Financial Results Q1 2023

CONFERENCE CALL

Mai 25th, 2023

Q1 2023 financial performance

Lower top- and bottom-line due to high Q1 2022 comparison base, effected by one-offs

Revenue -2.1%

EBITDA -16.1%

EPS ↓0.18

€ m	Q1 2022	Q1 2023
Revenue	65.2	63.8
EBITDA	10.3	8.7
EBITDA Margin	15.8 %	13.6 %
Depreciation/ Amortisation	4.9	4.4
Consolidated Profit	5.3	2.4
EPS *(basic/diluted Euro)*	0.33	0.15

Revenue decreased by 2.1%, Q1 2022 was positively influenced by large one-off effects

- **Digital Business Solutions** revenue increased from **€m 7.6 to €m 8.4 (10,5%)**; main drivers FP Sign, eJustice, Asset Track & Parcel Shipping
- **Mailing, Shipping & Office Solutions** revenue from **€m 35.2 to €m 38.2 (8.5%)**; main driver is inclusion of Azolver in Q1 2023, FX effect of €m 0.5
- **Mail Services** revenue declined from **€m 22.4 to €m 17.2 (23.2%)**, mainly due to non-recurring one-offs of €m 5.2 in Q1 2022
- Revenue without non-recurring effects increased by **13.9%**

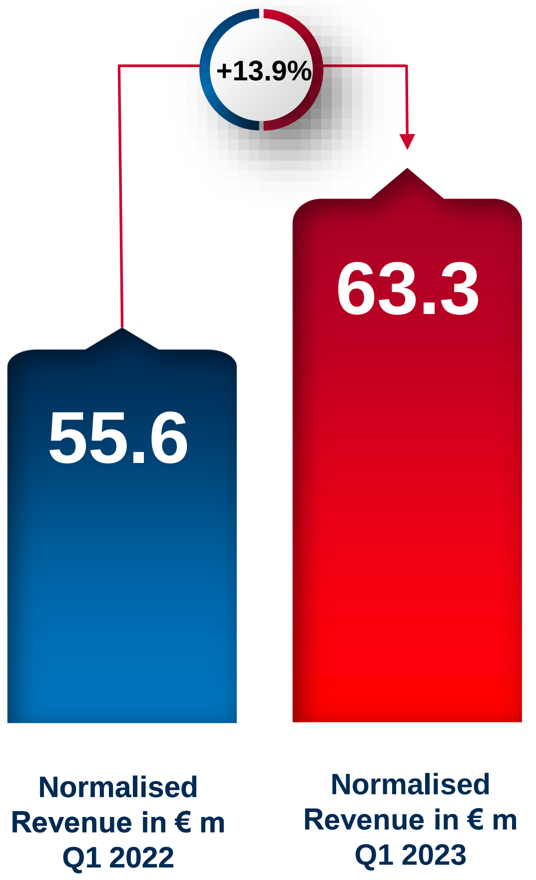
EBITDA declined, impacted by the following aspects:

+ **FUTURE@FP** has **improved** our **cost base**
- Investing in **ONE ERP** (€m 1)
- Investing in **new technology** and **software development capacity**
- Q1 2023 includes **Azolver** with lower margin compared to FP, full effects from integration will show during 2023
- Q1 2022 impacted positively by **rate-change Germany €m 2.6**

Normalised Revenue Q1 2023

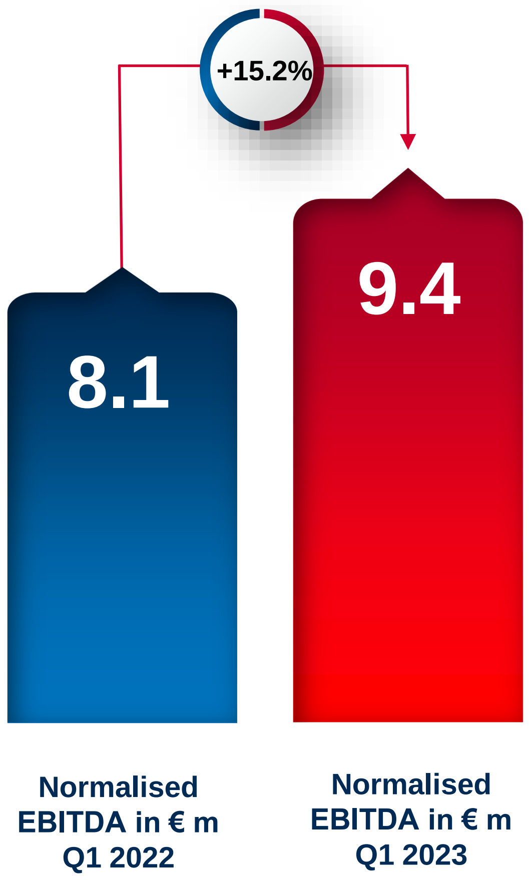
€ m	Q1 2022	Q1 2023
Revenue (as reported)	**65.2**	**63.8***
Rate Change (Germany)	- 2.9	0.0
Currency effects	- 1.1	- 0.5
DBS one-off contract	- 0.4	0.0
Mail Services one-off Contract	- 5.2	0.0
Normalised Revenue	**55.6**	**63.3**

