**1,375**	**1,460**
Creditors with debit balances	**1,088**	3,655
Miscellaneous financial assets	**1,176**	2,070
Other current financial assets	**2,264**	**5,725**
Receivables from other taxes	**27**	128
Contract liabilities	**4,216**	2,850
Contract assets (current)	**107**	114
Other current non-financial assets	**510**	651
Other current non-financial assets	**4,859**	**3,743**

Contract acquisition costs include commissions paid to dealers for the conclusion of contracts with customers relating to non-lease components in multi-component leases. The costs are expensed evenly over the term of the lease in question. In the 2024 financial year, EUR 522 thousand was amortised on contract acquisition costs (previous year: EUR 717 thousand).

Other current financial assets include security deposits totalling EUR 404 thousand (previous year: EUR 846 thousand) and receivables from telepostage fees amounting to EUR 362 thousand (previous year: EUR 345 thousand).

Deferred payments mainly comprise advance payments for software licences, pension obligations, transaction costs in connection with the syndicated loan, and interest.

(26) Cash and cash equivalents

in EUR thousand	31.12.2024	31.12.2023
Bank balances	**44,259**	38,482
Checks and cash on hand	**38**	62
Total	**44,297**	**38,545**

Of the bank balances, EUR 17,994 thousand (previous year: EUR 19,380 thousand) are restricted. This relates to telepostage funds received from customers, which can be accessed by customers at any time. The other liabilities include a corresponding amount of EUR 17,650 thousand (previous year: EUR 18,959 thousand) as liabilities from telepostage funds. The following overview shows the distribution of telepostage funds according to economic ownership and accounting treatment:

	Restricted bank balances		Other liabilities	
in EUR thousand	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Beneficial ownership of the telepostage funds with access restrictions	**17,994**	19,380	**17,650**	18,959

With unrestricted bank balances, only a liability from telepostage funds is recognised. This totalled EUR 13,643 thousand in the 2024 financial year (previous year: EUR 13,520 thousand).

(27) Equity

Changes in equity are shown in the statement of changes in equity.

The share capital is divided into 16,301,456 no-par value bearer shares with pro rata rights to the company's profits. Each share grants one vote at the Annual General Meeting and one dividend entitlement to the bearer of the share. The share capital is fully paid in.

Treasury shares

At the Annual General Meeting on 11 June 2015, the Management Board was authorised, with the approval of the Supervisory Board, to acquire treasury shares up to a total of 10% of share capital at the time of this resolution. The shares acquired with this authorisation, together with other treasury shares held by the company or attributable to it pursuant to sections 71d and 71e German Stock Corporation Act (AktG), may at no time account for more than 10% of share capital at the time of acquisition. This authorisation can be exercised in full or in part and on one or more occasions. The authorisation was valid until 10 June 2020.

On 9 October 2017, the Management Board of Francotyp-Postalia Holding AG, with the approval of the Supervisory Board, resolved to implement a programme to buy back shares in the company based on the aforementioned authorisation resolution ('Share Buyback Programme 2017'). The shares were acquired in order to service subscription rights issued or to be issued under share option plans. The buyback programme started on 13 October 2017 and ran until 12 January 2018.

At the Annual General Meeting of Francotyp-Postalia Holding AG on 10 November 2020, the Management Board was authorised, with the approval of the Supervisory Board, to acquire treasury shares of up to a total of 10% of share capital at the time of this resolution. The shares acquired in accordance with this authorisation, together with other treasury shares held by the company or attributable to pursuant to sections 71d and 71e AktG, may at no time account for more than 10% of share capital at the time of acquisition. This authorisation can be exercised in full or in part and on one or more occasions. The authorisation was revoked at the Annual General Meeting of Francotyp-Postalia Holding AG on 25 June 2024 effective the end of 25 June 2024.

At the Annual General Meeting of Francotyp-Postalia Holding AG on 25 June 2024, the Management Board was authorised, with the approval of the Supervisory Board, to acquire treasury shares of up to a total of 10% of share capital at the time of this resolution. The shares acquired in accordance with this authorisation, together with other treasury shares held by the company or attributable to it pursuant to sections 71d and 71e AktG, may at no time account for more than 10% of share capital at the time of acquisition. This authorisation can be exercised in full or in part and on one or more occasions. The authorisation is valid until 24 June 2029.

On 28 October 2022, the Management Board of Francotyp-Postalia Holding AG resolved, with the approval of the Supervisory Board, to launch a share buyback programme ('Share Buyback Programme 2022') using the authorisation granted by the company's Annual General Meeting on 10 November 2020.

As part of the 2022 share buyback programme, up to a total of 557,680 treasury shares (corresponding to up to approx. 3.4% of the company's share capital at the time of the resolution) are to be bought back via the stock exchange at a total purchase price (excluding incidental acquisition costs) of a maximum of EUR 2.0 million in order to use them for all purposes permitted under stock corporation law.

A total of 818,703 treasury shares had been acquired from the two aforementioned share buyback programmes as at the balance sheet date. Of these, 1,100 shares were used to service share options in 2017 and 140,000 shares were used to service share options in 2020.

As a result, as at 31 December 2024, Francotyp-Postalia Holding AG held 677,603 treasury shares (previous year: 677,603). This corresponds to 4.2% (previous year: 4.2%) of share capital.

Capital reserve

The capital reserve contains amounts in accordance with section 272 (2) (1) and (2) HGB.

The capital reserve remains unchanged at EUR 34,296 thousand.

AUTHORISATIONS FOR AUTHORISED AND CONTINGENT CAPITAL

in EUR thousand	
Contingent Capital 2010 / I	657
Contingent Capital 2015 / II	960
Authorised Capital 2020 / I	8,150
Contingent Capital 2020 / I	6,464

Contingent Capital 2010/I

On 11 June 2015, the Annual General Meeting resolved to adjust Contingent Capital 2010/I. This contingent capital was reduced by EUR 388,500 from EUR 1,045,000 to EUR 656,500, as the Share Option Plan 2010 was reduced by 388,500 options to 656,500 options. Section 4 (5) of the Articles of Association relating to Contingent Capital 2010 was amended as follows: 'The company's share capital is contingently increased by up to EUR 656,500 by issuing up to 656,500 new no-par value bearer shares.'

Contingent Capital 2015/II

On 11 June 2015, the Annual General Meeting resolved to contingently increase the company's share capital by up to EUR 959,500 by issuing up to 959,500 no-par value bearer shares. This contingent capital increase served exclusively to fulfil subscription rights granted until 10 June 2020 based on the authorisation granted by the Annual General Meeting on 11 June 2015 in accordance with the Share Option Plan 2015. The contingent capital increase will only be implemented to the extent that the bearers of the issued subscription rights exercise their rights to subscribe to shares in the company and the company does not grant any treasury shares to service subscription rights. The new shares participate in profits from the beginning of the financial year in which subscription rights are exercised.

Bonds

By resolution of the Annual General Meeting on 10 November 2020, the Management Board was authorised, with the approval of the Supervisory Board, to issue bonds with warrants or convertible bonds, profit participation rights or participating bonds or combinations of these instruments (collectively 'Bonds') with a total nominal value of up to EUR 50,000,000 on one or more occasions until 9 November 2025, in whole or in part, and to grant the holders or creditors (collectively 'Holders') of the respective partial Bonds option or conversion rights to acquire no-par value bearer shares in the company with a pro rata amount of share capital of up to EUR 6,464,000 total in accordance with the terms and conditions of the Bonds and to establish corresponding option or conversion obligations. The Bonds and the conversion and option rights or obligations may be issued with a term of up to 30 years or without a maturity limit. Bonds can also be issued in whole or in part against contributions in kind.

The individual issues can be divided into partial Bonds with equal rights. The Management Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' subscription rights to the Bonds.

Authorised Capital 2020/I

By resolution of the Annual General Meeting on 10 November 2020, the Management Board is authorised, with the approval of the Supervisory Board, to increase the company's share capital by a total of up to EUR 8,150,000 by issuing new no-par value bearer shares against cash and/or in-kind contributions on one or more occasions until 9 November 2025 (Authorised Capital 2020/I). Shareholders generally have subscription rights to the new shares. Pursuant to section 186 (5) AktG, the new shares may also be acquired by one or more banks or a syndicate of banks with the obligation to offer them to shareholders for subscription. The Management Board is authorised to exclude shareholders' subscription rights once or several times with the approval of the Supervisory Board.

The Management Board is also authorised, with the approval of the Supervisory Board, to determine the further details of the capital increase and its implementation, in particular the content of the share rights and the conditions of the share issue.

Authorised Capital 2020/I is intended to provide management with room for manoeuvre as the Authorised Capital available to management expired on 10 June 2020 in accordance with an Annual General Meeting resolution from 11 June 2015 (Authorised Capital 2015/I). It serves to broaden the company’s equity base and should allow management to respond appropriately to future developments.

Contingent Capital 2020/I

By resolution of the Annual General Meeting on 10 November 2020, the company's share capital is contingently increased by up to EUR 6,464,000 by issuing up to 6,464,000 new no-par value bearer shares with a pro rata amount of the share capital of EUR 1.00 per share (Contingent Capital 2020/I).

Contingent Capital 2020/I serves to grant shares to Holders or creditors of Bonds with warrants or convertible bonds, profit participation rights or participating bonds (or combinations of these instruments) issued by the company or by a direct or indirect Group company of the company as defined in section 18 AktG until 9 November 2025. This is only implemented to the extent that options or conversion rights from the above Bonds are utilised or option or conversion obligations arising from these Bonds are met, unless other means of settling the obligation are used. New shares are issued at the option or conversion price to be determined based on the above authorisation. The new shares participate in profits from the beginning of the financial year in which they arise as a result of options or conversion rights being exercised or conversion obligations being fulfilled.

The authorisation to issue option or convertible bonds resolved by the Annual General Meeting on 11 June 2015 (Contingent Capital 2015/I) was rescinded as a precaution.

Share Option Plan 2015

The Share Option Plan 2015 provides for the issue of subscription rights to members of the company's Management Board, members of the management of affiliated companies as defined by section 15 AktG, and managers of the FP Group, which entitle the holders to subscribe to a maximum of 959,000 shares in return for payment of the exercise price.

The company can elect to use treasury shares to service the subscription rights under the Share Option Plan 2015 instead of new shares if this is covered by a separate resolution to authorise passed by the Annual General Meeting.

As stated in section 1.3, the purpose of the share option plan is "to sustainably link the interests of the company's management and executives with the interests of the shareholders in the long-term increase of the company's value."

Each individual share option entitles the holder to purchase one Francotyp-Postalia Holding AG share in accordance with section 2.2 of the share option plan. Subscription rights that had not been exercised were as follows as at the end of the reporting period:

Date of grant	Number of instruments (EUR thousand)	Contractual term of the option after award date	Securitisation	Premium at grant date
31 Aug. 2015	265,000	10 years	No	None
25 Nov. 2015	40,000	10 years	No	None

The following conditions specified in the Share Option Plan 2015 must be met cumulatively for the options to be exercised:

a) Vesting period	Four years before the options can be exercised (service condition).
b) Performance target	10% increase in EBITDA (IFRS) in the consolidated financial statements for the fiscal year in which the subscription rights are awarded compared to EBITDA (IFRS) in the consolidated financial statements for the last fiscal year before being awarded. If the EBITDA (IFRS) is shown adjusted for restructuring costs in one or both of the consolidated annual financial statements to be compared, this EBITDA (IFRS) adjusted for restructuring costs applies. If the performance target was not met, the subscription rights expire and can be reissued to participants of the Group. This performance target is a non-market performance condition.
c) Personal exercise conditions	The option bearer must work for either Francotyp-Postalia Holding AG or a German or foreign company of the FP Group at the time of exercise.

