



Tradition Innovation *Change*

Annual Report
2023 / 2024





Tradition **Innovation** *Change*

Tradition and innovation continue to characterize the HEIDELBERG identity to this day. And they are still helping us to face transformation and initiate our own change. This applies to financial year 2023/2024 in particular: We are opening up new markets in the packaging sector. We are integrating more environmentally friendly materials and digital solutions into the printing workflow. And we are enabling our customers to increase sustainability in their production processes. In short: We are combining our many years of know-how with the opportunities of the future.

Company profile

The HEIDELBERG Group (HEIDELBERG) is an innovative technology company with a leading position in the printing industry. For almost 175 years, we have stood for quality and sustainability as a reliable partner with a high level of innovation. Thanks to state-of-the-art technologies and innovative business ideas, we want to shape the future trends in the printing industry.

At the same time, we are investigating where we can tap into new markets with our competencies thanks to technological synergies and production-specific features.

Acting responsibly is also a central principle of our strategy.

Two-year overview – HEIDELBERG Group

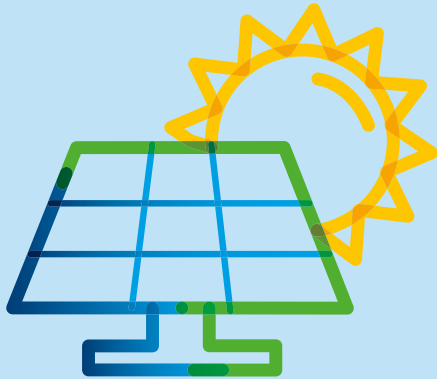
Figures in € millions	2022/2023	2023/2024	Change in %
Results of operations			
Incoming orders ¹⁾	2,433	2,288	– 6
Order backlog at financial year-end ¹⁾	848	652	– 23
Net sales	2,435	2,395	– 2
EBITDA ²⁾	209	168	– 20
Adjusted EBITDA ^{2),3)}	175	172	– 2
in percent of sales	7.2	7.2	0
Result of operating activities	131	91	– 31
Net result after taxes	91	39	– 57
Earnings per share in €	0.30	0.13	– 57
Financial position			
Cash generated by operating activities	33	90	+ 173
Free cash flow	72	56	– 22
Net assets			
Equity	514	527	+ 3
Net financial position ⁴⁾	51	77	+ 51
Number of employees at financial year-end ⁵⁾	9,554	9,591	0

1) All information on incoming orders and order backlog in this report is not part of the management report and is not the subject of an audit by the auditor KPMG
2) Result of operating activities before interest and taxes and before depreciation and amortization
3) Adjustment is reported as of FY 2023/2024; previous year adjusted; FY 2019/2020 to 2021/2022 not reportable
4) Net total of cash and cash equivalents and current securities and financial liabilities
5) Number of employees excluding trainees

Highlights 2023 / 2024

€ **2,395** million
net sales

7.2 %
adjusted EBITDA margin



1,000 t
CO₂ per year are saved
by our PV system in Amstetten

€ **77** million
net financial position



HEIDELBERG

Stories

Full package for the future

p. 16 The international market for paper- and carton-based packaging is booming. CEO Dr. Ludwin Monz and Jean-François Roche, Head of Sales at Graphic Packaging International, explain how printing machine manufacturers and print shops are benefiting.



Benefit digitally

p. 20 HEIDELBERG is seeking to reposition itself on the commercial printing market – with an ecosystem that also integrates digital printing.

Things are getting rolling

p. 10 A flying job changeover in just seconds – fully automated and without downtime. The new Boardmaster makes this possible.

Fine fluids

p. 22 Something is brewing in the HEIDELBERG ink lab: cyan, yellow, magenta and black. We watch Dr. Hachmann as he searches for the perfect inkjet ink.



**“Financial year
2023/2024 presented
us with enormous
challenges that we
successfully mastered.”**

Dr. Ludwin Monz, CEO



01

To our investors

- 26 Letter from the Management Board
- 28 Strategic orientation
- 32 HEIDELBERG on the Capital Markets

02

Combined Management Report

- 36 Basic Information on the Group
- 44 Economic Report
- 58 Risks and Opportunities
- 71 Outlook
- 73 Legal Disclosures

03

Financial section

- 77 Consolidated financial statements
- 143 Responsibility statement
- 144 Independent auditor's report
- 151 Further information

04

Supervisory Board and Corporate Governance

- 160 Report of the Supervisory Board
- 166 Remuneration report –
Management Board and Supervisory Board
- 184 Independent auditor's report
on the remuneration report
- 186 Corporate Governance Declaration
- 198 Compliance

Values



and *Change*

The printing industry is continuing to undergo a radical transformation. In addition, financial year 2023/2024 was characterized by a challenging environment. It is therefore all the more important for HEIDELBERG to position itself to meet future challenges. Ludwin Monz and Tania von der Goltz look back at the past financial year and forward to the tasks ahead.

“We develop solutions that are tailored exactly to our customers’ needs and deliver responses to the industry’s megatrends.”

Dr. Ludwin Monz, CEO

“The value creation program is our road map, guideline and checklist for succeeding in our transformation.”

Tania von der Goltz, CFO



Sep.

Photovoltaic system

A photovoltaic system begins operation at the Amstetten site.



2023

May

Boardmaster flexographic printing system

HEIDELBERG unveils the new Boardmaster at Interpack.



July

100 years of the Gallus Group

Gallus celebrates its anniversary by opening a new innovation hub.



June

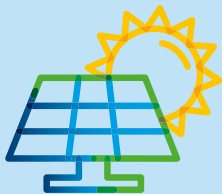
Unboxing Value

The value creation program starts.

Our milestones

Financial year 2023/2024

2024



Dec.

Photovoltaic system

A further photovoltaic system is planned for the largest assembly building at the Wiesloch-Walldorf site.



Jan.

Amperfiel

The system supplier enters into a partnership with DB Bahnbaugruppe GmbH.



June

drupa 2024

HEIDELBERG presents its solutions under the motto „Unfold Your Potential!“ and strengthens its digital printing portfolio through a strategic partnership with Canon.



“Financial year 2023/2024 presented us with enormous challenges that we successfully mastered.”