* Revenue Q1 2023 includes Azolver revenues



Normalised EBITDA Q1 2023

€ m	Q1 2022	Q1 2023
EBITDA (as reported)	**10.3**	**8.7***
Rate Change (Germany)	- 2.6	0.0
Currency effects	- 0.9	- 0.3
One ERP	0.8	1.0
M&A expenses	0.5	0.0
Normalised EBITDA	**8.1**	**9.4**
Normalised Revenues	**55.6**	**63.3**
Normalised EBITDA Margin	**14.6 %**	**14.8 %**



Normalised Revenues exclude Rate Change, Currency effects and DBS and Mail Services Non-Recurring in 2022

* EBITDA Q1 2023 includes Azolver EBITDA

Free Cash Flow and Net Debt

FCF improving – Net Debt decreasing

FCF +128%

Free Cash Flow € m	Q1 2022	Q1 2023
Cash flow from operating activities	8.2	7.4
Free cash flow	2.0	4.5

- **Decline in cash flow from operating activities** due to lower **EBITDA**
- **Free cash flow** at € m 4.5, in Q1 2022 free cash flow was impacted by **acquisition** (€ m 4.1)

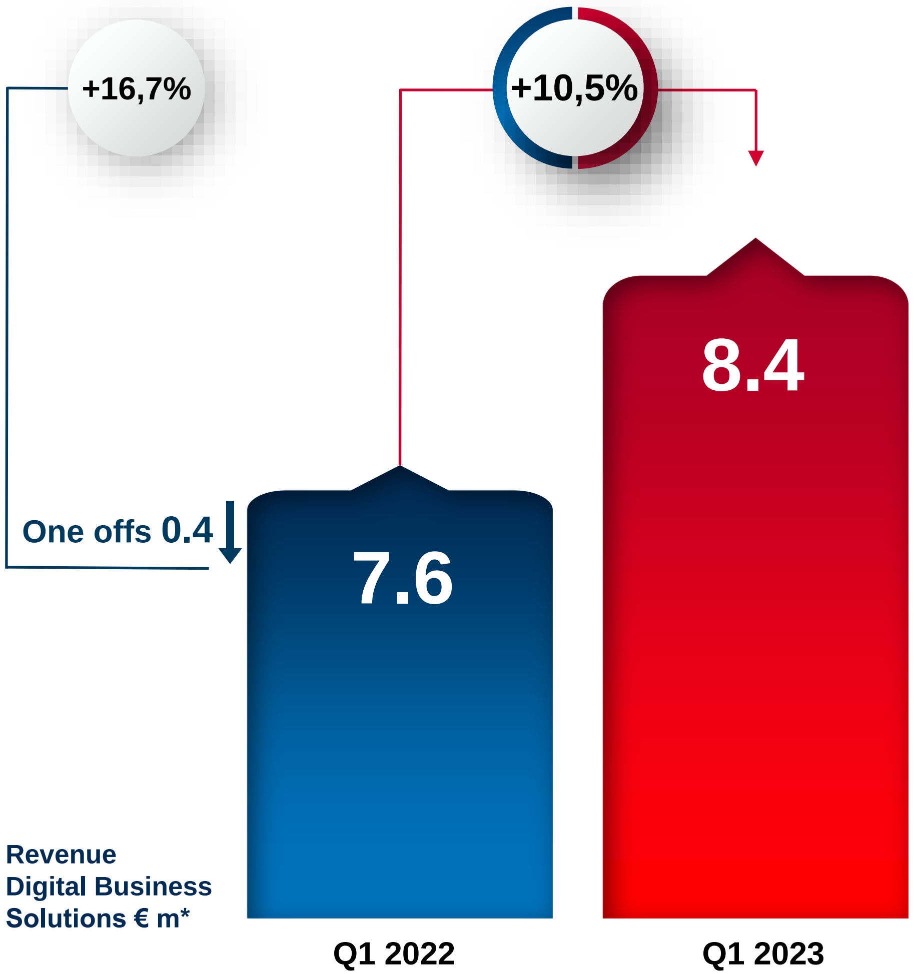
Net Debt -15.5%

Net Debt € m	31.12.2022	31.03.2023
Financing liabilities	41.0	41.5
Cash (without postage held)	22.8	26.2
Net Debt	18.2	15.3