The following overview shows the fair values of the options in the individual tranches of the Share Option Plan 2015 and the underlying valuation criteria. The options were measured using a Black–Scholes option pricing model as there is no public trading of options for Francotyp-Postalia shares with the same features.

				Grant date
				SOP 2015
		31 Aug. 2015	**25 Nov. 2015**	**31 Aug. 2016**
31.12.2024				
One option	in EUR	1.07	1.07	1.07
All options	in EUR thousand	284	43	0
31.12.2023				
One option	in EUR	1.07	1.07	1.07
All options	in EUR thousand	284	43	0
Price per FP share		4.39 EUR	4.46 EUR	4.20 EUR
Exercise price[1)]		4.48 EUR	4.48 EUR	3.90 EUR
Expected exercise date		30 Aug. 2020	24 Nov. 2020	30 Aug. 2022
Forecast average holding period in years		5	5	5
Expected volatility[2)]		38.81%	37.41%	36.62%
Annual dividend yield[3)]		3%	3%	3%
Matched-term risk-free interest rate[4)]		0.07%	0.07%	-0.48%
Expected number of exercisable stock options at award date		302,426	26,015	65,888
Estimated annual employee turnover		7.8%	7.8%	7.5%
Expected increase in EBITDA of more than 10% year-on-year		90%	90%	50%

[1)] The exercise price of an option awarded is equal to the average market price (closing price) of bearer shares of the company in Deutsche Börse AG's electronic Xetra trading in Frankfurt am Main or a comparable successor system on the last 90 calendar days before the subscription right is granted, at least the amount of share capital accounted for by the share. When exercising options, the respective option holder must pay the exercise price per share. There is a limit for members of the Management Board of Francotyp-Postalia Holding AG. Item 9 of the stock option plan states: "The Supervisory Board must stipulate maximum total annual remuneration (a cap) for the Management Board in accordance with item 4.2.3 of the German Corporate Governance Code. This will be agreed in a supplementary agreement to Management Board members' contracts before options are awarded".
[2)] Determined in reference to the price volatility of an FP share in the respective period.
[3)] Assessment takes account of the distribution behaviour of the FP Group in the past.
[4)] The matched-term, risk-free interest rate for the expected option term of five years (or six years) is based on the corresponding yield curve data, whereby hypothetical zero bonds were derived from the current yields of coupon bonds of the Federal Republic of Germany.

	SOP 2015	
Options	**Number**	**Average exercise price in EUR**
As at 1 Jan.2023	**325,000**	**4.48**
Granted in fiscal year	0	n/a
Forfeited in fiscal year	0	n/a
Exercised in fiscal year	0	n/a
Expired in fiscal year	-20,000	n/a
As at 31 Dec. 2023	**305,000**	**4.48**
Range of exercise price	0	3.90-4.48
Average remaining term as at 31 Dec. 2023	0	32 months
Exercisable as at 31 Dec. 2023	305,000	4.48
As at 1 Jan. 2024	**305,000**	**4.48**
Granted in fiscal year	0	n/a
Forfeited in fiscal year	0	n/a
Exercised in fiscal year	0	n/a
Expired in fiscal year	0	4.48
As at 31 Dec. 2024	**305,000**	**4,48**
Range of exercise price	0	3.90-4.48
Average remaining term as at 31 Dec. 2024	0	32 months
Exercisable as at 31 Dec. 2024	**305,000**	**4.48**

No expenses were recognised in either the reporting year or the previous year as a result of the share option plan.

Other comprehensive income

Currency translation adjustment

The effects from the currency translation of foreign financial statements are recognised under currency translation adjustment. In the reporting year, the effect totalled EUR 1,383 thousand (previous year: EUR -509 thousand).

Adjustment due to change in IAS 19

The difference from the change in IAS 19 relates to the recognition of actuarial gains and losses from provisions for pensions and similar obligations. The change in this item in the reporting year totalling EUR 382 thousand (previous year: EUR 165 thousand) is mainly due to actuarial gains/losses from the change in discount rates.

Reserve for cash flow hedges

The reserve for cash flow hedges comprises the effective portion of the cumulative net changes in the fair value of hedging instruments used to hedge cash flows until subsequent recognition in profit or loss or direct recognition in the cost or carrying amount of a non-financial asset or non-financial liability. Accordingly, the reserve for cash flow hedges includes changes in the spot component of currency forwards recognised in other comprehensive income as well as changes in the intrinsic value of FX options and amounted to EUR -377 thousand as at 31 December 2024 (previous year: EUR -227 thousand).

Reserve for hedging costs

The reserve for hedging costs shows gains and losses on the portion excluded from the designated hedge that relates to the forward element of a forward foreign exchange contract or the fair value of an option contract. These are initially recognised as other comprehensive income and accounted for in the same way as gains and losses on the hedging reserve. The reserve for hedging costs comprises changes in the forward component of currency forwards recognised in other comprehensive income as well as changes in the fair value of FX options and amounted to EUR -20 thousand as at 31 December 2024 (previous year: EUR 112 thousand).

Distribution of dividends

No dividends were distributed in the reporting years 2024 and 2023.

(28) Provisions for pensions and similar obligations

The company pension scheme for employees in Germany, Austria, France, the Netherlands, Italy and Switzerland is partly based on defined benefit commitments.

Under a works agreement dated 9 July 1996 concerning the companies in Germany, all employees hired before 1 January 1995 are beneficiaries. Benefits in the form of pensions, disability and survivors' benefits are granted to employees after completing 10 eligible years. The amount of pension commitments is based on an employee's duration of employment and pay level.

Furthermore, in accordance with the 'Pension Policy for Above-scale Employees' as amended January 1986, employees above the general pay scale are also entitled to pensions, disability and survivors' benefits. Beneficiaries must have been hired before 1 January 1994 and have maintained employment at least 10 years. The amount of pension commitments is based on an employee's duration of employment and pay level. Death benefit commitments to an employee's surviving dependants are based on the collective wage agreements for salaried and non-salaried employees as well as the works agreement dated 30 December 1975. Benefits depend on duration of employment and pay level, and are disbursed as a fixed amount.

In addition, some European subsidiaries are required by law to set up pension plans. These plans provide for a one-time payment at the end of employment. The payment amount is based on an employee's duration of employment and pay level. In the Netherlands, there is a defined benefit plan under which increases in commitments based on years of employment are covered by annual purchases of insurance. Azolver Schweiz AG is required by law to provide a company pension through company pension funds.

In particular, the defined benefit plans are linked to actuarial risks such as longevity risk or interest rate risks.

These are based on the following material actuarial assumptions for calculation of the defined pension commitment as at the end of the reporting period:

In % per year	31.12.2024	31.12.2023
Interest Rate	0.95 - 3.38	1.50 - 3.86
Salary trend	2.23 - 3.00	2.62 - 3.00
Pension trend	0.00 - 4.00	0.00 - 2.00

Biometric assumptions, such as mortality and disability, for pensions in Germany are based on the updated 2018 G actuarial tables by Prof. Dr Klaus Heubeck, which are generally accepted for the measurement of occupational pension commitments. Italy and Austria use the same method. The Dutch Actuarial Society's actuarial tables (AG 2024) were used for the defined benefit pension plan in the Netherlands. In Switzerland, biometric assumptions are based on databases of the Swiss Life BVG Collective Foundation.

PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS AND PROJECTED BENEFIT OBLIGATION IN TEUR

	Present value of defined benefit obligation		Fair value of plan assets		Net liability of the pension obligation	
in EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
As at 1 Jan. of the reporting period	**15,414**	15,894	**1,361**	1,255	**14,054**	14,640
In profit or loss						
Current service cost	**125**	121	**44**	44	**80**	76
Interest expense (+) / income (-)	**444**	496	**20**	31	**424**	466
In other comprehensive income						
Remeasurement						
Actuarial gains and losses	**0**	0	**0**	0	**0**	0
from changes in biometric assumptions	**-6**	0	**0**	0	**-6**	0
from changes in financial assumptions	**-628**	591	**0**	0	**-628**	591
due to experience adjustments	**106**	-746	**0**	0	**106**	-746
Income from plan assets (not including above interest income)	**0**	0	**4**	-14	**-4**	14
Exchange rate changes	**-26**	90	**-22**	80	**-4**	10
Other						
Employer contributions to pension plan	**-259**	-244	**44**	44	**-303**	-288
Payments from pension plan	**-604**	-787	**3**	-78	**-607**	-709
As at 31 Dec. of the reporting period	**14,566**	**15,414**	**1,456**	**1,361**	**13,111**	**14,054**

PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION

In %	**31.12.2024**	**31.12.2023**
Active beneficiaries	**20.0**	18.0
Beneficiaries who have left the company	**21.2**	23.9
Retired employees	**58.8**	58.2

All pension commitments are vested.

The weighted average term of pension commitments as at 31 December 2024 is 11.8 years (previous year: 11.9 years).

MATURITY OF THE UNDISCOUNTED PENSION OBLIGATIONS

in EUR thousand	**31.12.2024**	**31.12.2023**
Up to 1 year	**849**	830
1–5 years	**3,591**	3,443
6–10 years	**4,082**	4,350
More than 10 years	**12,866**	14,899
Total	**21,388**	**23,522**

The following table shows the effect of the change in actuarial assumptions on the present value of benefit obligations as at 31 December 2024:

SENSITIVITY ANALYSIS AS AT 31 DEC. 2024

in EUR thousand	Increase	Decrease
Interest rate (change of 1.0%)	-1,229	2,110
Salary trend (change of 0.5%)	748	-693
Pension trend (change of 0.25%)	722	-666
Life expectancies (change of 1 year)	578	-528

The sensitivity analysis was carried out separately for the relevant actuarial assumptions in order to show the effects on the present value of benefit obligations calculated as at 31 December 2024.

(29) Tax assets and liabilities

The following recognised deferred tax assets and liabilities are attributable to recognition and measurement differences in the individual balance sheet items and to tax loss carry-forwards:

in EUR thousand	Net as at 31 Dec. 2023[1)]	Recognised in profit/loss	Recognised directly in equity	Other	Net as at 31 Dec. 2024	Deferred tax assets	Deferred tax liabilities
Intangible assets	-3.515	1.864	0	28	**-1.623**	8.312	-9.935
Property, plant and equipment	-3.057	615	272	-523	**-2.693**	6.100	-8.793
Right of use assets	-2.858	714	0	-20	**-2.164**	0	-2.164
Receivables and other assets	698	-1.023	-8	-58	**-391**	3.333	-3.724
Outside basis differences	-146	293	0	-232	**-85**	0	-85
Provisions	2.522	-991	-152	-5	**1.374**	3.476	-2.102
Liabilities	2.898	-17	128	36	**3.045**	3.224	-179
Liabilities from finance leases	2.566	-545	0	22	**2.042**	2.186	-143
Tax loss carryforwards	7.066	-1.238	0	-9	**5.818**	5.818	0
Unrecognised deferred tax assets	-5.814	5.147	0	233	**-434**	-434	0
Total	**360**	**4.817**	**240**	**-528**	**4.890**	**32.015**	**-27.126**
Tax offset						-23.636	23.636
Group carrying amount						**8.380**	**-3.490**

1) The allocation of deferred taxes to balance sheet items from the previous year has been adjusted to improve the accuracy of the determination. The original values were based on the information and methods available at the time of preparation.