Dr. Ludwin Monz, CEO

Mastering challenges with innovations

Full of energy

In financial year 2023/2024, we focused strongly on sustainability and our climate strategy, taking financial year 2021/2022 as the reference year. Our target remains to make manufacturing operations at our production and development sites climate-neutral (Scope 1 and 2) by calendar year 2040. To achieve this, we will continue to work on measures such as improving energy efficiency, increasing our own generation of electricity, and procuring green electricity. In respect of Scope 3 emissions, our focus is on the emissions caused by purchased components or logistics chains, alongside the resource efficiency of our machines. Our target is to reduce these emissions along the value chain by 25 percent by financial year 2031 and at least 90 percent by 2051.

We have installed a photovoltaic system at the Amstetten site with the aim of cutting CO₂ emissions by around 1,000 metric tons each year. By installing a second system at our Wiesloch-Wallendorf site, we will achieve an additional reduction in our CO₂ emissions. An internal policy ensures that we systematically integrate regulatory environmental requirements into our development process, taking account of factors such as materials, chemicals, waste and energy from the outset.

System supplier for charging solutions

We have continued developing our range of charging solutions for electromobility. Amperfied is evolving into a system supplier for companies and fleet managers. In the future, commercial customers will be able to benefit from a convenient leasing model for charging infrastructure, thereby greatly reducing the obstacles to installation. Here, Amperfied is working with Heidelberg Print Finance, the Group's financing company. It has also entered into a partnership with DB Bahnbau Gruppe, and is contributing to the nationwide expansion of Germany's commercial and public charging infrastructure.



Growing market for folding cartons

In May 2023, we unveiled our newly developed Boardmaster flexographic printing system at Interpack. This machine targets the growth segment of large-volume folding carton printing and scores highly with up to 90 percent availability. The fully automated combination of a smart plate scanner and printing units with two print decks each ensures job changes with almost no waste or downtime. To address new growth areas, we will be collaborating with Solenis – a leading producer of specialty chemicals – in the Boardmaster project to develop an inexpensive process for manufacturing flexible paper packaging.

Response to megatrends

The printing industry's largest trade fair – drupa – took place for the first time in May/June 2024 after an eight-year pause. For this reason, the past financial year was characterized by preparations for the event and the launch of our innovations. Under the motto of “Unfold Your Potential”, we presented new solutions to help our customers respond to megatrends such as cost pressure, the shortage of skilled workers, and growing sustainability requirements. The new Speedmaster XL 106, for example, is part of

an overall concept that can increase productivity in packaging printing by as much as 20 percent because it operates at a speed of up to 21,000 sheets per hour. The basis for this is the higher printing speed or the automation of other process components. One major highlight was the presentation of the new HEIDELBERG Jetfire, a digital inkjet printing machine for the commercial printing market. Customers in this segment are increasingly turning to hybrid product solutions combining the offset and inkjet processes. Our innovative Prinect workflow software links both worlds seamlessly – a key advantage compared with existing solutions. We are also increasing the attractiveness of the workplaces at our machines with state-of-the-art user interfaces, a low-emissions working environment, and software that makes work operations easier and reduces the sources of error. The Prinect workflow system streamlines the Press Center operating step by around 70 percent.

We launched the Unboxing Value program in June 2023

A key goal of the value creation program is to increase our profitability, thus freeing up more financial resources that we aim to invest in areas with growth potential in particular. The basis for this is a reduction in our costs. In the medium and long term, therefore, we need to adjust the Company's structure and align its processes with current and future conditions.

Analysis phase

We used financial year 2023/2024 for things like a detailed analysis phase that enabled us to identify 250 initiatives. These will be implemented, sometimes at very short notice, in the period through to financial year 2026/2027 and beyond. In the past financial year, short-term measures meant that we were already able to make a substantial contribution to the Company's financial development. They helped us to respond to cost increases and other economic challenges associated with market development.

“The resilient development is proof of our financial discipline.”

Tania von der Goltz, CFO



Holistic approach

The program is based on a holistic approach and addresses all business areas. For example, we are planning to significantly increase the number of service contracts that are already concluded when we sell one of our machines. Another focus is the cost of products. In this connection, teams from Development, Procurement and Production are working together to optimize the entire value creation process from the design phase onward.

Reducing the commitment of capital is a key aspect for us. In the past financial year, we cut inventories along the value chain and optimized receivables and liabilities.

Road map and guidelines

The sustainable changes we are seeking to achieve with our value creation program will not happen overnight. Redesigning structures and processes that may have been in place for decades requires time, consistency and determination. The value creation program provides the road map, guidelines and checklist needed to ensure implementation.



**Things
are getting
*rolling***

More productive, more flexible, more economical: HEIDELBERG is opening up completely new potential in flexographic printing with the Boardmaster. The concept of seamless job changeover without downtime coupled with maximum automation not only helps in technological terms, it also addresses the shortage of skilled workers. Now the Boardmaster team, led by Felix Müller and his predecessor Matthias Boog, wants to get off to a sustainable start.



“The modular structure of the system allows us to grow with market requirements and adapt the machine configuration accordingly.”

Felix Müller

Six paper rolls weighing several tons are waiting for their turn at the Print Media Center in Wiesloch. Together they provide 30 kilometers of printing material. It's hard to imagine that the Boardmaster needs less than an hour to process this length. But as soon as the machine takes off, any doubt vanishes – at 600 meters per minute. But what is even more impressive is that the machine can print folding cartons for tea bags, soft drinks and other products one after the other without interruption when switching from one job to the next.

The non-stop principle

Felix Müller, Head of Heidelberg Web Carton Converting GmbH since January 2024 and thus responsible for the Boardmaster and other products assembled in Weiden, stands in front of one of the printing units and explains the unique non-stop principle: “A flying job changeover can also be done with other machines – but they need operators who have to set everything manually to start up. Waste is almost unavoidable. The Boardmaster switches fully automatically from one faultless print to the next in a fraction of a second – with just a few meters of waste.”

To accomplish this, engineers came up with some new ideas: They installed two print decks in each print unit for quick changeovers. The Intellimatch printing plate scanner supplies the optimal presettings for the new job. It scans each printing plate with cameras and sends the data to the machine. The operators can focus on other tasks.