- **Net debt reduced by € m 2.9**
- **Financial covenants are met** in Q1 2023,
  – active communication with lenders continued

FP Digital Business Solutions

Continuous growth in SaaS-based solution



Document Workflow Management

- Implementing new technology
  (higher automation, less labour intensive)

Business Process Management & Automation

- **FP Sign**
  - Continuous investment in improving product and new releases coming during 2023
  - Integration into third-party platforms (SharePoint 365)
  - Project work and preparation for first international launch
- **De-Mail / e-justice**
  - Continuous customer onboarding
  - Developing further e-justice applications like eBO

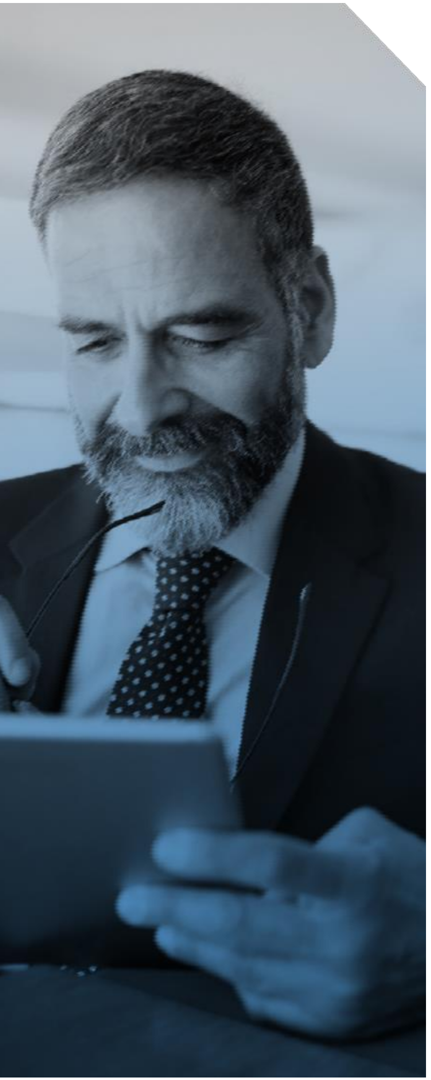
Shipping & Logistics

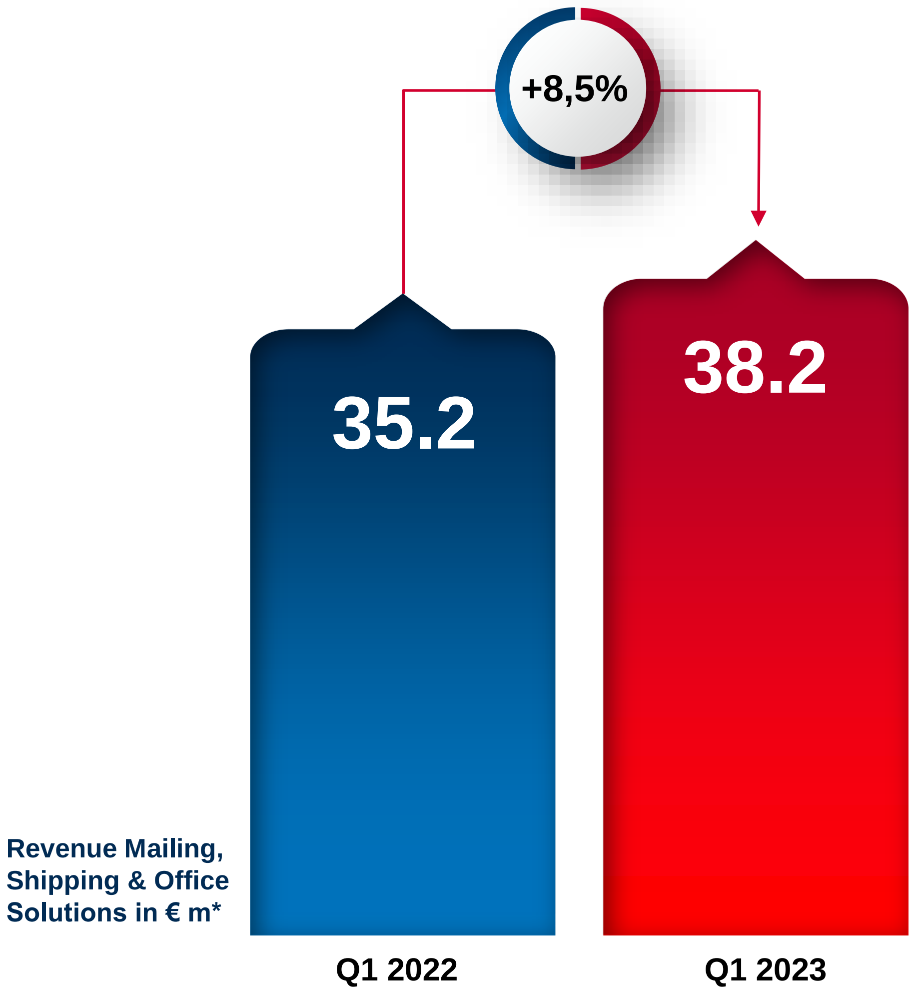
- New stand-alone FP Parcel Shipping launched in Norway in Q1
- Further international launches during the year
- Marketing events for Trax and pakadoo