Deferred tax assets for loss carry-forwards are based on the expectation that loss carry-forwards can be offset against future taxable profits.

The loss carry-forwards underlying the non-capitalised deferred taxes amount to EUR 1,464 thousand (previous year: EUR 19,476 thousand). Due to the positive profit expectations in the relevant units, deferred taxes were recognised on all other loss carryforwards and temporary differences in the financial year.

In total, the Group has corporation tax loss carry-forwards totalling EUR 11,342 thousand (previous year: EUR 16,379 thousand), trade losses that can be carried forward amounting to EUR 12,999 thousand (previous year: EUR 16,940 thousand) and foreign tax losses amounting to EUR 8,459 thousand (previous year: EUR 9,015 thousand).

As at the balance sheet date, there were deferred tax liabilities on outside basis differences of EUR 199 thousand (previous year: EUR 87 thousand) resulting from temporary differences of EUR 671 thousand (previous year: EUR 292 thousand), which were not recognised separately as the requirements of IAS 12.39 were met.

International mutual agreement procedures to avoid double taxation were carried out against the significant transfer price adjustments for deliveries of goods by the tax group company Francotyp-Postalia GmbH to its foreign sales companies in the United States carried out as part of the tax audit for the years 2009–2012. In January 2021, Germany's Federal Central Tax

Office confirmed that an agreement had been reached in the requested mutual agreement procedure under the German–US double taxation agreement, which mainly corresponds to the application submitted. This resulted in tax refund claims at the level of Francotyp-Postalia Inc. Current tax receivables totalling EUR 4,328 thousand arose in the previous year from both expected refund claims in Germany and abroad from international agreements and from overpayments of actual taxes. In January 2024, tax refund claims from the mutual agreement procedure in the amount of EUR 3,239 thousand were paid to Francotyp-Postalia Inc.

This means, in the financial year, that there are still current tax receivables totalling EUR 1,620 thousand, which mainly stem from capital gains tax not yet paid (EUR 1,102 thousand) by FP Holding AG.

When measuring the tax receivable at management's discretion, the estimate was based on the most likely outcome of the realisation of the receivable as at the balance sheet date.

(30) Other provisions

in EUR thousand	As at 1 Jan. 2024	Currency differences	Utilisation	Unused amounts reversed	Addition	Group disposal	As at 31 Dec. 2024
Personnel	4,553	55	-3,071	-554	2,714	-173	3,524
Restructuring	2,270	0	-1,418	-223	0	0	630
Warranties	817	26	-39	-235	7	0	576
Invention royalties	99	0	-75	-24	95	0	95
Litigation costs	219	2	-47	-50	111	-119	116
Onerous contracts	1,389	0	-33	-1,214	0	0	142
Miscellaneous provisions	600	0	-187	-134	300	-4	574
Other provisions	**9,947**	**83**	**-4,869**	**-2,434**	**3,228**	**-297**	**5,657**

Provisions for staff mainly include provisions for severance payments, anniversary provisions, early retirement plan commitments, and bonuses.

In addition to measures in Germany, the restructuring provision also relates to all subsidiaries in Germany and abroad, and includes costs for contract terminations and consulting costs. The affected employees and their employee representatives were informed of the measures. Implementation of the measures began in the 2021 financial year and will continue in subsequent years. The estimated costs are based on the terms of the relevant contracts. In addition, probability-weighted assumptions were used to determine value, particularly in the areas of staff expenses and estimated acceptance rates.

The provision for onerous contracts totalling EUR 142 thousand (previous year: EUR 1,389 thousand) is based on pending procurement transactions. These are purchase obligations, some of which have limited utilisation and exploitation options for goods and services.

Other provisions include risks for other taxes and interest from tax audits, outstanding Supervisory Board remuneration and archiving costs.

The following material actuarial assumptions are used for early retirement commitments totalling EUR 10 thousand (previous year: EUR 26 thousand):

In % per year	31.12.2024	31.12.2023
Interest Rate	2.69	3.06
Salary trend	3.00	3.00

The following material actuarial assumptions are used for anniversary provisions totalling EUR 144 thousand (previous year: EUR 163 thousand):

In % per year	31.12.2024	31.12.2023
Interest Rate	3.34	3.86
Salary trend	3.00	3.00
Social security trend	3.00	2.50

Biometric assumptions, such as mortality and disability, are based on the updated 2018 G actuarial tables by Prof. Dr Klaus Heubeck for early retirement commitments and anniversary provisions in Germany as well as on the updated Pagler & Pagler actuarial tables (AVÖ 2018 P) in Austria.

The provisions for litigation costs mainly relate to expected costs of pending legal disputes.

Provisions for warranties for products sold are set aside based on past experience.

Income from the reversal of provisions totalling EUR 2,434 thousand (previous year: EUR 5,974 thousand) mainly relates to provisions for onerous contracts amounting to EUR 1,214 thousand (previous year: EUR 0), the underlying risks of which ceased to exist in the financial year.

The remaining terms of the other provisions are shown in the following table.

			31.12.2024			31.12.2023
in EUR thousand	Total	thereof remaining term < 1 year	thereof remaining term > 1 year < 5 years	Total	thereof remaining term < 1 year	thereof remaining term > 1 year < 5 years
Personnel	3,524	3,138	386	4,553	3,842	711
Restructuring	630	630	0	2,270	2,192	78
Warranties	576	576	0	817	817	0
Invention royalties	95	95	0	99	99	0
Litigation costs	116	116	0	219	219	0
Onerous contracts	142	142	0	1,389	1,389	0
Miscellaneous provisions	574	502	72	600	528	72
Other provisions	**5,657**	**5,199**	**458**	**9,947**	**9,086**	**861**

(31) Liabilities

	31.12.2024				31.12.2023			
	thereof remaining term				thereof remaining term			
	Total	< 1 Year	> 1 Year ≤ 5 Years	> 5 Years	Total	< 1 Year	> 1 Year ≤ 5 Years	> 5 Years
Liabilities to banks	10,072	140	9,932	0	22,496	7	22,489	0
Lease liabilities	8,322	3,060	5,202	60	11,031	3,369	7,414	248
Other financing liabilities	1	1	0	0	0	0	0	0
Financing liabilities	**18,395**	**3,201**	**15,134**	**60**	**33,528**	**3,377**	**29,903**	**248**
Trade payables	12,165	12,165	0	0	14,090	14,090	0	0
Liabilities from telepostage	31,293	31,293	0	0	32,479	32,479	0	0
Liabilities from derivatives	362	245	0	117	4	4	0	0
Miscellaneous financial liabilities	4,681	4,043	378	260	6,918	6,535	383	0
Other financial liabilities	**36,335**	**35,580**	**378**	**377**	**39,401**	**39,018**	**383**	**0**
Income tax liabilities	1,952	1,952	0	0	2,160	2,160	0	0
Liabilities from other taxes	2,117	2,117	0	0	2,471	2,471	0	0
Liabilities to employees	654	654	0	0	750	750	0	0
Liabilities for social security contributions	8,978	7,913	1,065	0	9,654	8,559	1,095	0
Contract liabilities	9,064	9,064	0	0	8,280	8,280	0	0
Deferred payments	74	74	0	0	72	72	0	0
Other non-financial liabilities	**22,839**	**21,774**	**1,065**	**0**	**23,388**	**22,293**	**1,095**	**0**
Total	**89,734**	**72,720**	**16,577**	**437**	**110,407**	**78,778**	**31,381**	**248**

Of the liabilities to banks totalling EUR 9,932 thousand (previous year: EUR 22,496 thousand), EUR 9,932 thousand (previous year: EUR 22,489 thousand) is owed to an international banking syndicate. For further information, see note 32 '4. Liquidity risks' and note 33 for collateral.

Under the syndicated loan agreement commenced on 31 December 2024, an interest rate linked to the EURIBOR is set for the individual loans. Due to the increase in the 3-month EURIBOR and 6-month EURIBOR rates, a 36-month interest rate hedge was concluded in the 2024 financial year.

Telepostage liabilities relate to customer funds held in trust. For further information, see note 7.

Contract liabilities mainly include deferred revenue from incoming payments in accordance with IFRS 15. Deferred payments mainly include deferred revenue from incoming payments in accordance with IFRS 16.

Other financial liabilities mainly relate to customers with credit balances.

(32) 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	Valued at[1]	**2024**	2023
Finance lease receivables (non-current)	n/a[2]	**17,735**	16,094
Other non-current financial assets	AC	**40**	55
Non-current financial assets		**17,775**	**16,148**
Trade receivables	**AC**	**16,625**	**20,255**
Finance lease receivables (current)	n/a[2]	**7,239**	6,881
Derivative financial instruments with a hedging relationship	FV	**0**	294
Other financial assets (current)	AC	**2,264**	5,725
Other current financial assets		**9,503**	**12,900**
Cash and cash equivalents	**AC**	**44,297**	**38,545**
Liabilities to banks (non-current)	AC	**9,932**	22,489
Lease liabilities (non-current)	n/a[2]	**5,262**	7,662
Non-current financing liabilities		**15,194**	**30,151**
Derivative financial instruments with a hedging relationship	FV	**117**	0
Other financial liabilities (non-current)	AC	**638**	384
Other non-current financial liabilities		**755**	384
Liabilities to banks (current)	AC	**140**	7
Lease liabilities (current)	n/a[2]	**3,060**	3,369
Other financing liabilities (current)	AC	**0**	0
Current financing liabilities		**3,200**	**3,377**
Trade payables	**AC**	**12,165**	**14,090**
Derivative financial instruments with a hedging relationship	FV	**245**	4
Other financial liabilities (current)	AC	**35,335**	39,014
Other current financial liabilities		**35,580**	**39,018**
Thereof, as per IFRS 9 measurement categories			
Financial assets measured at amortised cost (FAAC)		**63,227**	64,579
Derivative financial assets in a hedging relationship		**0**	294
Financial liabilities measured at amortised cost (FLAC)		**58,211**	75,984
Derivative financial liabilities in a hedging relationship		**362**	4

[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.

The majority of trade receivables, other financial assets (current), cash and cash equivalents, trade payables, current financing liabilities and other financial liabilities (current) have short remaining maturities. This means the carrying amounts of these financial instruments 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 following table contains information on the measurement of financial assets and liabilities measured at fair value, including their levels in the fair value hierarchy.

Financial instruments	Fair value	Fair value	Measurement method	Significant unobservable inputs	
Figures in EUR thousand	**31.12.2024**	**31.12.2023**			**Hierarchy**
Financial assets measured at fair value					
Derivative financial instruments with positive fair values	0	294	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	362	4	Market approach: the fair values are based on brokers' price quotations	Not applicable	Level 2

At the end of the reporting period, it is determined whether reclassifications between measurement hierarchies are required. No reclassifications were made in the 2024 and 2023 financial years.

No financial instruments were categorised at level 3 of the fair value hierarchy in the 2024 and 2023 financial years.