Passing on know-how

Next to Felix Müller is his predecessor Matthias Boog. Since officially retiring from HEIDELBERG, he has been working for the company in an advisory capacity. In typical Boardmaster fashion, the job handover between the two was seamless, but the two men took a little more time for the personal role change. “The transfer of knowledge is priceless. Matthias Boog developed the project with the team in Weiden from start to finish and knows the industry extremely well,” says Felix Müller.

New paths in development

Boog used his knowledge of the industry in the run-up to development, when he and his team spoke intensively with printers, packaging manufacturers and other potential stakeholders in 2018. They came to the conclusion: “We needed a new solution that could meet four challenges: cost pressure, productivity, a shortage of skilled workers and sustainability,” says Matthias Boog.

“We needed a new solution that would meet four challenges: cost pressure, productivity, the shortage of skilled workers and sustainability.”

Matthias Boog

For this, we needed a clever overall concept, explains Boog. Questions such as “Is the machine easy to assemble?”, “What does this mean for purchasing?” or “What does the sales department say?” provided continuous improvements. “At certain milestones, there were reality checks with customers and interested parties from the most important markets, including India, the USA, Europe and Dubai. Then came the assembly work in Weiden,” summarizes Matthias Boog. The prototype was ready in 2022, and in 2023 HEIDELBERG presented the machine at Interpack. The fully automatic line, which is currently set up in Wiesloch for demonstration purposes, is already planned for a US customer. The first prototypes are already running in the USA, and customers in Asia and Africa have placed orders.

Market expert Felix Müller, who took over from Matthias Boog in January 2024, can hardly remember a similar process in his 27 years at HEIDELBERG: “What’s been achieved in such a short time is extraordinary.” Müller is pleased about a related aspect when he thinks about the general struggle for young talent. “The fact that the Boardmaster team was very young by industry standards, with an average age of around 38, shows us that we can also inspire the next generation with innovative technologies.”

The market is there

“We are right on target with the launch and the lines already sold,” says Felix Müller. And looking at the global data, Boardmaster seems to have come at the right time, as the global market for folding cartons is growing by an estimated 2.3 percent annually. The share of packaging produced using flexographic printing is also set to increase from 13.7 percent (2010) to 15.2 percent (2027). These are the findings of market studies by the PIRA, RISI and S&P Global Insights institutes. In regional terms, according to Felix Müller, there is strong potential in the USA, where flexographic printing is popular. “At the same time, there is a huge market there in the food and beverage sector, where we at HEIDELBERG already have a lot of experience. We want the Boardmaster to take advantage of this,” says Felix Müller.

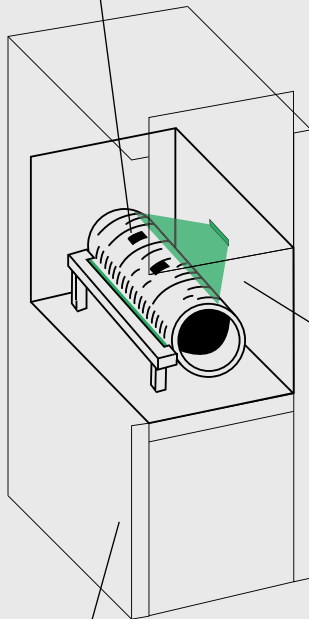


2.3 %

annual growth in the volume of flexographic printing production of folding cartons in packaging printing.

The non-stop principle

Flexographic printing plate



Scanner

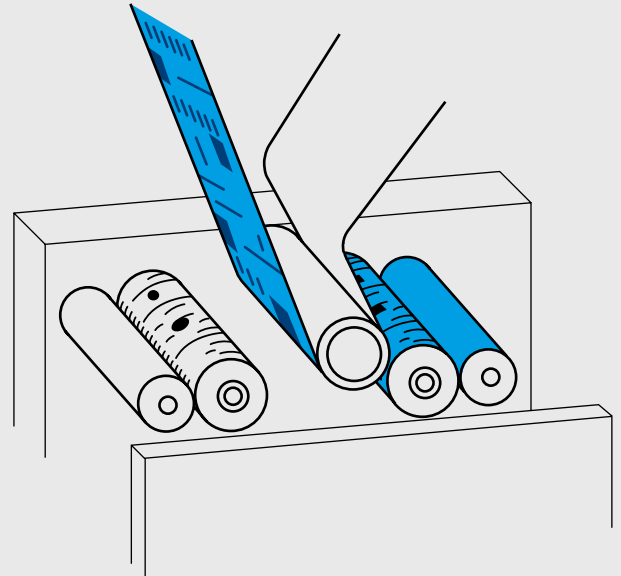
Fully automatic set-up

Cameras scan the flexographic printing plates stretched on the rollers down to the smallest detail. Algorithms – supported by artificial intelligence – analyze the data.

Data transfer with the help of AI

All parameters are transmitted to the relevant print deck of the Boardmaster. Everything is then precisely configured to the new printing plate, even while the old job is still running.

Scanning process

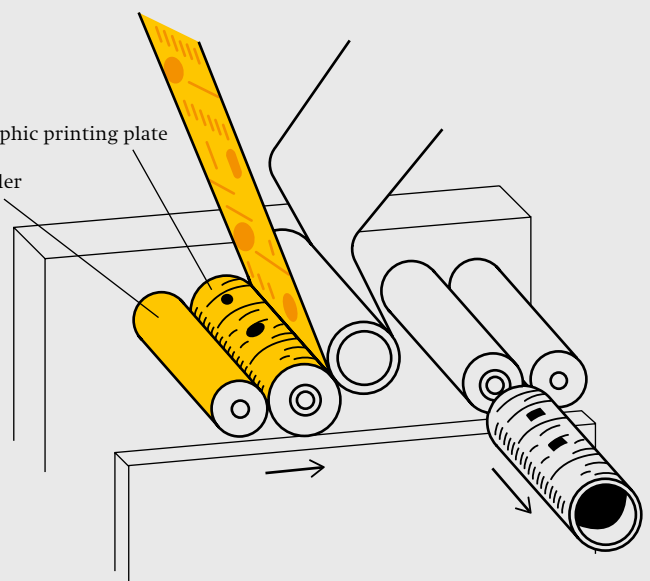


Flying changeover

Each print deck has two print units: While one print unit is running, the second is being set up for the next print job.