*Including stand-alone software solution revenues sold by MSO;
previous year figures have been adjusted: DBS consolidation profits have been reallocated from Mail Services to DBS

FP Mailing, Shipping & Office Solutions

Revenue growth – impacted by first-time inclusion of Azolver in Q1 2022



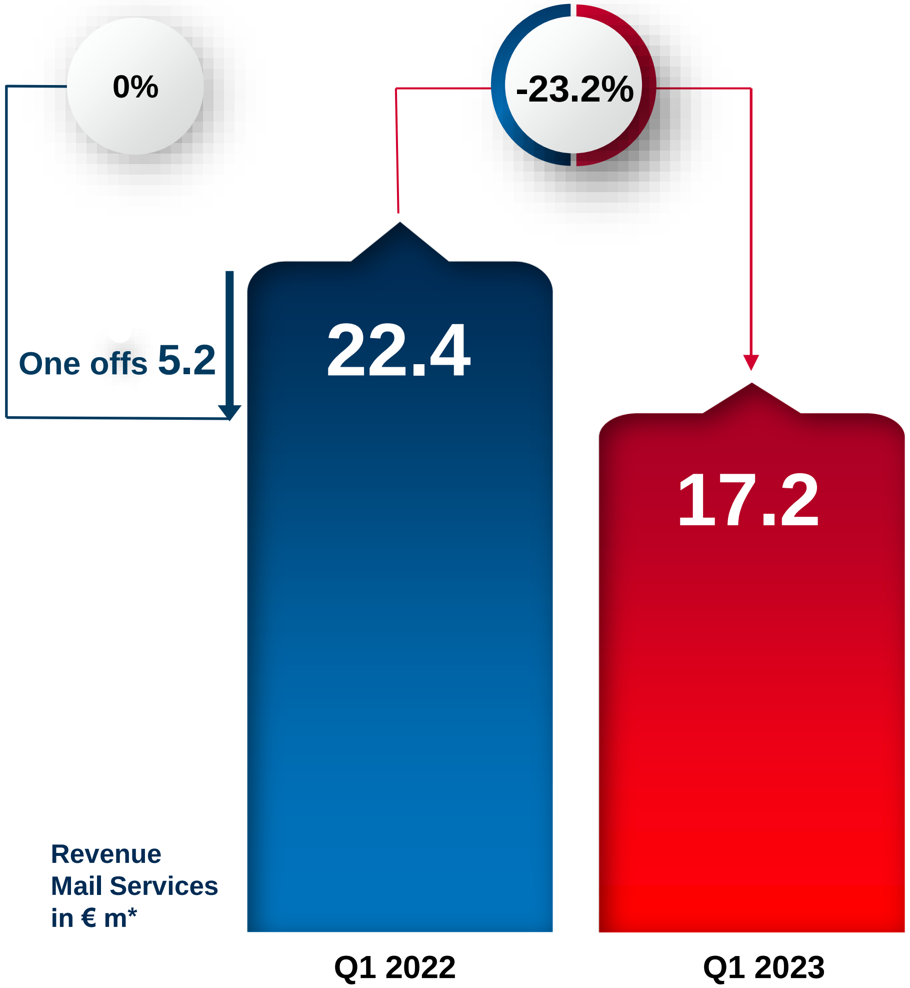


- **Revenue** increase of 8.5%
  - Q1 2022 influenced by positive one-off effects from **rate change** in Germany of €m 2.9 and FX-effects of €m 1.1
  - Q1 2023 including revenues from Azolver entities (acquired in Q1 2022) and positive FX effect of €m 0.5
  - Ongoing **switch of Azolver** customers to **FP franking machines**
- Overall market trend in the franking business still challenging with year-on-year decline of 4-6%