Risk management

As part of its operations, the FP Group is exposed to credit risks, liquidity risks and market risks in the financial sector. Market risks relate in particular to interest rate risks and exchange rate risks.

The Group's overarching risk management system takes into account the unpredictability of the financial markets and is designed to minimise negative effects on the Group's earnings position. The Group uses certain financial instruments to achieve this goal.

For further information on qualitative information on risk management and financial risks, refer to the risk report in the Group management report.

No further material risk clusters related to financial instruments have been identified. The operational framework, responsibilities, financial reporting and control mechanisms for financial instruments are set out in internal policies. This includes a separation of duties between the monitoring and controlling of financial instruments. The FP Group's currency, interest rate and liquidity risks are managed centrally.

1. Foreign currency risks

Given its global operations, the FP Group is exposed to foreign exchange risks in its ordinary course of business. Foreign currency risks arise from balance sheet items, pending transactions in foreign currencies, and cash inflows and outflows in foreign currencies. Derivative financial instruments are used to minimise these risks.

Translation risks

In the reporting year, income from currency translation and hedging in the amount of EUR 1,194 thousand (previous year: EUR 1,479 thousand) and expenses in the amount of EUR 207 thousand (previous year: EUR 1,748 thousand) were recognised in the financial result.

Transaction risks

The Group mitigates this risk mainly by invoicing business transactions (sales and purchases of products and services as well as investing and financing) in the respective functional currency. Moreover, part of the foreign currency risk is offset by procuring goods, raw materials and services in the corresponding foreign currency.

Operating units are prohibited from borrowing or investing funds in foreign currencies for speculative reasons. Intra-Group financing or investments are preferably carried out in the functional currency. Corporate financing is organised and implemented by FP Holding.

With all other parameters remaining constant, the following table shows the sensitivity of consolidated profit before tax and consolidated equity to possible changes in the exchange rates relevant to the FP Group (GBP, USD, CAD, SEK). Unhedged transactions in the respective currencies (net risk position) as well as existing derivative financial instruments and net investments in accordance with IAS 21 were used as the base for the sensitivities determined.

GBP		DERIVATIVE FINANCIAL INSTRUMENTS		NET RISK POSITIONS	
in EUR thousand	**Course development of the foreign currency in percentage points**	**Effect on consolidated profit/loss before taxes**	**Effect on other comprehensive income**	**Effect on consolidated profit/loss before taxes**	**Effect on other comprehensive income**
2024					
GBP	+5%	0	-63	76	0
	-5%	0	0	-69	0
2023					
GBP	+5%	0	-48	160	0
	-5%	0	15	-145	0

USD		DERIVATIVE FINANCIAL INSTRUMENTS		NET RISK POSITIONS	
in EUR thousand	**Course development of the foreign currency in percentage points**	**Effect on consolidated profit/loss before taxes**	**Effect on other comprehensive income**	**Effect on consolidated profit/loss before taxes**	**Effect on other comprehensive income**
2024					
USD	+5%	0	-362	1,125	0
	-5%	0	167	-1,018	0
2023					
USD	+5%	0	-3	938	0
	-5%	0	318	-849	0

CAD		DERIVATIVE FINANCIAL INSTRUMENTS		NET RISK POSITIONS	
in EUR thousand	**Course development of the foreign currency in percentage points**	**Effect on consolidated profit/loss before taxes**	**Effect on other comprehensive income**	**Effect on consolidated profit/loss before taxes**	**Effect on other comprehensive income**
2024					
CAD	+5%	0	-64	63	0
	-5%	0	58	-57	0
2023					
CAD	+5%	0	-32	80	0
	-5%	0	29	-72	0

NET RISK POSITION IN SEK

in EUR thousand	Course development of the foreign currency in percentage points	Effect on consolidated profit/loss before taxes	Effect on other comprehensive income
2024			
SEK	+5%	69	0
	-5%	-62	0
2023			
SEK	+5%	114	0
	-5%	-103	0

The Group uses foreign exchange forwards and foreign currency options to hedge foreign exchange risks from anticipated future cash inflows in US dollars (USD), Canadian dollars (CAD) and pounds sterling (GBP). According to Group policy, the material contractual terms of the forwards and options must be consistent with the hedged items.

The FP Group recognises all changes (including the forward element as hedging costs) of the fair value of foreign exchange forwards and foreign currency options in equity.

In accordance with IFRS 9, changes in the forward element of foreign exchange forwards and the fair value of options relating to the hedged items are recognised in the reserve for hedging costs.

In order to minimise fluctuations in earnings, hedging transactions were incorporated into a hedging unit together with the respective hedged items as at the reporting date of 31 December 2024, taking into account the provisions of IFRS 9.

OVERVIEW OF HEDGE ACCOUNTING RELATIONSHIPS AS AT 31 DECEMBER 2024

Cur-rency	Total expected cash flow in foreign currency	Hedged volume in foreign currency as at 31 Dec. 2024	Average hedged price	Type of Hedging relationship	Carrying amount as at 31 Dec. 2024	Effectiveness test/effective part, spot element	Effectiveness test – ineffective part	Undesig-nated part of the hedge, forward element
					Other current financial assets (+) / liabilities (-)	Reserve for cash flow hedges	Profit and loss	Reserve from hedging transactions
USD	30,000,000	7,800,000	1.135 EUR/USD	FX-Collar / Cash Flow Hedge	-213,649	-199,361	0	-14,288
GBP	2,400,000	1,200,000	0.88 EUR/GBP	FX-Collar / Cash Flow Hedge	-9,650	-1,919	0	-7,730
CAD	3,600,000	1,800,000	1.5179 EUR/CAD	DTG / Cash Flow Hedge	-21,736	-15,585	0	-6,151

OVERVIEW OF HEDGE ACCOUNTING RELATIONSHIPS AS AT 31 DECEMBER 2023

Currency	Total expected cash flow in foreign currency	Hedged volume in foreign currency as at 31 Dec. 2023	Average hedged price	Type of Hedging relationship	Carrying amount as at 31 Dec. 2023	Effectiveness test/effective part, spot element	Effectiveness test – ineffective part	Undesignated part of the hedge, forward element
					Other current financial assets (+) / liabilities (-)	Reserve for cash flow hedges	Profit and loss	Reserve from hedging transactions
USD	34,700,000	15,600,000	1.12 EUR/USD	FX-Collar / Cash Flow Hedge	165,471	0	0	165,471
GBP	3,600,000	960,000	0.90 EUR/GBP	FX-Collar / Cash Flow Hedge	3,554	0	0	-3,554
CAD	3,120,000	900,000	1.4636 EUR/CAD	DTG / Cash Flow Hedge	912	3,292	0	-2,380

The FP Group expects cash flows in US dollars of USD 30,000 thousand (previous year: USD 34,700 thousand) from the operations of its US subsidiary in 2024. Foreign exchange forwards and FX options with fixed maturities totalling USD 7,800 thousand (previous year: USD 15,600 thousand) were concluded as at the end of December 2024.

The FP Group expects cash flows in GBP of GBP 2,400 thousand (previous year: GBP 3,600 thousand) from the operations of its UK subsidiary in 2024. As at the end of December 2024, FX options with a fixed maturity were concluded in the amount of GBP 1,200 thousand (previous year: GBP 960 thousand).

The FP Group expects cash flows in CAD of CAD 3,600 thousand (previous year: CAD 3,120 thousand) from the operations of its Canadian subsidiary in 2024. As at the end of December 2024, foreign exchange forwards totalling CAD 1,800 thousand (previous year: CAD 900 thousand) with fixed maturities were concluded.

Taking into account the currency hedges in place at the reporting date results in the following net risk positions:

NET RISK POSITION AS AT 31 DEC 2024

in thousands

Currency	Expected cash flows (inflows) in foreign currency	Hedged in a cash flow hedge	Net risk in foreign currency
GBP	2,400	1,200	1,200
USD	30,000	7,800	22,200
CAD	3,600	1,800	1,800
SEK	15,000	0	15,000

NET RISK POSITION AS AT 31 DEC 2023

in thousands

Currency	Expected cash flows (inflows) in foreign currency	Hedged in a cash flow hedge	Net risk in foreign currency
GBP	3,600	960	2,640
USD	34,700	15,600	19,700
CAD	3,120	900	2,220
SEK	24,000	0	24,000

2. Interest rate risks

The risk of fluctuations in market interest rates to which the FP Group is exposed results primarily from non-current liabilities with a variable interest rate. The finance department of the Group manages interest rate risk with the aim of optimising the net interest income of the Group and minimising the total interest rate risk. The financing requirements of companies in the FP Group are covered by intra-Group loans or intra-Group clearing accounts.

The loan agreement concluded in June 2016 and amended in February 2024 provides for an interest rate based on a variable reference interest rate (3-month EURIBOR or 6-month EURIBOR) plus a credit margin. Due to the development of market interest rates in the 2022 financial year, interest rate swaps (IRSes) were concluded to hedge the future interest costs of the utilised credit facility.

The FP Group recognises all changes in the fair value of IRSes in equity.

In order to minimise fluctuations in earnings, hedging transactions were incorporated into a hedging unit together with the respective hedged items as at the reporting date of 31 December 2024, taking into account the provisions of IFRS 9.

OVERVIEW OF HEDGE ACCOUNTING RELATIONSHIPS AS AT 31 DECEMBER 2024

Interest Rate	Sum of the expected Cash Flow in EUR	Secured Volume in EUR as of 31.12.2024	Average Hedging rate in %	Type of Hedging relationship	Carrying amount as of 31.12.2024 in EUR	Effectiveness test/effective part, spot element	Effectiveness test – ineffective part	Undesignated portion of hedge, forward component
					Other current assets (+) / liabilities (-)	Reserve for cash flow hedges	Profit and loss	Reserve from hedging transactions
EURIBOR 6M	10,000,000	10,000,000	2.71	IRS/Cash Flow Hedge	-117,019	-117,019	0	0

The hedge accounting relationships have a maturity date of 26 February 2027.

Floating rate financial instruments are exclusively liabilities to banks. The following table shows the sensitivity of consolidated profit before tax and other comprehensive income to a reasonably possible change in interest rates. All other variables remain constant. The loan portfolio at the end of the year was used as the base for sensitivity.

in EUR thousand	Change in percentage points	Effect on consolidated profit/loss before taxes	Effect on total other equity before taxes
2024			
Loan	+1%	-100	0
Loan	-1%	100	0
Interest rate derivatives	+1%	0	336
Interest rate derivatives	-1%	0	-98
2023			
Loan	+1%	-225	0
Loan	-1%	225	0
Interest rate derivatives	+1%	0	298
Interest rate derivatives	-1%	0	-152

3. Default risk

The carrying amount of financial assets is the maximum default risk in the event that counterparties fail to meet their contractual payment obligations. For all contracts on which primary financial instruments are based, depending on the type and volume of the contract, collateral is required, credit information/references are obtained or historical data from previous business relations (e.g. analysis of payment performance) are used to minimise default risk. In accordance with the General Terms and Conditions of Francotyp-Postalia, the title to goods purchased is retained until all payments have been received in full. If a customer leasing machinery is in arrears or if a lessee refuses to execute a lease despite warnings, the customer is required to return the leased assets to Francotyp-Postalia and to pay damages for termination of the contract.