Flexographic printing plate

Ink roller





The “foster father”

At HEIDELBERG, the Boardmaster and its entire history are closely associated with the name Matthias Boog. He championed the new technology in 2018. His team of around 60 employees at the Weiden site developed the system in close consultation with international customers and interested parties. This is not the only reason that Matthias Boog is well connected in the mechanical engineering and printing industry. For him, the project has personal significance: “The successful market launch is an absolute highlight for me – even after gradually handing over my responsibilities last year.”

The market expert

Felix Müller returned to Germany at the beginning of the year after managing HEIDELBERG’s North America Business for a good six years. That experience gave him a wealth of knowledge about one of the most important markets for the Boardmaster. He views the packaging sector, and food and beverage in particular, as being especially interesting for the machine. He is very pleased with the guidance he received from his predecessor Matthias Boog. “Even though I am familiar with key markets, the overall concept is new. Matthias Boog is uniquely connected in the industry, so sharing ideas with him helps us all immensely.”

As is usual in the printing business, the question of ideal utilization scenarios is a numbers game with job sizes. “What we kept in mind during development: Boardmaster is not a competitor to our Sheetfed 106 systems, it is intended to complement the portfolio. The Boardmaster has advantages with jobs that require larger formats and volumes.” The machine primarily reduces overall operating costs for the high-volume production of folding cartons.

Enabler for sustainable printing

The Boardmaster concept shows how cost-effectiveness and sustainability can go hand in hand. International brand groups in particular want high-quality and sustainable printing. The recyclability of their entire range of packaging is very important to them. Plastic bags that were previously used to package confectionery or other foodstuffs are gradually disappearing. They are being replaced by fiber-based materials, i.e. recyclable paper or cardboard, with an appropriate coating if necessary. Overall, fiber-based materials reduce CO₂ consumption and pave the way for a circular economy.

“We want to be a technological enabler for sustainable development in the packaging market. Appropriate modular coating units can be integrated into the machine at any time. Together with our own drying technology, they make it possible to use environmentally friendly barrier coatings, including water-based ones,” explains Felix Müller.

Expanding service

Asked about the current agenda for Boardmaster, Felix Müller quickly lists three items: software integration, service and maintenance offers. “We already have a 24/7 hotline. But the area is expanding. The goal is to provide our global service network with know-how about Boardmaster.” This will initially take place in markets such as the USA, where most of the machines sold are in operation. At the same time, we will use real customer data to continue optimizing service: “The workflow of operators in different industries and countries varies widely. We will continue to update software and further refine the machine. And always in close alignment with customer requirements.”

600 m

The Boardmaster prints 600 meters per minute at full speed. That corresponds to around 38,000 printed sheets in format 6 (sheet width 148 cm).



PACKAGE

FULL



FOR THE FUTURE

Sustainable – especially paperboard-based – packaging is becoming increasingly important in the consumer sector. This means that packaging specialists are in demand and so are printing press manufacturers who can help bring new ideas to the shelves. HEIDELBERG CEO Dr. Ludwin Monz and Jean-François Roche, Head of International Sales at leading consumer packaging manufacturer Graphic Packaging International and current President of the European Carton Makers Association (ECMA), talk about the current trends and drivers.

Jean-François Roche (JFR) Good afternoon, it's a pleasure to be here. I suspect that HEIDELBERG and GPI have crossed paths several times on my way here today.

Ludwin Monz (LM) Do you mean in terms of packaging? That's probably true. You've almost certainly had an everyday product in your hands whose packaging was produced on a HEIDELBERG machine.

JFR Yes, it's hard to imagine a world without packaging. And we see consumer goods in particular as a great business area that will continue to grow. The outlook for paperboard-based packaging for products such as food or hygiene articles is particularly promising: solid growth is forecast for such packaging solutions over the next few years, while plastics might lose market share. Looking back, paperboard-based packaging has always developed in line with gross domestic product. Currently, there is an additional tailwind due to requirements from sustainability initiatives, and we anticipate growth rates of an additional 2 to 4 percent as packaging made from fiber-based materials, i.e. primarily paperboard, replaces that made for plastics.

LM This reinforces the trend towards environmentally friendly materials.

JFR Exactly. We can see that customers want more environmentally friendly packaging. Legislation is also moving in this direction. But there are also challenges for paperboard-based packaging in terms of further improving its recyclability. Innovation is the key to being successful in the future. Our goal at GPI is to make every product innovation more circular, more functional and more convenient than existing alternatives.

LM The exciting thing about such innovations is that they are the result of collaboration between many scientific fields. Here at HEIDELBERG, as a manufacturer of printing and finishing machines, many of them come together. It starts with mechanics, continues with electronics and data science, and ends with chemistry. HEIDELBERG is an integral part of the value chain for paperboard-based packaging, which means that we benefit directly from the

“Innovations are a basic prerequisite for more sustainable packaging.”

Dr. Ludwin Monz, CEO

structural growth in this market. We expect the production of paper-based packaging to increase over the next few years. And our customers need to cope with that.

JFR Yes, we at GPI do this very consistently and are therefore constantly expanding our innovative strength in such packaging as a substitute for plastic. There are also practical hurdles: Companies in the consumer goods industry are trying to reduce their packaging costs, and paperboard-based packaging is generally more expensive than plastic packaging. But at the same time, consumer pressure is increasing. Consumers have spoken and are aware of the significance of their purchasing decisions and impacts on the planet.

LM I fully agree with that. Sustainability is an overarching trend and probably the strongest growth driver in this market. We are aligning our offering in the Packaging Solutions segment accordingly. Innovation remains the key to enabling sustainable change for our customers. From a regional perspective, our analyses show that this is not only true in Europe. We also see considerable growth opportunities in Asia: the growing world population and increasing prosperity are strong growth drivers. HEIDELBERG is well positioned in this region and intends to take advantage of these opportunities.

“Consumers have spoken and are aware of the significance of their purchasing decisions and impacts on the planet.”