*Excluding stand-alone digital solution sales of MSO

FP Mail Services

Stable revenues on a normalized perspective due to one-offs in Q1 2022



- On a normalized perspective stable revenues in Q1
  - Q1 2022 recorded one-off revenue effects of €m 5.2 from unplanned higher franking volumes, partly due to pandemic-related one-off effects
- Implementation of new discount scheme by Deutsche Post, in place since January 2023
- Consistent cost management will keep margins at a stable level

*previous year figures have been adjusted: DBS consolidation profits have been reallocated from Mail Services to DBS

FUTURE@FP – next level 2023 onwards

5 key programs to continue on the profitable growth path

1. Right Sizing – Right Shoring

DBS Document Workflow Management

Group Services

“Wave 2”

Restructuring & Nearshoring

→ 2023/24

2. Operating Model

Implement Group Services
- **IT**
- **Finance Operations**
- **HR Operations**
- **Tallinn**

Refine Group Marketing

MSO reorganized for better leverage of selling DBS SaaS also via MSO

→ during 2023

3. ERP/CRM

First go-lives DBS and MSO Sweden

Onboard remaining MSO countries

Foundation for **operating model**

Automate and **Digitalise Back-Office and Front-Office**

Run FP by KPIs

→ during 2023

4. Digital Business Foundation

Add all SaaS solutions to standardized Subscription & Billing

Self-service onboarding
- **FPSign**
- **FPPS**
- **TRAX**

Internationalize

→ 2023

5. Increase Value for Customers*

MSO:
- **Franking –** stay relevant with further office solutions
- Facelifts and new market intros

DBS:
- **Document Workflow Mgmt.**
  – IT-intensive not labor intensive
- **Business Process Management & Automation**
  – Internationalize
  – build enterprise solutions
- **Shipping&Logistics**
  – Internationalize

→ Continuous process

* Selected samples, further initiatives in all areas

Summary

- Q1 almost at the same level as last year despite all the tailwinds in 2022
- On a normalised base:
  - Revenue €m 63.3; growth of 13.9%
  - EBITDA €m 9.4; growth of 15.2%
- DBS
  - all three areas growing
  - internationalisation initiated for SaaS-based solutions
- EV/EBITDA based on mid-point of guidance corresponds to a multiple of ~ 2.5

Guidance for 2023

Improving revenue and EBITDA

	2022 as reported	2022 normalised	Guidance 2023
REVENUE	€ m 251	€ m 229	€ m 245 - 255
EBITDA	€ m 27.6	€ m 26.2	€ m 28 – 31
EBITDA-MARGIN	11.0 %	11.4 %	11.4 – 12.2 %

Disclaimer

Statements in this release relating to future development and the Group's forecasts are based on our careful assessment of future events - based on economic forecasts. Any additional negative economic developments beyond this, such as a further lockdown of entire or specific economic sectors, may lead to actual results for fiscal year 2023 deviating from the forecast figures.

Financial Results Q1 2023

Q&A Session

Appendix

Revenue by Product and Service Q1 2023

Recurring revenue base

€ m	Q1 2022	Q1 2023
Equipment sales & others	8.4	9.1
Service	8.0	8.0
Consumables	7.0	7.4
Teleporto	1.9	2.3
Mail Services	22.4	17.2
Software / Digital	7.6	8.4
Revenue acc. to IFRS 15	**55.4**	**52.4**
Finance Lease	2.5	3.8
Operate Lease	7.3	7.7
Revenue acc. to IFRS 16	**9.8**	**11.5**
Currency effects (hedge accounting)	-0.1	0.0
Revenue total	**65.2**	**63.8**