The default risk of the FP Group is affected primarily by the individual characteristics of the customers. However, the Management Board also takes into account the entire customer base, including the default risk of the industry and the countries in which the customers operate, as these factors could also affect default risk.

For other financial assets (such as cash and cash equivalents, financial instruments measured at amortised cost and derivative financial instruments), the maximum default risk is the given reported carrying amount.

The FP Group concludes derivative financial instruments based on netting agreements. In general, with these agreements, the amounts owed from all transactions with the respective contractual partners on a specific single day within our currency are offset and paid from one contract partner to the other contract partner as a single amount. In special circumstances, e.g. if a credit event such as a payment default occurs, all outstanding transactions under the agreement are terminated and a total amount is determined by offsetting all transactions, which is payable as a total amount.

These agreements do not meet the criteria for offsetting transactions in the financial statements. This is because Francotyp-Postalia has no lawful means of offsetting these transactions in a normal situation. Offsetting is legally possible only in the case of a future event such as a default on liabilities or the like.

The following tables show the carrying amounts of the recognised financial instruments subject to such an agreement:

31.12.2024

in EUR thousand	Gross amount of the financial instruments recognised in the statement of financial position	Relevant not recognised financial instruments	Net amount
Derivative financial instruments with positive fair values	0	0	0
Derivative financial instruments with negative fair values	362	0	362

31.12.2023

in EUR thousand	Gross amount of the financial instruments recognised in the statement of financial position	Relevant not recognised financial instruments	Net amount
Derivative financial instruments with positive fair values	294	-4	290
Derivative financial instruments with negative fair values	4	-4	0

4. Liquidity risks

The liquidity risks of the Group are that it may no longer be able to meet its financial obligations (e.g. the expected repayment of financial liabilities, the payment of suppliers or fulfilment of finance lease obligations). The FP Group limits these risks with working capital management and cash management. Liquidity risks are addressed by a liquidity forecast for the entire Group.

In addition to the liquidity management instruments stated above, the FP Group is constantly monitoring financing opportunities as they arise on the financial markets. The central aim is to ensure the Group’s financial flexibility and to limit financial risks.

To finance itself, the FP Group primarily uses cash flow from operations as well as loan agreements with banks and finance leases that are either already in place or are adjusted during the year.

The syndicated loan agreement in place since 2016 was amended in the 2024 financial year. The total credit line was reduced from EUR 67,500 thousand to EUR 55,000 thousand for cost/benefit reasons. Effective 26 February 2024, the syndicated loan agreement was extended by 3 years until February 2027 with the established banking syndicate consisting of Landesbank Baden-Württemberg as facility agent, Deutsche Bank AG and UniCredit Bank GmbH. This means that the company has EUR 51,000 thousand (including the repayment of EUR 4,000 thousand made in 2024) at its disposal until February 2027. The liabilities from the syndicated loan agreement are collateralised by a guarantor concept, under which the 9 largest companies in the FP Group are guarantors of the agreement. The guarantors use their assets to vouch for possible payment defaults/liquidity difficulties of FP Holding AG as the borrower.

As at 31 December 2024, the FP Group had unused credit lines of EUR 41,000 thousand (previous year: EUR 45,000 thousand).

Under the new syndicated loan agreement, the FP Group has undertaken to comply with two defined financial covenants.

$$\text{Leverage} = \frac{\text{Total Net Debt}}{\text{Adjusted EBITDA (if required, adjusted for non-recurring effects)}} \leq 3{,}0\ \text{x}$$

$$\text{Interest Coverage} = \frac{\text{Adjusted EBITDA (if required, adjusted for non-recurring effects)}}{\text{Net interest income (adjusted for IAS 23 Borrowing Costs)}} \leq 5{,}0\ \text{x}$$

In accordance with the existing change of control clause in the syndicated loan agreement, a change of control occurs when a person or a group of persons acting in concert directly or indirectly hold over 30% of the voting rights or shares in Francotyp-Postalia Holding AG.

In the event of a change of control and at the written request of a lender, all loans (including interest accrued) involving the lender are due for repayment within 30 days.

The loan agreement continues to serve as financing security for acquisitions. The FP Group has entrepreneurial headroom to enter into additional financial obligations in the future. As a result of the syndicated loan agreement, the FP Group has achieved significant overall financial stability and flexibility.

The credit terms were consistently met throughout the reporting year. The FP Group was able to meet its payment obligations at all times.

The FP Group has also utilised guarantee facilities of EUR 1.4 million outside of the syndicated loan.

Lease liabilities, trade payables and other liabilities mainly relate to the financing of operating assets used in continued operations (such as property, plant and equipment) and to investments within working capital (such as inventories and trade receivables). The Group takes these assets into account in the effective management of its overall liquidity risk.

The following tables show the undiscounted, stipulated payment outflows from financial liabilities. These include cash flows resulting from the syndicated loan agreement, including estimated interest payments and payments from derivative financial instruments with negative fair value. Apart from the aforementioned syndicated loan totalling EUR 9,932 thousand (previous year: EUR 22,489 thousand), there were no other liabilities to banks in the financial year (previous year: EUR 7 thousand).

FINANCIAL LIABILITIES AS AT 31 DEC. 2024

in EUR thousand	**Carrying amount**			**Cash outflows**
		< 1 year	**1–5 years**	**> 5 years**
Liabilities to banks	10,072	-898	-11,012	0
Lease liabilities	8,322	-3,060	-5,202	-60
Other financing liabilities	0	0	0	0
Trade payables	12,165	-12,165	0	0
Other financial liabilities (excluding derivatives)	35,714	-35,336	-378	0
Incoming payments from derivatives transactions		9,845	0	0
Outgoing payments from derivatives transactions		-10,159	0	0

FINANCIAL LIABILITIES AS AT 31 DEC. 2023

in EUR thousand	Carrying amount	Cash outflows		
		< 1 year	1 - 5 years	> 5 years
Liabilities to banks	22,496	-9,767	16,770	0
Lease liabilities	11,031	-3,369	-7,414	-248
Other financing liabilities	0	0	0	0
Trade payables	14,090	-14,090	0	0
Other financial liabilities (excluding derivatives)	39,398	-39,014	-384	0
Incoming payments from derivatives transactions		1,111	0	0
Outgoing payments from derivatives transactions		-1,105	0	0

Net gains and net losses from financial instruments by measurement category

IFRS 9 NET RESULT

in EUR thousand	2024	2023
Financial instruments measured at fair value through profit or loss[1)]	-25	152
Financial assets at amortised cost[2)]	-1,320	-2,115
Financial liabilities at amortised cost[3)]	-713	-503
Total	**-2,058**	**-2,466**

[1)] Fair Value changes
[2)] Impairment losses, reversals, interest payments and foreign currency effects
[3)] Foreign currency effects, interest payments and gains on disposal

Capital management

Capital structure is key to the Group's capital management. Net gearing is the key metric for capital structure. This is the ratio of net debt to equity. Net gearing is monitored on an on-going basis.

in EUR thousand	31.12.2024	31.12.2023
Liabilities to banks	10	22
Lease liabilities	8	11
Other financing liabilities	0	0
Liabilities	**18**	**34**
Cash and cash equivalents	-44	-39
Postage credit balances managed by the FP Group	18	19
Cash (cash and cash equivalents less restricted funds)	**-26**	**-19**
Net debt	**-8**	**14**
Equity	50	34
Net debt ratio	**-16%**	**42%**

The goal of capital management is to achieve the highest possible credit rating. The future of the Group as a going concern must also be ensured.

By increasing equity by 35.4%, the FP Group was able to further reduce its net gearing.

No changes were made to the goals, policies and methods for capital management in the 2024 reporting year.

Key financial metrics

The Group is mainly managed using the key financial metrics of revenue and EBITDA.

(33) Collateral

Guarantee obligations totalled EUR 250 thousand in the financial year (previous year: EUR 250 thousand) and include security deposits for machinery and postage.

All present, contingent and future receivables of the financing parties to the syndicated loan agreement from or in connection with this loan agreement, a sub-loan agreement or other financing documents are secured by guarantees. Each guarantor autonomously and independently guarantees the financing parties the irrevocable and unconditional payment of all amounts owed by the borrowers under the loan agreement or other financing document if they are not paid on time or in full. The guarantors undertook to make any payment under this guarantee free from deductions or retentions.

In addition to the borrower FP Holding, the guarantors as at the reporting date are Francotyp-Postalia GmbH, Francotyp-Postalia Vertrieb und Service GmbH, FP Produktionsgesellschaft mbH, FP Digital Business Solutions GmbH, Francotyp-Postalia Inc. (USA), Francotyp-Postalia Canada Inc. (Canada), Francotyp-Postalia Ltd. (UK) and Azolver Svenska AB.

As at 31 December 2024, the loan utilised amounted to EUR 10,000 thousand (previous year: EUR 22,500 thousand).

Collateral received has a fair value of EUR 1,816 thousand (previous year: EUR 1,821 thousand) and is only available to the FP Group on a short-term basis in the reporting year (unchanged from the previous year). Collateral mainly consists of security deposits and deposits for deliveries of goods and services.

(34) Other financial obligations

NOMINAL VALUES OF OTHER FINANCIAL OBLIGATIONS AS AT 31 DECEMBER 2024

in EUR thousand	Total	< 1 year	1-5 years	> 5 years
Other financial obligations	**23,724**	20,741	2,392	592
thereof from rental agreements/leases (not recognised)	**3,939**	1,218	2,130	592
thereof from purchase commitments	**18,485**	18,485	0	0
thereof from other contractual obligations	**1,300**	1,038	262	0

NOMINAL VALUES OF OTHER FINANCIAL OBLIGATIONS AS AT 31 DECEMBER 2023

in EUR thousand	Total	< 1 year	1-5 years	> 5 years
Other financial obligations	**28,692**	23,770	3,806	1,115
thereof from rental agreements/leases (not recognised)	**4,194**	1,105	1,973	1,115
thereof from purchase commitments	**22,998**	21,408	1,590	0
thereof from other contractual obligations	**1,500**	1,257	243	0

The obligations from rental and lease agreements as at 31 December 2024 relate to:

i) Obligations from short-term or low-value contracts which have not been recognised on the balance sheet due to the exercise of options under IFRS 16.

ii) Obligations for contractual components of a service nature. The consideration allocated to these services is not recognised as part of the right-of-use asset or lease liability. In this respect, there are no other financial obligations.

Purchase commitments relate predominantly to the purchase of materials and other services. The decrease in purchase commitments of EUR 4,513 thousand is due to a new refurbishment process. The environmentally friendly and cost-saving use of parts from used franking machines has led to a significant reduction in the number of new franking machines required.

(35) Disclosures on leases for the FP Group as lessee

As a lessee, the Group primarily leases real estate (office and warehouse space) but also vehicles, machinery and other operating and office equipment. The terms of the leases vary greatly, especially in the case of real estate leases, which account for most of the leases in the Group.

This applies to lease term, agreement on termination or extension options, and pricing.

The following disclosures can be made regarding leases in which the Group is the lessee:

Right-of-use assets and lease liabilities

The right-of-use assets from leases are recognised in the statement of financial position in the separate 'Right-of-use assets' item under 'Non-current assets'.