Jean-François Roche

JFR The momentum in Asia is very strong. That is true. However, in terms of consumer awareness and legislation, the US and the EU are clearly the drivers for a more sustainable economy. In the EU, there was recently the PPWR initiative, which stands for Packaging and Packaging Waste Regulation. The aim of the regulation is to categorize packaging according to its recyclability and ultimately to ensure that all packaging on the European market is recyclable. Paperboard-based packaging is already “best-in-class” in this respect, but there is still plenty of room for improvement. Higher recycling rates through better collection for example. Or the reduction of so-called EPR fees, the costs for extended producer responsibility, under which companies bear responsibility for a product throughout its entire life cycle. In addition to regulatory requirements, the sustainability of packaging is primarily about the needs of consumers, but also about the very practical requirements of manufacturers and brands. For us as a packaging manufacturer, this means that we must take a holistic view of the optimization levers.

LM That’s right! HEIDELBERG is also playing its part and wants to be a pioneer. We see sustainability as part of every stage of the value chain, and it begins in the manufacturing process, where the greatest leverage for reducing emissions lies. A lot can be saved here through intelligent assistance systems and innovative product design. HEIDELBERG has a strong track record in this area: if you compare the current Speedmaster XL 106-6+L with its predecessor from 1990, for example, the energy consumption of the press is 40 percent lower today than it was around 30 years ago. Other innovations such as our dryer technology, which was further improved with the drupa 2024 generation, will soon contribute to further improvements. We also have the technologies to realize the production of sustainable packaging. Our machines can process all types of substrates, inks and coatings, offering maximum flexibility in the development of new sustainable packaging designs.



Jean-François Roche

is Senior Vice President and Head of International Sales at packaging specialist Graphic Packaging International (GPI). In his career, he has already gained around three decades of experience in the packaging market. Since 2017, Roche has also been President of the European Carton Makers Association (ECMA), the European association of the folding carton industry.



JFR That is important. Because when we look at the trends for packaging design, we expect the proportion of recycled fibers and virgin fibers for direct food contact applications to continue to increase. We also assume that packaging will be optimized in terms of volume and weight so that the focus is on ensuring that it can fulfill its core function. This will bring us closer to the goal of reducing packaging per capita, which will also lead to a lower carbon footprint.

LM Barrier coatings are certainly another key to GPI.

JFR Exactly, especially for food and beverage packaging. Barriers available today don't always meet the highest requirements for recyclability. So, we need to make sure that we use them as little as necessary. In the longer term, research will make progress on naturally occurring biopolymers that can be used to increase the proportion of renewable materials. There are also biodegradable materials that are suitable

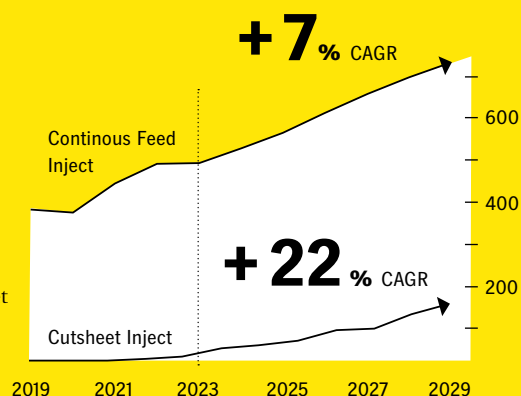
for compostable packaging. However, we assume that the changed requirements in the EU will also influence the markets in North America, as our customers are international. This will bring further movement to the topic.

LM Our teams are definitely ready to act as pioneers and support packaging manufacturers in their further development. This means that we will bring innovative technologies to the market that will give our customers a competitive edge. We will continue to improve waste management and energy efficiency, helping to reduce emissions along the value chain.

BENEFIT DIGITALLY

The digital printing market is growing globally, with the commercial sector showing the strongest upward trend. How are print runs developing? And what are the opportunities for inkjet printing? A look at the most important figures.

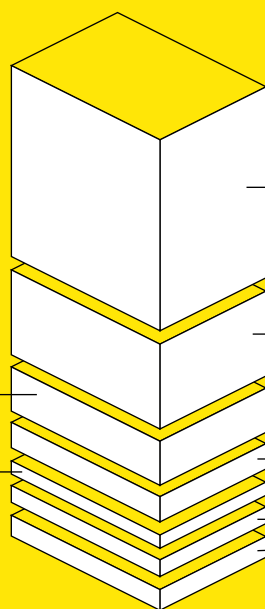
Development of the global commercial printing market until 2029 in billion A4 equivalent.¹



65 %

of the print runs are smaller than 2,000.

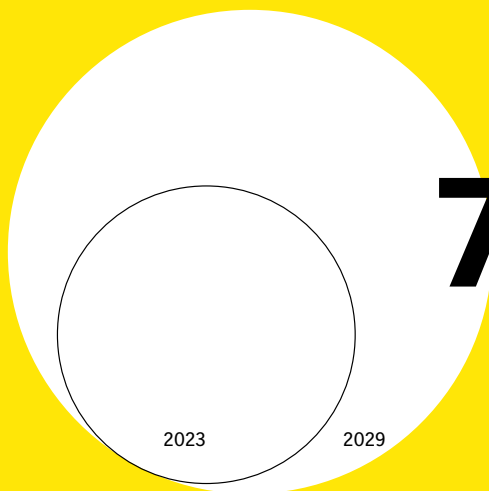
11 %
2,000 – 3,000
3 %
4,000 – 5,000



Breakdown of print run sizes in offset printing 2023.²

7.5 billion USD

is the estimated total revenue in the market for digital commercial printing in 2029, representing growth of 48 %.³



¹ Source: I.T. Strategies
² Source: HD analysis of 4,065 SFO machines in the print solutions segment
³ Source: I.T. Strategies



“It’s about a digital ecosystem”

The new HEIDELBERG Jetfire Generation is to become the core of an entire ecosystem surrounding digital printing. Christopher Berti, Head of the HEIDELBERG Print Eco System, explains how the Company aims to use this to position itself on the market.

What opportunities do you see in digital printing?

A tangible shift is taking place. Offset printing will continue to account for the majority of the printed area. Nevertheless, print shops with a smaller digitally printed area will achieve the same sales, as the products have a higher value. A typical example of this is mass customization, in other words individually printing products at industry standards. There is also greater demand for digital commercial printing. This means the market is there. And it is growing.

How does HEIDELBERG want to expand its digital portfolio?

We are already using digital printing machines: the Gallus One for labels and the Versafire, which was recently completely reworked. Through our cooperation with Canon, we also now have a first high-performance inkjet machine for the commercial sector in our portfolio: the HEIDELBERG Jetfire. What’s of strategic importance to us is that these machines harmonize with other technologies in a digital ecosystem.