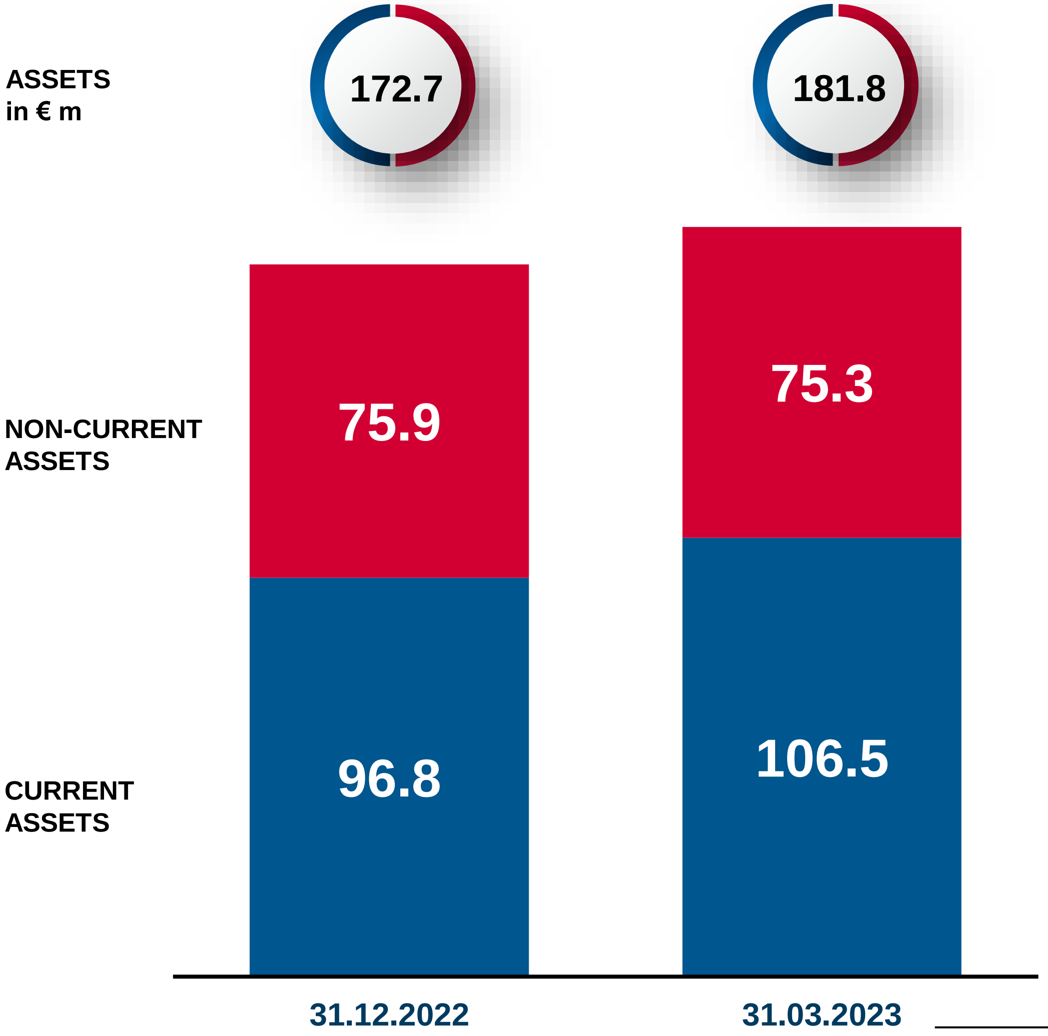
Consolidated Statement

of profit and loss Q1 2023

€ m	Q1 2022	Q1 2023
Revenue	**65.2**	**63.8**
Change in inventories	0.7	0.3
Other own work capitalised	1.8	2.1
Total output	**67.7**	**66.2**
Cost of materials	-33.9	-30.3
Personnel expenses	-14.2	-17.0
Impairment losses and gains on trade receivables	-1.0	-0.4
Other expenses (less other income)	-8.3	-9.7
EBITDA	**10.3**	**8.7**
as % of revenue	*15.8%*	*13.6%*
Depreciation/Amortisation	-4.9	-4.4
Interest result	0.4	-0.2
Other financial result	0.4	-0.5
Income taxes	-0.8	-1.2
Consolidated net income	**5.3**	**2.4**
EPS (€ basic)	**0.33**	**0.15**
EPS (€ diluted)	**0.33**	**0.15**

Financial Situation

Balance Sheet - Assets (31.03.2023)