The recognised right-of-use assets developed as follows:

RIGHT-OF-USE ASSETS

in EUR thousand	Land and buildings	Machinery	Motor vehicles and other operating and office equipment	Total
As at 1 Jan 2023	9,214	558	1,208	10,981
Additions to right-of-use assets	4,902	0	621	5,523
Additions due to business combinations	0	0	0	0
Disposals of right-of-use assets	-1,029	0	-57	-1,086
Depreciation in the fiscal year	-3,615	-144	-867	-4,626
Currency differences	-97	0	-4	-101
As at 31 Dec 2023	9,376	414	901	10,691
Additions to right-of-use assets	1,143	293	1,467	2,903
Change in scope of consolidation	-1,109	0	-47	-1,156
Disposals of right-of-use assets	-359	0	-74	-433
Depreciation in the fiscal year	-3,151	-181	-817	-4,150
Currency differences	75	0	-6	70
As at 31 Dec 2024	**5,974**	**527**	**1,424**	**7,925**

Lease liabilities are recognised in the statement of financial position under 'Non-current liabilities' and 'Current liabilities' in the 'Financing liabilities' item and had the following maturities as at the end of the reporting period:

MATURITIES OF LEASE LIABILITIES

in EUR thousand	31.12.2024	31.12.2023
Up to one year	**3,060**	3,369
More than one and less than five years	**5,202**	7,414
More than five years	**60**	248
Total	**8,322**	**11,031**

Expenses and income from leases

The following amounts from leases are recognised in the consolidated income statement:

EXPENSES AND INCOME FROM LEASING

in EUR thousand	2024	2023
Depreciation of right-of-use assets	**3,612**	3,890
Interest expenses for lease liabilities	**340**	239
Expenses from short-term leases	**287**	261
Expenses from low-value leases	**29**	26
Expenses from variable lease payments	**51**	0

Payments from leases

In the 2024 financial year, payments totalling EUR 4,467 thousand (previous year: EUR 4,546 thousand) were made for leases.

(36) Contingent assets

Contingent assets

In the 2017 financial year, irregularities in the internal recording and billing of letter volumes were reported. In the time-critical consolidation business, the FP Group found that, as a result of breaches of duty by individuals, it had suffered financial harm extending beyond the reporting period. As a result, FP asserted claims for damages against employees in the amount of around EUR 1.7 million on 14 February 2018 as part of on-going unjust dismissal suits. The fidelity insurer was informed about the breaches of duty and the damages incurred. If the claims are enforced, this could have a one-off positive effect on the Group's earnings and financial position and enable FP to exceed the forecast for 2025 and its medium-term targets.

V. Other disclosures

(37) 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	31.12.2024	31.12.2023
Cash and cash equivalents	44,297	38,545
less restricted cash and cash equivalents (telepostage funds managed)	-17,994	-19,380
Cash (cash and cash equivalents less restricted funds)	**26,303**	**19,165**

Liabilities from financing activities developed as follows:

in EUR thousand	01.01.2024	Cash		Non-cash				31.12.2024
		Payments received	Repayment	Effects of effective interest rate	Effects of contract termination	Addition	Exchange rate effects	
Liabilities to banks	22,496	0	-12,507	-57	0	140	0	10,072
Lease liabilities	11,031	0	-4,467	382	-1,364	2,824	-84	8,322
Total liabilities from financing activities	**33,527**	**0**	**-16,974**	**325**	**-1,364**	**2,964**	**-84**	**18,394**

in EUR thousand	01.01.2023	Cash		Non-cash				31.12.2023
		Payments received	Repayment	Effects of effective interest rate	Effects of contract termination	Addition	Exchange rate effects	
Liabilities to banks	29,761	239	-7,504	0	0	0	0	22,496
Lease liabilities	11,227	0	-4,852	305	-1,059	5,513	-103	11,031
Total liabilities from financing activities	**40,988**	**239**	**-12,356**	**305**	**-1,059**	**5,513**	**-103**	**33,527**

(38) Employees

AVERAGE NUMBER OF EMPLOYEES BY COUNTRY

	2024	2023
Germany	516	592
United States	124	125
UK	53	59
The Netherlands	21	16
Canada	26	26
Italy	19	26
Sweden	32	36
Austria	15	16
France	13	17
Belgium	2	2
Norway	23	24
Finland	11	12
Switzerland	7	8
Denmark	5	6
Estonia	50	60
Total	**917**	**1,025**

AVERAGE NUMBER OF EMPLOYEES BY SEGMENT

	2024	2023
		adjusted[1]
Mailing & Shipping Solutions	558	610
Digital Business Solutions	108	120
Other	150	163
Total	**917**	**1,025**

[1] Allocation of employees adjusted in 2023 due to changed segment reporting. For information on the change, see section II. of the notes to the consolidated financial statements.

AVERAGE NUMBER OF EMPLOYEES BY GENDER

	2024	2023
Male	532	609
Female	385	415
Non-binary	0	1
Total	**917**	**1,025**

AVERAGE NUMBER OF EMPLOYEES BY GROUPS

	2024	2023
Executives	34	36
Employees	883	989
Total	**917**	**1,025**

The disclosures on the number of employees are provided as an annual average pursuant to section 314 HGB. In 2024, the employees of the divested company freesort GmbH are included on a pro rata basis. Employees are allocated to the segments according to legal entities. In some cases, employees work on DBS activities but are employed by MSO companies. These staff costs are charged on internally. The disclosures on executives includes the first and second management levels of the Management Board.

(39) Management Board and Supervisory Board (additional disclosures pursuant to HGB)

According to the business allocation plan for the Management Board of Francotyp-Postalia Holding AG, the positions and responsibilities of the members of the Management Board are as shown in the following table:

Name	Position on Management Board	Areas of responsibility
Friedrich G. Conzen	CEO (since 01 March 2024)	From 18 April 2024: Company Strategy including M&A / Communication (Public Relations, Corporate Communication, Investor Relations) / Human Resources / Legal / Mailing Shipping & Office Solutions, Digital Business Solutions and Mail Services business units
		From 24 September 2024: Takeover of all areas of responsibility, discontinuation of the Mail Services business unit as of 30.09.2024 with discontinuation of the business division
Ralf Spielberger	CFO (since 1 October 2022 until 24 September 2024)	From 1 October 2022: Finance / Accounting / Controlling / Tax / Treasury / Legal and Compliance / Risk Management / Investor Relations / Purchasing and Procurement / Internal IT
		From 23 February 2023: Finance / Accounting / Controlling / Tax / Treasury / Legal, Compliance and Internal Audit / Risk Management / Purchasing and Procurement / Internal IT / Group Services
		From 18 April 2024: Finance / Accounting / Controlling / Tax / Treasury / Compliance and Internal Audit / Risk Management / Purchasing and Procurement / Internal IT / Group Services
Carsten Lind	CEO (since 11 November 2020 until 1 March 2024)	From 11 January 2021: Company Strategy including M&A / Communication (Public Relations, Corporate Communication) / Human Resources / Internal Audit / Mailing Shipping & Office Solutions, Digital Business Solutions and Mail Services business units
		From 23 February 2023: Company Strategy including M&A / Communication (Public Relations, Corporate Communication, Investor Relations) / Human Resources / Mailing Shipping & Office Solutions, Digital Business Solutions and Mail Services business units

The following table shows the members of the Supervisory Board of Francotyp-Postalia Holding AG and their activities outside the company as well as other administrative, management or supervisory board appointments or appointments to similar supervisory bodies of enterprises in Germany and abroad.

Name	Professional activity	Other administrative or supervisory board mandates or mandates for similar executive bodies in Germany and abroad
Dr. Dirk Markus (Chairman since 25 June 2024)	• Founding Shareholder of the AURELIUS Group	• Chairman of the Board of Directors, AURELIUS Management SE, Grünwald
Dr. Martin Schoefer (Deputy Chairman since 25 June 2024)	• Independent consultant for transformation and strategy	• Member of the Supervisory Board, HanseYachts AG, Greifswald
Paul Owsianowski (Member since 25 June 2024)	• Investment manager und partner of the Active Ownership Gruppe	• Member of the Supervisory Board, Vita 34 AG, Leipzig
Dr. Alexander Granderath (until 25 June 2024 Member, until 06 February 2024 Chairman)	• Managing Director, Dr. Granderath, Rat und Vermögen GmbH, Willich • Managing Director, StreamParty GmbH, Willich • Managing Director, Value for Generations GmbH, Willich	• Chairman of the Supervisory Board, Vita 34 AG, Leipzig
Johannes Boot (until 25 June 2024 Chairman, Deputy Chairman from 14 June 2023 until 06 February 2024)	• Managing Director, Tiven Malta Ltd., Malta	• Member of the Supervisory Board, Deutsche Konsum REIT-AG, Potsdam • Member of the Supervisory Board, Gerlin NV, Maarsbergen, Niederlande • Member of the Board of Directors, Orange Horizon Capital Group S.A., Luxembourg
Klaus Röhrig (until 25 June 2024 Deputy Chairman, Member until 06 February 2024)	• Managing Director, Active Ownership Corporation S.à r.l., Grevenmacher, Luxembourg	• Member of the Board of Directors, Agfa-Gevaert NV, Mortsel, Belgien • Member of the Supervisory Board, Formycon AG, München • Member of Board of Directors, Fagron NV, Rotterdam, Niederlande • Member of Board of Directors, MAM Baby AG, Wollerau, Schweiz

(40) Shareholder structure (additional disclosures pursuant to HGB)

Francotyp-Postalia Holding AG has received the following notifications from its shareholders pursuant to section 33 (1) German Securities Trading Act (WpHG) and published them pursuant to section 40 (1) WpHG and section 41 WpHG:

Publication date	**24/03/2025**	**18/12/2024**
Reason for notification	Sale of shares	Share purchase
Shareholder/reporter	Tom Hiss, Germany	Hans-Herbert Döbert, Germany
Date threshold reached	18/03/2025	13/12/2024
Total share of voting rights	2.68%	3.19%
Voting rights (sections 33, 34 WpHG)	437,000	519,974

Publication date	**28/11/2024**	**28/11/2024**
Reason for notification	Share purchase	Sale of shares
Shareholder/reporter	Tiven Invest S.A. SICAV-RAIF, Luxembourg	Active Ownership Corporation S.á.r.l. / Active Ownership Fund SICAV SIF SCS, Luxembourg
Date threshold reached	22/11/2024	22/11/2024
Total share of voting rights	10.31%	10.31%
Voting rights (sections 33, 34 WpHG)	1,680,000	1,680,000

In addition, the following significant voting rights still exist as at 31 December 2024:

Publication date	04/05/2023	12/11/2020	11/11/2020
Reason for notification	Share purchase	Share purchase	Share purchase
Shareholder/reporter	Olive Tree Invest GmbH / Lotus FamilyInvest AG, Grünwald, Germany	Universal-Investment Gesellschaft mit beschränkter Haftung, Germany	Saltarax GmbH, Germany
Date threshold reached	25/04/2023	11/11/2020	02/11/2020
Total share of voting rights	25.34%	3.19%	5.00%
Voting rights (sections 33, 34 WpHG)	4,130,335	520,000	815,100

Publication date	22/05/2018		
Reason for notification	Share purchase		
Shareholder/reporter	Magallanes Value Investors S.A. SGIIC, Spain		
Date threshold reached	16/05/2018		
Total share of voting rights	3.26%		
Voting rights (sections 33, 34 WpHG)	531,456		

Francotyp-Postalia Holding AG has not received and published any notifications from its board members regarding the share with ISIN DE000FPH9000 in the 2024 financial year pursuant to article 19 (1) EU Market Abuse Regulation.