How do you define an ecosystem in the printing sector?

A machine, be it digital or offset, is first and foremost an output device. Then there are consumables, software, logistics, finishing machines and much more – everything a print shop needs to run its business. We are integrating these elements seamlessly into one workflow. This is what many of our approximately 27,000 customers in commercial printing want. New software supported by artificial intelligence will implement everything fully automatically. This means that orders will be sent on their way with the best resources, at the lowest production cost and at the right time, without the need for employee intervention. The optimized production methods also reduce our CO₂ footprint. We want to launch this application on the market soon.

What advantages does digital printing offer in this ecosystem?

Smaller print runs of up to 2,000 pieces run more economically and often more sustainably on digital inkjet machines, because there is no need for set-up times and printing plates, for example. This reduces CO₂ emissions. Also, in our experience, these days print shops and digital printing customers tend to print on-demand, so that they do not have to keep large stocks.



Fine fluids

Developing the perfect ink is real laboratory work. This is especially true in the inkjet sector, where there are complex interactions between the liquid inks, the substrate and the machine. A look inside the ink lab at the Wiesloch-Walldorf site reveals what distinguishes good inks and what new possibilities HEIDELBERG sees for digital inkjet printing.



Cyan, yellow, magenta: the liquids in the pipettes, test tubes and flasks here in the laboratory all gleam brightly, except for black. And yet each one is different. The special properties are often in the range of 100 nanometers. That's how small the color pigments are that float in the inks. And that's how subtle the differences can be that make up a printed image in inkjet printing. Dr. Peter Hachmann and his team of chemists and lab technicians have a heightened eye for detail, making them a perfect fit to study these factors. How much pigment can the ink tolerate before it becomes too viscous? How high is the surface tension? Which raw materials can be used? These are the questions they have to answer to perfectly match inks to the machines and applications.

"Customers know exactly what the machine should produce. What this means in terms of ink is not always immediately clear. That's what we find out." He notes drying behavior as an example. "Ink must not dry on the print head, but it should dry very quickly once on the paper. We have to find the optimum balance," says Peter Hachmann. The team's work also lays the foundation at HEIDELBERG for increased sales throughout the service life of a digital printing press, as ink is a high-tech product, especially in inkjet. Three UV ink series developed in-house are currently in use for different requirements. They run in the fully digital Gallus One printing system, which prints high-quality labels. These colors are very durable and abrasion-resistant.

The chemical component is one aspect of ink development. The other is the reality check during printing. "With inkjet, everything interacts with everything else. You can't completely predict the printing results, tests are inevitable," says Peter Hachmann, who started as a mechanical engineer at HEIDELBERG more than twenty years ago. That is why the lab works closely with HEIDELBERG's in-house process engineering department. After all, seals and hoses also have to withstand the ink. But it is

Dr. Peter Hachmann (right) hired the first chemist for ink development at HEIDELBERG. That was in 2013. Today, he is head of ink development, where around a dozen chemists refine the optimal ink recipes.



What is ink?

Ink is a mixture of several substances that do not or only slightly react with each other. Its main component is a carrier such as water. Added to this are binders, photo initiators, thinners, various additives and the color pigments. The pigments float in the liquid without dissolving or settling in it; this is referred to as dispersion.

primarily the test printing unit, where drying performance and other parameters can be set, that shows how the print heads will work with a new ink.

A future with water-based ink?

Water-based ink for digital inkjet printing is currently a hot future topic in the laboratory. There are two reasons for this. On the one hand, unlike UV inks, water-based inks do not contain reactive substances and are therefore more environmentally friendly, making the printed products easy to recycle. They can also be used in many areas and applications. Peter Hachmann explains the challenge: "The goal is to maintain high quality with as little pigment and binder as possible." And he knows that this means much more work in the nanometer area.

01

**To our
investors**

Letter from the Management Board



Ladies and gentlemen,

HEIDELBERG demonstrated its resilience last year and achieved its projected goals in spite of the most challenging business conditions it has faced. In particular, we significantly improved our free cash flow, which totaled € 56 million. And, unlike previous years, no non-operating assets were sold. As a result, our free cash flow reached its highest level in more than 10 years if the previous years were adjusted for the special items included in them. This operative improvement is also the result of the long-range value creation program that we launched at an early stage. This program contributed significantly to the company's financial performance during the reporting year.

Dr. Ludwin Monz
CEO Heidelberger
Druckmaschinen AG

Tania von der Goltz
CFO Heidelberger
Druckmaschinen AG

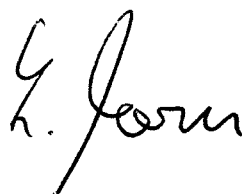
The sluggish global economy and rising staff and material costs proved to be the major challenges that we had expected. We had to take early and decisive countermeasures to offset the negative financial impact that these developments had on our company. Despite declining volumes and negative currency effects, we were able to keep sales at a constant level by adjusting prices to offset the impact of rising costs. The EBITDA margin adjusted for non-recurring effects also remained at a constant level compared with the previous year. The steps taken as part of the value creation program had a positive impact here and counteracted the negative effect of declining production volume and rising costs.

Strategically, HEIDELBERG reached important milestones during the past financial year. We plan to increasingly seize the opportunities offered by the structurally expanding packaging market. In addition to the world's growing population and rising standards of living, the sustainability of paper-based packaging is a growth driver of this market. The importance of the packaging market is also increasingly being reflected in the company's product portfolio. We successfully introduced a new product in this market: the HEIDELBERG Boardmaster that we presented in May 2023. The underlying technology will serve as a gateway to other market segments in packaging. HEIDELBERG also sees opportunities in the commercial printing market, particularly in terms of digital printing. The foundation of our future success will be primarily based on our broad and established customer base and our global and industry-leading sales and service operation. With our new HEIDELBERG Jetfire generation we intend to utilize this potential in the future even stronger to profitably achieve our growth ambitions in new market segments.

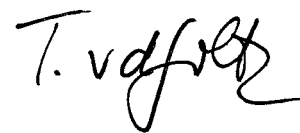
Dear shareholders, this past financial year showed that we have taken the right strategic direction and that we are focusing on the very areas that will enable HEIDELBERG to continue producing a solid performance in years to come.