Non-Current Assets

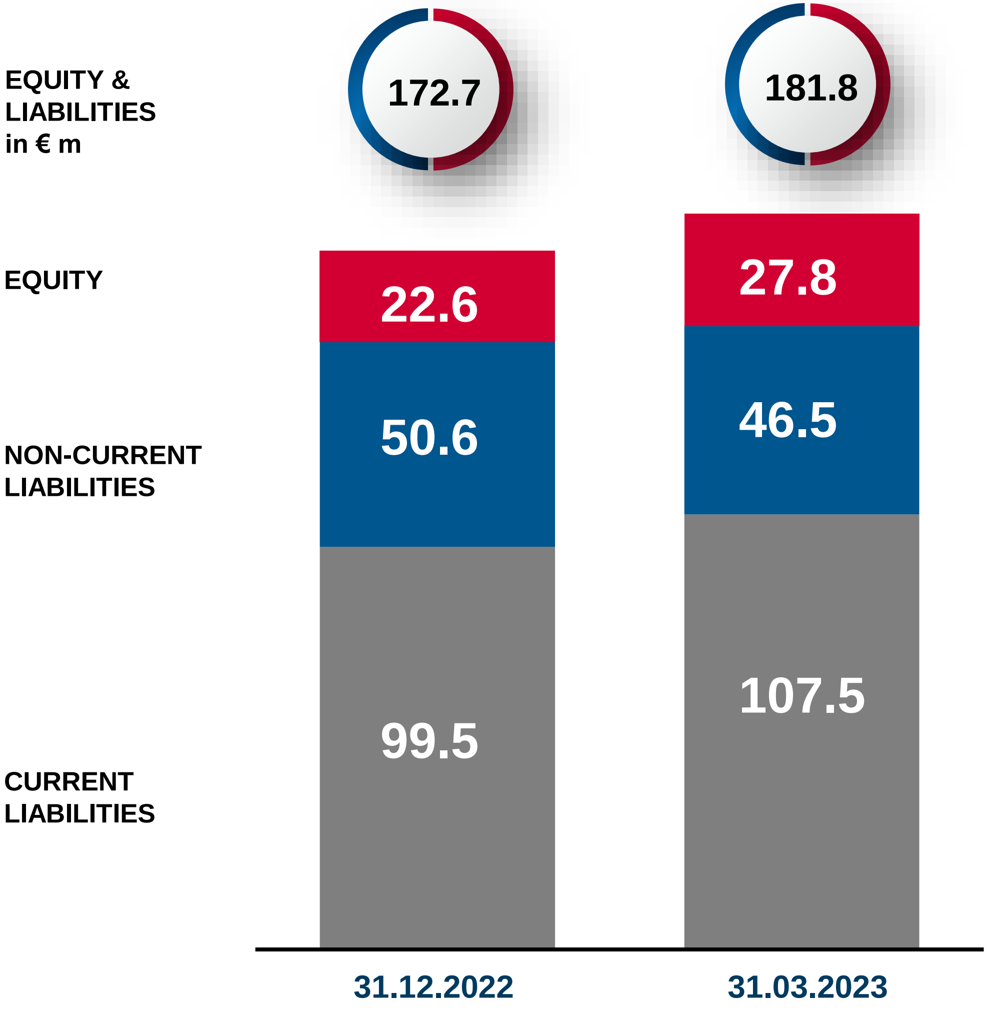
- Intangible assets decrease mainly due to amortization

Current Assets

- Stable development of inventories
- Increase in trade receivables by € m 1.3 in DE and US
- Increase in other financial assets (€ m 1.2) and in other non-financial assets (€ m 1.2)
- Increase in cash and cash equivalents by € m 6.5, thereof in postage credit balances managed by the FP Group by € m 3.1

Financial Situation

Balance Sheet - Equity & Liabilities (31.03.2023)



Equity ratio of 15.3 %
(31.12.2022: 13.1%)

Non-current liabilities

- Decrease in deferred tax liabilities by € m 3.5 and lease liabilities by € m 0.8

Current liabilities

- Increase of bank liabilities (€ m 0.5) and lease liabilities (€ m 0.8)
- Increase in other non-financial liabilities of (€ m 3.8) mainly due to increase of contract liabilities in MSO
- Increase in financial liabilities from telepostage (€ m 3.4) corresponding to asset side

General Information

FP Management Board

Carsten Lind

CEO
since November 2020

Degree in M.Sc, Ba and EMBA

- Long-standing experience in technology companies: Regional CEO for 13 years in international IT & consulting companies such as CSC and Fujitsu as well as Asterion

Ralf Spielberger

CFO
since October 2022

Degree in Business Administration

- Proven financial expert with extensive experience in digital transformation processes: CFO for more than 15 years in international companies such as Pitney Bowes, ADAC SE and CSC.