Francotyp-Postalia Holding AG did not publish any changes to total voting rights pursuant to section 41 WpHG in the 2024 financial year. In previous years, there were the following changes:

Publication date	4 Jan. 2017	04 Jan. 2017 Notification of correction	30 Jan. 2017	28 Feb. 2017	31 Mar. 2017	30 Jun. 2017
Capital measure	Other capital measure (section 26a (1) WpHG)	Issue of new shares (section 26a (2) WpHG)	Issue of new shares (section 26a (2) WpHG)	Issue of new shares (section 26a (2) WpHG)	Issue of new shares (section 26a (2) WpHG)	Issue of new shares (section 26a (2) WpHG)
As at / effective date	31.12.2016	31.12.2016	27.01.2017	28.02.2017	31.03.2017	30.06.2017
New total of voting rights	16,215,356	16,215,356	16,255,356	16,265,356	16,285,356	16,301,456

(41) Related party disclosures

Related parties are shareholders who have a significant influence on the FP Group, 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 include all key management personnel and their close family. 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

Effective 25 April 2023, Olive Tree Invest GmbH, Grünwald, Germany, became a new shareholder with significant influence, with 25.34% (or 26.44% taking into account shares in circulation) of voting rights. The company behind Olive Tree Invest GmbH is LOTUS FamilyInvest AG, Innsbruck, Austria.

Refer to the disclosures in section 8 of the summary management report (shareholdings exceeding 10% of voting rights).

The acquisition of shares in the 2023 financial year by Olive Tree Invest GmbH is shown in note 40 'Shareholder structure'.

No other transactions were carried out with Olive Tree Invest GmbH in the 2024 and 2023 financial years.

Transactions with key staff

The acquisitions of shares in the 2024 and 2023 financial years by persons in key positions are explained in note 40 'Shareholder structure'.

Key staff remuneration

The remuneration for members of the Management Board and the Supervisory Board according to IAS 24.17 is as follows:

in EUR thousand	2024	2023
Short-term benefits	595	906
Other long-term benefits (expense (+), income (-))	10	31
Termination benefits (expense (+), income (-))	480	0
Share-based payment transactions	-193	-70
Supervisory Board compensation	160	160
Total	**1,052**	**1,027**

As at the reporting date, there were provisions for cash-settled share-based remuneration and similar liabilities to members of the Management Board totalling EUR 64 thousand (previous year: EUR 257 thousand).

The total remuneration for active members of the Management Board pursuant to section 314 (1) (6) HGB totalled EUR 872 thousand in the reporting year (previous year: EUR 806 thousand), thereof severance payments EUR 300 thousand (previous year: EUR 0 thousand), and EUR 256 thousand for former members of the Management Board (previous year: EUR 64 thousand). The discounts on long-term bonuses granted to members of the Management Board amounted to EUR 32 thousand as at 31 December 2024 (previous year: EUR 156 thousand). In the 2024 financial year, payments totalling EUR 467 thousand (previous year: EUR 68 thousand) were made to members of the Management Board as long-term variable remuneration. The progress payments for long-term remuneration components are settled at the end of the assessment period based on actual target achievement.

No contingent liabilities were entered into for the benefit of members of the Management Board as at the reporting date.

Remuneration for the Supervisory Board of the parent company for the performance of its duties in the parent company and the subsidiaries totalled EUR 160 thousand (previous year: EUR 160 thousand).

Of the share options granted in the 2015 and 2016 financial years under the Share Option Plan 2015, a total of 180,000 options were attributable to the Management Board. An option entitles the bearer to purchase a single no-par value bearer share in Francotyp-Postalia Holding AG. No further options were granted under the Share Option Plan 2015 in the reporting year. The possibility to exercise the granted options began in the 2019 (issued in 2015) or 2020 (issued in 2016) financial year and ends in the 2024 (issued in 2015) or 2025 (issued in 2016) financial year.

Provisions for pension commitments to former members of the Management Board of Francotyp-Postalia Holding AG amounted to EUR 1,740 thousand as at 31 December 2024 (previous year: EUR 1,460 thousand). EUR 45 thousand (previous year: EUR 48 thousand) was allocated to provisions in the 2024 reporting year. Of this, EUR 0 thousand is attributable to service costs and EUR 45 thousand to interest costs.

Virtual shares and share options

No further virtual shares in Francotyp-Postalia Holding AG were granted to active members of the Management Board as part of individual Management Board commitments in the financial year.

In the 2024 financial year, 120,000 virtual options expired when employment was terminated prematurely.

When exercised, the option rights are fulfilled by cash settlement. Full allocation requires is a personal investment. Accordingly, the members of the Management Board must acquire shares in Francotyp-Postalia Holding AG amounting to 8% or 15% of the number of virtual shares allocated to them and hold these shares for a period of 4 years from the time of acquisition ('lock-up period'). They can be exercised by the members of the Management Board at any time after the vesting period has expired within another 4 years. The arithmetic mean of the share price of the last 90 days at the time of exercise is decisive for the exercise price. The value of the option rights is aligned to the price performance between grant and exercise. The option rights may be exercised when the exercise price has increased by at least 10% against the base price when the option rights are granted (absolute hurdle). If the hurdle has not been reached, the related right lapses. The value of the option right is based on the difference between the exercise price and the base price multiplied by the number of virtual shares of the respective tranche. The value is limited to EUR 300 thousand per tranche.

The fair value of the consideration granted from virtual share option rights is calculated using the Black–Scholes option price model. Measurement is based on the expected holding period of 4 years. Correspondingly, the parameters relevant for measurement (risk-free interest rate, volatility) are derived from capital market data over a 4-year period. The exercise price is calculated using the arithmetic mean of the Xetra daily closing prices of the last 90 trading days before the exercise date. Allowance is made for special contractual elements such as an exercise hurdle and payment cap by a combination of 3 part-options.

As at 31 December 2024, the fair value of all virtual shares granted to members of the Management Board in 2018–2022 was determined using the Black–Scholes option pricing model.

As a result, the corresponding provision of EUR 193 thousand was reversed in the statement of income.

Grant date							
	Virtual options	**Virtual options**	**Virtual options**	**Virtual options**	**Virtual options**	**Virtual options**	**Virtual options**
	01.03.18	01.03.19	01.01.20	01.03.20	01.06.20	01.03.21	01.10.22
31.12.2024							
One option in EUR	0.02	0.17	0.07	0.24	0.07	0.39	0
All options in EUR thousand	1	10	4	14	23	12	0
Expected exercise date	28.02.26	28.02.27	31.12.25	28.02.28	31.12.25	28.02.29	31.12.25
Forecast average holding period in years	1	2	1	3	1	4	1
Expected volatility	37.34%	35.14%	38.71%	34.69%	38.71%	34.57%	0%
Annual dividend yield	0%	0%	0,0%	0,0%	0,0%	0,0%	0,0%
Matched-term, risk-free interest rate	2.36%	2.09%	2.41%	2.02%	2.41%	2.08%	0%
Expected number of exercisable stock options at award date	30,000	60,000	60,000	60,000	350,000	30,000	240,000
Estimated annual employee turnover		0%	0%	0%	0%	0%	0%

	2024		2023	
Virtual shares and stock options	Number	Average exercise price in EUR	Number	Average exercise price in EUR
As at 1 Jan.	**830,000**	**3.73**	**880,000**	**3.79**
Granted in fiscal year	**0**	**0.00**	0	0.00
Forfeited in fiscal year	**0**		-50,000	
Exercised in fiscal year	**0**		0	
Expired in fiscal year	**-120,000**		0	
As at 31 Dec.	**710,000**		**830,000**	
Range of exercise price in EUR		**3.56-4.98**		3.10-3.97
Average remaining term in months as at 31 Dec.	**2**		17	
Exercisable as at 31 Dec.	**560,000**		90,000	

As at 31 December 2024, EUR 2 thousand (previous year: EUR 68 thousand) was recognised as staff costs with an offsetting entry in provisions.

(42) Auditor’s fee

Based on a recommendation by the Supervisory Board, the Annual General Meeting selected BDO AG Wirtschaftsprüfungsgesellschaft, Hamburg, as the auditor for the 2024 financial year. This resolution replaces the previous year's auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, which previously performed this function. The fee stated for the previous year was paid to the previous auditor.
The total fee charged for services by the auditor in the financial year is shown in the table below:

in EUR thousand	2024	2023
Audits of financial statements	456	608
Other confirmation services	30	99
Total	**487**	**707**

Other confirmation services mainly relate to agreed investigative activities in connection with compliance with debt covenants and ESG reporting.

The disclosures provided only include the legally independent unit of the appointed auditor.

All other confirmation services were approved by the Supervisory Board.

(43) Material events after reporting date

Mr Owsianowski resigned from the Supervisory Board effective 21 March 2025. The company then arranged for the court appointment of Dr Frank Hübner-von Wittich as a new member of the Supervisory Board, which took place on 10 April 2025.

At the reporting date, the new US administration had already threatened, imposed and postponed various tariffs. The potential impact on this important sales market for FP cannot yet be estimated.

No further events of particular significance occurred after the end of the 2024 financial year that would have had a significant impact on the FP Group's earnings, financial position or assets.

(44) Corporate Governance

The Management Board and the Supervisory Board of Francotyp-Postalia Holding AG have issued a declaration on the Corporate Governance Code pursuant to section 161 AktG and made this declaration permanently available on the company's website (https://www.fp-francotyp.com/Entsprechenserklaerung).

Berlin, 24. April 2025

The Management Board of Francotyp-Postalia Holding AG

Friedrich G. Conzen

CEO

Responsibility Statement

of Francotyp-Postalia Holding AG
for the period from 1 January to
31 Dezember 2024

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the FP Group, and the Group management report, which is combined with the management report of Francotyp-Postalia Holding AG, 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, 24 April 2025

The Management Board of Francotyp-Postalia Holding AG

Friedrich G. Conzen

CEO

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

Independent auditor's report

To Francotyp-Postalia Holding AG, Berlin

Report on the audit of the consolidated financial statements and the combined management report

Audit assessments

We have audited the consolidated financial statements of Francotyp-Postalia Holding AG, Berlin, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1, 2024 to December 31, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In addition, we have audited the combined management report (management report of the Company and the Group) of Francotyp-Postalia Holding AG for the financial year from January 1, 2024 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of the components of the combined management report listed under "OTHER INFORMATION".

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply in all material respects with the IFRS Accounting Standards (hereinafter "IFRS Accounting Standards") issued by the International Accounting Standards Board (IASB) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and give a true and fair view of the net assets and financial position of the Group as at December 31, 2024 and of its results of operations for the financial year from January 1, 2024 to December 31, 2024 in accordance with these requirements, and
- the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of the components of the combined management report listed under "OTHER INFORMATION".

Pursuant to § 322 Abs. 3 Satz 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with § 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements.