We look forward to having your continued support as shareholders and your continued trust.

Sincerely,



Dr. Ludwin Monz



Tania von der Goltz

Strategic orientation

The printing industry has been undergoing profound change for many years. While demand is falling in some market segments, demand is growing in others. At the same time, print shops around the world are facing increased demands for sustainability and efficiency as well as the opportunities and challenges of labor shortages and digitization.

Markets outside the printing industry are also on the move; global megatrends are changing existing markets, shaping the growth markets of tomorrow and offering start-ups and established industrial companies interesting market opportunities.

HEIDELBERG is responding to these developments with its dual-track strategy. With the aim of positioning HEIDELBERG in such a way that it can be economically successful today and in the future, two main strategic directions are being pursued:

- We shape the printing market.
- We tap new markets in addition to our core business.

Core business of printing: We shape the printing market

Printing is our core business. We are using the strength of our brand and our extensive expertise to expand our market and innovation leadership in the sheetfed offset sector and open up further growth areas. With the aim of addressing our customers' most pressing problems, we consistently seize the opportunities and embrace the challenges surrounding digitization, sustainability, efficiency and labor shortages. Dialogue

with our customers is the basis for operating successfully and sustainably in increasingly diversified markets.

We want to expand our share of the growing packaging and label market and focus our offering more strongly on optimizing the entire production process. We are also working on strengthening our digital printing offering and increasing the proportion of recurring sales.

Packaging Solutions: Maximum efficiency, process integration and sustainable solutions for a growing market

Thanks to globally increasing demand for packaged goods, packaging and label printing is seeing structural growth. Driven primarily by increased environmental awareness and legislation, there is also a clear trend in many regions away from polymer-based packaging towards fiber-based packaging. At the same time, international brand companies continue to attach great importance to product presentation and packaging design and have the highest quality standards. HEIDELBERG already generates around half of its sales revenues in the Packaging Solutions segment – and the trend is rising. We aim to keep growing in this segment in the future.

In folding box printing, HEIDELBERG is the leading provider of the most important sheetfed offset printing technology. The latest generation of our Speedmaster XL 106 Gen24 unveiled at drupa 2024 sets new standards in terms of performance, automation and sustainability. HEIDELBERG is thus underpinning its claim to expand its market and technology leadership in this market segment.

At the same time, the Company is also broadening its focus to include flexographic printing, which can offer a key productivity advantage particularly for packaging printers with high volumes. The successful launch of the Boardmaster web-fed flexographic printing press for folding box printing provides a foundation for entering additional, untapped growth markets within the packaging segment. In particular, HEIDELBERG is responding to the trend away from plastic and towards paper-based packaging and is actively driving the transformation to sustainable packaging in the market.

Another building block for HEIDELBERG and key to the holistic optimization of our customers' production processes is a consistent data workflow across the entire value chain. HEIDELBERG already maps this in its Prinect software, from prepress and printing through to postproduction. This is continuously being developed with a view to the challenges faced by our customers. In conjunction with highly automated solutions that minimize manual work steps, the susceptibility to errors and system interruptions in the production process, HEIDELBERG thus creates the conditions for more efficient printing processes.

The market for printed labels is comparatively small, accounting for around 10 percent of the print volume in the packaging sector, but offers good growth opportunities from HEIDELBERG's perspective. Sheetfed offset, flexographic and digital printing are the leading printing processes in this market segment, with digital printing in particular showing the highest growth rates for the future. For HEIDELBERG, this market segment is therefore a strategic growth segment where the Company provides both automated end-to-end solutions in sheetfed offset printing and also digital and flexographic printing solutions at the Swiss subsidiary Gallus. With the introduction of the Gallus One, the first fully digital label printing system, the Company set new standards and intends to further expand its position in this market segment. The Gallus One has been specifically designed to reduce the total cost of ownership for roll-to-roll digital label production with the highest level of automation and cloud-based technologies. It gives brand manufacturers access to cost-effective, sustainable and high-quality digital labels. The Gallus One also helps to increase recurring sales for HEIDELBERG thanks to a proprietary ink.

Print Solutions: Two print technologies, workflow software and new services to benefit from change

Commercial printing and the publishing market segment, which HEIDELBERG addresses in the Print Solutions business segment, have been characterized by change for years. Consumer requirements for commercial print products, such as business and advertising prints, publications, calendars and catalogs, are changing. The main driver is the trend towards smaller print runs and individualized print products. Against this backdrop, commercial printers are adapting their business models and services. In terms of technology, the shift towards a stronger coexistence of sheetfed offset and digital printing processes is evident, and the share of digital printing technology in this segment is growing continuously. Nevertheless, sheetfed offset printing is still the dominant technology in commercial printing, accounting for around 40 percent of print production volumes.

HEIDELBERG has derived two general strategic directions for the Print Solutions segment from these developments:

- We will further strengthen our strong market position in the sheetfed offset sector through targeted technological innovations across the entire value chain of commercial print shops. We will specifically address the pain points of our customers. By enabling sustainable and efficient production with our products – even beyond printing – we ensure the competitiveness of our commercial customers in a challenging market environment.
- In terms of digital printing, this segment is an interesting growth market for HEIDELBERG. The declared aim is therefore to strengthen the Company's own digital printing presence in the commercial printing sector. The introduction of the fully digital label printing system Gallus One is a very good blueprint for achieving economic success in commercial printing with a profitable digital ecosystem consisting of a digital printing press, software, service and consumables with recurring sales.

HEIDELBERG also has extensive process and application expertise in both offset and digital printing, which enables the integration of both printing processes in a standardized workflow within the Prinect software. From HEIDELBERG's point of view, the integrated mapping of both printing processes in one software system and the worldwide professional service offering are a decisive competitive advantage for our customers.

At the same time, HEIDELBERG's subscription offers provide medium-sized customers in this segment in particular with a systematic approach to increasing productivity. Thanks to its extensive industry expertise and anonymized data from around 13,000 machines installed in the field, the Company can deliver decisive added value.

Customers who operate this business model have an average 20 to 30 percent higher machine capacity utilization. In turn, HEIDELBERG benefits from recurring sales over the term of the contract. The consumables business also provides regular income and is more stable than the new machine business, which tends to be cyclical.