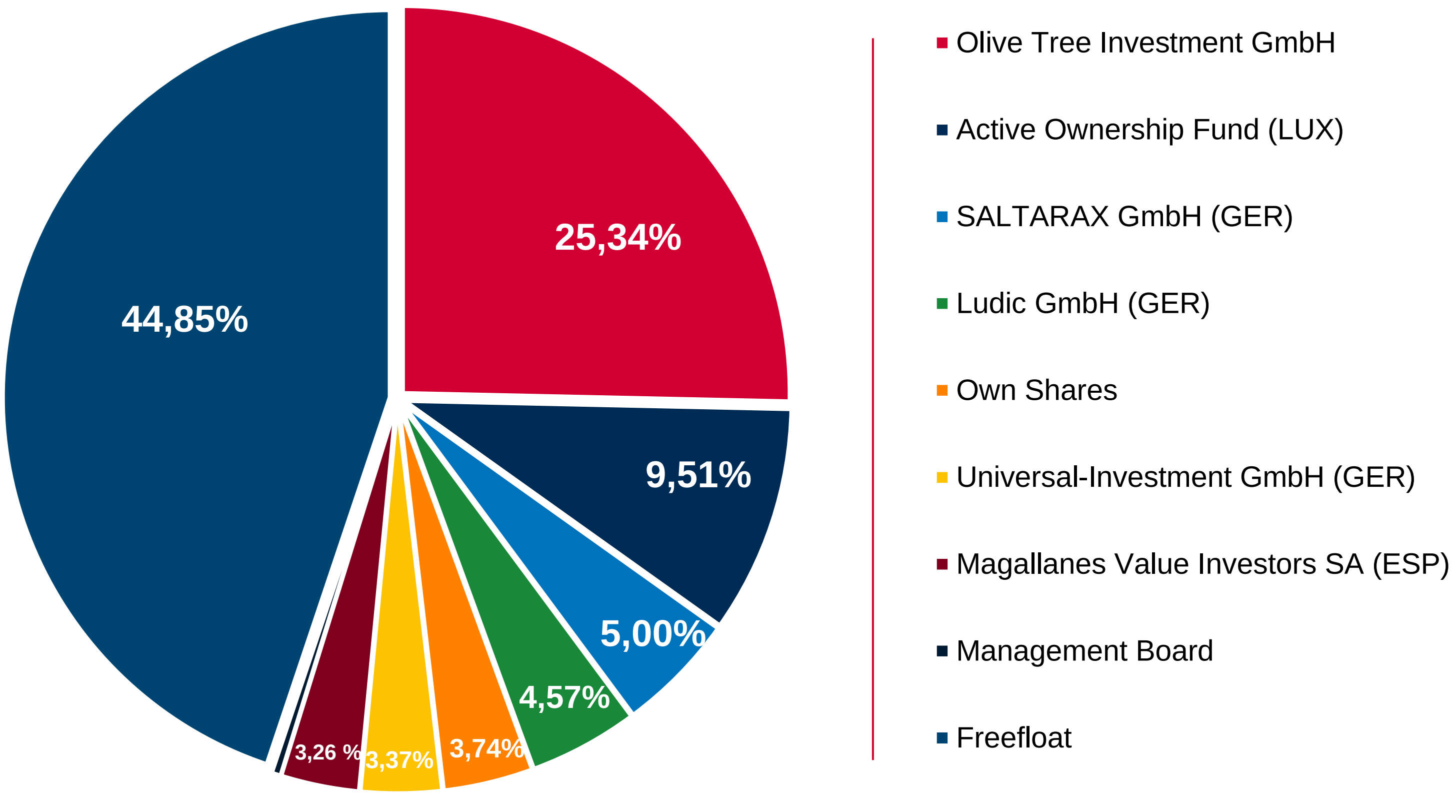
The FP share

Strong & international shareholder base (in %)

 # shares 16,301,456

Market cap approx. € m 56*

Prime Standard



*** May, 22nd 2023**

Financial Calendar

2023

2023

- **27th April** – Results for the Financial Year 2022
- **15/16th May** – German Spring Conference Frankfurt
- **25th May** – Results for the First Quarter 2023
- **14th June** – Annual General Shareholders’ Meeting, Berlin
- **31st August** – Results for the First Half Year 2023
- **18th September** – Baader Investment Conference Munich
- **23th November** – Results for the Third Quarter 2023
- **27th November** – Deutsches Eigenkapitalforum Frankfurt

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Disclaimer

This report contains forward-looking statements on the business development of the Francotyp-Postalia Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press.

The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany) or in the USA, UK, or Canada will have a corresponding impact on the development of our business.

The same applies in the event of a shift in current exchange rates relative to the US dollar, sterling and Canadian dollars. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2022 Annual Report develop in a way other than we are currently expecting.

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