In addition, in accordance with Article 10 (2) (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2024 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the following matter to be a key audit matter to be communicated in our auditor's report:

REVENUE RECOGNITION ACCORDING TO IFRS 15 AND IFRS 16

Facts of the case

The consolidated financial statements of Francotyp-Postalia Holding AG show total revenues of EUR 169.3 million. EUR 128.0 million of the revenue is attributable to the sale of franking machines and consumables, with revenue recognized at a point in time, and to service contracts, which are recognized over time. This revenue is recognized in accordance with IFRS

15, Revenue from Contracts with Customers. In addition, the Group generated revenue of EUR 41.3 million as a lessor in the financial year in accordance with IFRS 16, Leases. In the accounting treatment of leases, a useful life and present value test is carried out to determine the classification as an operating lease or finance lease. This classification is based on parameters and assumptions. These include the applicable interest rate, estimates with regard to the term of the contract and the residual value at the end of the lease term. These discretionary decisions as part of the present value test have a significant influence on the timing of revenue recognition in accordance with IFRS 16.

In the DBS segment, the Group provides services in connection with the production of letter mail items and the delivery of these to postal service providers (output management). The postage used for these services in the amount of EUR 11.8 million is reported in full as revenue (gross). This disclosure is based on the assessment of the legal representatives that the company acts as principal in relation to the entire service.

Francotyp-Postalia Holding AG's disclosures on revenue recognition are contained in sections I. (7) "Accounting and valuation principles", I. (8) "Discretionary decisions" and III. (10) "Revenue" of the notes to the consolidated financial statements.

Due to the high significance of revenue for the assessment of the Francotyp-Postalia Holding AG Group's results of operations, the large number of transactions, the different revenue streams and the discretionary decisions required for accounting, revenue recognition in accordance with IFRS 15 and IFRS 16 is a key audit matter.

Audit response and findings

As part of our audit procedures, we first obtained an understanding of the processes and controls established by the managing directors for revenue recognition. For services in the DBS segment, we paid particular attention to the classification of the Group's position as principal or agent and verified the management directors' assessment that the Group acts as principal in relation to the entire service.

As part of a structural audit, we assessed the appropriateness and implementation of the relevant internal controls to ensure proper revenue recognition in accordance with the provisions of IFRS 15 and IFRS 16.

In our audit of revenue in accordance with IFRS 15, we used substantive audit procedures in the DBS segment for a risk-oriented selection of revenue and in the MSO segment for a sample of elements to obtain evidence on the existence of revenue in order to assess whether the recognized revenue was based on the corresponding satisfaction of the performance obligation. For this sample, we also assessed the distinction between revenue recognition at a point in time (for hardware) and over time (for service contracts). In addition, for selected transactions around the balance sheet date, we tested the correct accrual basis by inspecting delivery bills or other evidence of performance.

For lessor accounting in accordance with IFRS 16, in addition to assessing the appropriateness and implementation of relevant internal controls as part of the structural audit, we also performed functional tests. In addition, we assessed the judgments made by the managing directors in relation to the useful life and present value test for the classification of leases and evaluated the comprehensibility and consistency of the assumptions made. In addition, we checked the plausibility of the stand-alone selling prices used in the present value test and verified the lease payments recognized. Furthermore, we performed substantive audit procedures on the existence of the lease agreements. For this purpose, we inspected contracts and delivery bills on a case-by-case basis and obtained evidence of the date of technical registration of the machine. On the basis of the audit procedures we performed, we were able to satisfy ourselves that revenue was recognized appropriately.

We were able to satisfy ourselves as to the appropriateness of the assumptions made by the legal representatives of the company and the completeness and accuracy of the balances recognized in the balance sheet resulting from revenue recognition.

Other information

The legal representatives or the Supervisory Board are responsible for the other information. The other information includes

- the information contained in the combined management report that is not part of the management report and is marked as unaudited. In section 5.1 RISK AND OPPORTUNITY MANAGEMENT SYSTEM, these comprise the Executive Board's assessment of the appropriateness and effectiveness of the internal control system
- the separately published remuneration report within the meaning of section 162 AktG, to which reference is made in section 1.4.2 MANAGEMENT STATEMENT of the combined management report
- the corporate governance statement contained in section 1.4.2 of the combined management report
- the remaining parts of the annual report, with the exception of the audited consolidated financial statements and combined management report and our auditor's report

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information

- are materially inconsistent with the consolidated financial statements, with the combined management report or our knowledge obtained in the audit, or

- otherwise appear to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the combined management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. accounting fraud or error) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and combined management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. In addition we

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control or on the effectiveness of these arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of accounting estimates and related disclosures made by the executive directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. We draw

our conclusions on the basis of the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to express opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit activities performed for the purpose of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events will differ materially from the forward-looking statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to address independence threats. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other statutory and other legal requirements

Report on the audit of the electronic reproduction of the consolidated financial statements and the combined management report prepared for publication purposes in accordance with Section 317 (3a) HGB

Audit opinion

We have performed an assurance engagement in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the combined management report (hereinafter also referred to as "ESEF documents") contained in the file "Francotyp_KAuKLB_2024-12-31_en.zip " and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this audit only extends to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore does not extend to the information contained in these reproductions or any other information contained in the above-mentioned file.

In our opinion, the reproduction of the consolidated financial statements and the combined management report contained in the above-mentioned file and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1, 2024 to December 31, 2024 contained in the "Report on the audit of the consolidated financial statements and of the combined management report" above, we do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file.

Basis for the audit opinion

We conducted our audit of the reproduction of the consolidated financial statements and of the combined management report contained in the above-mentioned file in accordance with Section 317 (3a) HGB and IDW Auditing Standard: Audit of the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibilities under those requirements are further described in the "Auditor's responsibilities for the audit of the ESEF documents" section. Our audit practice has applied the requirements of the IDW Quality Management Standards, which implement the International Standards on Quality Management of the IAASB.

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents

The managing directors of the company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 no. 2 HGB.

Furthermore, the company's management is responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material non-compliance, whether due to fraud or error, with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Responsibility of the auditor of the consolidated financial statements for the audit of the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material - intentional or unintentional - non-compliance with the requirements of Section 328 (1) HGB. During the audit, we exercise professional judgment and maintain professional scepticism. In addition we

- Identify and assess the risks of material non-compliance with the requirements of Section 328 (1) HGB, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit of the ESEF documentation in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these controls.
- Assess the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date for the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Assess whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with Articles 4 and 6 of the Delegated Regulation (EU) 2019/815 in the version applicable at the reporting date provides an adequate and complete machine-readable XBRL copy of the XHTML reproduction.

Other information pursuant to Article 10 EU-APrVO

We were elected as auditor by the annual general meeting on June 25, 2024. We were engaged by the supervisory board on September 24, 2024. We have been the auditor of Francotyp-Postalia Holding AG since the financial year 2024.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (audit report).

Other matters - Use of the audit opinion

Our audit opinion should always be read in conjunction with the audited consolidated financial statements and the audited combined management report as well as the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format - including the versions to be filed in the company register - are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not replace them. In particular, the ESEF report and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

Responsible auditor

The auditor responsible for the audit is Mr. Martin Behrendt.

Berlin, April 24, 2025

BDO AG

Auditing company

Sartori Auditor	Behrendt Auditor

Financial calendar

FINANCIAL CALENDAR	
Consolidated financial statements 2024	28 April 2025
Results for the first quarter 2025	28 May 2025
Annual General Meeting, Berlin	24 June 2025
Interim Financial Report 2025	28 August 2025
Results for the third quarter 2025	20 November 2025

We cannot exclude the possibility of postponements, please check the current status at https://www.fp-francotyp.com/finanzkalender/.

Imprint

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Sustainability report in the form of a non-financial statement

Sustainability has long been a firm fixture at numerous levels of our company. Growing sustainably is part of our responsibility as a global corporation to our employees, to our customers and suppliers, to our shareholders, and to our social and natural environment. Growing keeps us in a position to constantly improve our fulfilment of this responsibility. Our separate non-financial report describes how we meet this responsibility. It is available on our website at https://www.fp-francotyp.com/reporting-centre/.

Forward-looking statements

This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of Francotyp-Postalia Holding AG. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. Francotyp-Postalia Holding AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this annual report. It is neither the intention of Francotyp-Postalia Holding AG nor does Francotyp-Postalia Holding AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published. The annual report is also available in German. It is available for download in English and German at www.fpfrancotyp.com. If there are variances, the German version has priority over the English translation.

Multi-year overview

FIGURES IN ACCORDANCE WITH CONSOLIDATED FINANCIAL STATEMENTS (IN EUR MILLION)

	2024	2023[1)]	2022[2)]	2021	2020[3)]
Revenue	**169.3**	175.6	251.0	203.7	195.9
Recurring revenue	**115.8**	124.6	171.1	131.7	127.1
EBITDA	**25.3**	27.6	27.6	18.5	8.7
as percentage of revenue	**14.9**	15.7	11.0	9.1	4.4
EBIT	**5.9**	10.8	6.6	-0.7	-14.2
as percentage of revenue	**3.5**	6.2	2.6	–0.3	–7.2
Consolidated profit	**14.6**	10.4	8.0	0.4	–15.3
as percentage of revenue	**8.6**	5.9	3.1	0.2	–7.8
Free cash flow	**24.2**	9.1	8.1	6.5	11.4
Share capital	**16.3**	16.3	16.3	16.3	16.3
Equity	**50.5**	34.4	25.0	14.5	12.0
as percentage of balance sheet	**30.3**	19.5	14.4	8.7	6.9
Return on equity (%)	**28.9**	30.5	32.7	2.8	–128.0
Debt capital	**116.4**	141.8	148.2	151.1	160.3
Net debt	**–7.9**	14.4	18.1	20.5	23.8
as percentage of equity	**-16**	42	72	141	199
Balance sheet total	**166.9**	176.1	173.2	165.6	173.6
Share price end of year (EUR)	**2.22**	2.84	3.45	3.10	3.20
Earnings per share (basic in EUR)	**0.93**	0.67	0.50	0.02	–0.95
Earnings per share (diluted in EUR)	**0.93**	0.67	0.50	0.02	–0.95

[1)] Comparative figures in 2023 adjusted
[2)] Comparative figures in 2022 adjusted
[3)] Comparative period 2020 adjusted

Key figures

FIGURES IN ACCORDANCE WITH CONSOLIDATED FINANCIAL STATEMENTS (IN EUR MILLION)

	2024	2023[1]	Change in %
Revenue	**169.3**	175.6	–3.6
Recurring revenue	**115.8**	124.6	–7.1
EBITDA	**25.3**	27.6	–8.3
as percentage of revenue	**14.9**	15.7	n.a.
EBIT	**5.9**	10.8	–45.4
as percentage of revenue	**3.5**	6.2	n.a.
Consolidated profit	**14.6**	10.4	40.4
as percentage of revenue	**8.6**	5.9	n.a.
Free cash flow	**24.2**	9.1	165.9
Share capital	**16.3**	16.3	n.a.
Equity	**50.5**	34.4	46.8
as percentage of balance sheet	**30.3**	19.5	n.a.
Return on equity (%)	**28.9**	30.5	n.a.
Debt capital	**116.4**	141.8	–17.9
Net debt	**–7.9**	14.4	–154.9
as percentage of equity	**–15.6**	42	n.a.
Balance sheet total	**166.9**	176.1	–5.2
Share price end of year (EUR)	**2.22**	2.84	–21.8
Earnings per share (basic in EUR)	**0.93**	0.67	38.8
Earnings per share (diluted in EUR)	**0.93**	0.67	38.8

[1] Comparative figures in 2023 adjusted

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