New business areas: Use of technological synergies to tap new markets

With regard to the Technology segment, HEIDELBERG is pursuing the goal of opening up new, attractive business areas. These should address megatrends, have sustainable growth potential and fit with HEIDELBERG's competencies.

HEIDELBERG has already taken the first steps in this direction. With its charging solutions for private households, vehicle fleets and public charging, HEIDELBERG and its subsidiary Amperfied GmbH have already successfully positioned themselves in the e-mobility market. And the forecasts confirm: Despite the current vacuum effect due to the expiration of subsidies in Germany, this market will grow worldwide in the coming years. With regard to the European Union, this trend is being positively influenced by the so-called "ban on combustion engines", among other things. From 2035, only new cars that do not emit any greenhouse gases are to be registered in the EU.

HEIDELBERG would like to participate in this growth with its subsidiary Amperfied GmbH. Amperfied GmbH is in the process of transforming itself from a hardware supplier for the wholesale and automotive industries in Germany into a company with a multichannel and direct customer strategy and Europe-wide expansion. Furthermore, the course was set to develop from a hardware supplier to a charge point operator. In addition to the revenue from the sale of hardware, this could open up further recurring sales potential – for example, through installation and service, backend solutions and financing.

HEIDELBERG also intends to use its extensive expertise to tap into further growth markets and continuously analyzes market opportunities and developments.

Sustainability firmly integrated in strategic agenda

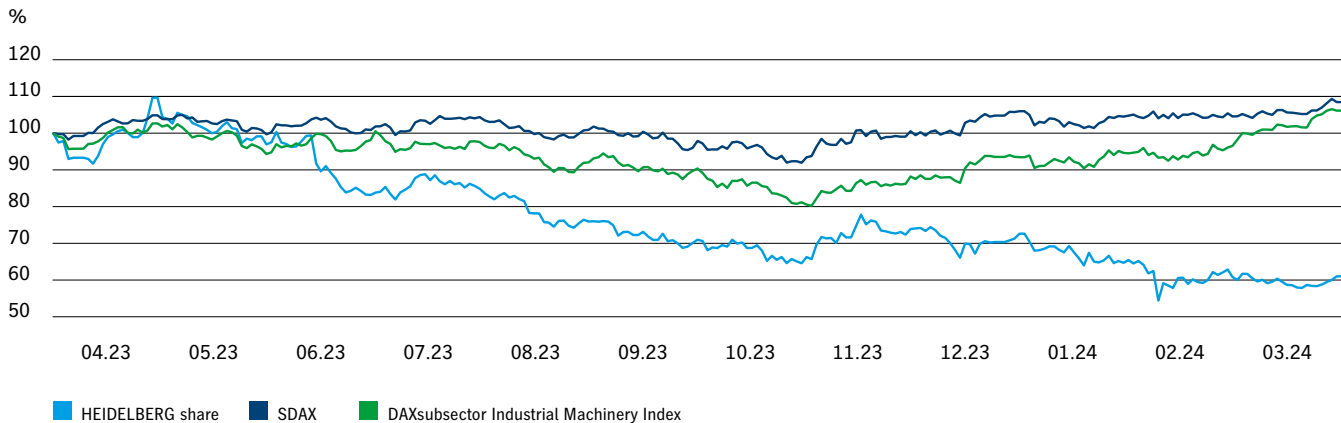
For HEIDELBERG, sustainability is the combination of long-term economic success with ecological and social responsibility and is part of our strategic orientation. At HEIDELBERG, sustainability is firmly anchored in the organization throughout the Group. In order to fulfill its social responsibility, HEIDELBERG expanded its previous climate target in the past financial year. The prior target focused solely on Scope 1 and 2 emissions. The new, science-based climate target aligns with the Paris Agreement's ambitious 1.5-degree goal and now encompasses Scope 3 emissions. HEIDELBERG therefore pursues the holistic goal of reducing emissions along the entire value chain and throughout the service life of the machines; in addition to emissions at our own production and sales sites, we also focus on the emissions of our customers throughout the entire lifecycle of our machines.

Further information of our sustainability initiatives is provided in the non-financial report 2023/2024, which is published in the Investor Relations section of our website under "Reports and presentations".

HEIDELBERG on the Capital Markets

Performance of the HEIDELBERG share

Compared to the SDAX and DAXsubsector Industrial Machinery Index (Index: April 1, 2023 = 100 percent)



The HEIDELBERG share

During the 2023/2024 financial year, the capital markets were characterized by subdued macroeconomic development, a change in monetary policy and ongoing geopolitical conflicts. In particular, the restrictive monetary policy of the central banks in Europe and North America had a major impact and initially slowed down the development of the capital markets. It was not until the end of the past calendar year that the prospect of falling interest rates led to a significant upturn, with broad indices, such as the SDAX, also gaining considerably in value. Overall, the SDAX gained around 9 percent in value in the past financial year. However, in doing so it performed significantly worse than the DAX, which gained around 18 percent in the same period. The difference is essentially due to the weaker trading liquidity of small and medium-sized companies, which represents a risk for investors.

At the same time, investors withdrew noticeably from cyclical equities over the course of the past financial year and strengthened their positions in defensive sectors and the bond markets. Although the DAXsubsector Industrial Machinery gained around 6 percent during the financial year, at times during the year it lost as much as around 20 percent.

These developments also had a significant impact on HEIDELBERG. After a pleasing start to the new financial year and exceeding the forecast for the 2022/2023 financial year, the share came under increasing pressure over the course of the year despite this positive development. The forecast for the 2023/2024 financial year, which held out the prospect of stable operating performance at the previous year's level, was also unable to provide any positive stimulus. Subsequently, growing economic concerns in China, a continued decline in incoming orders in the mechanical engineering sector and high yields on the bond markets weighed on the stock markets and the HEIDELBERG share. At the end of the summer, key interest rates in the USA and Europe reached their highest level in more than 20 years, leading to a significant slowdown in the economy, particularly in Europe.

Only the prospect of falling interest rates in the course of November had a positive impact on the stock markets and the HEIDELBERG share. The half-year figures, which in contrast to the general development in the mechanical engineering sector showed stable incoming orders, were able to support the share in the short term but did not create confidence in the sustainability of this development over the course of the third quarter. The printing press sector increasingly decoupled itself from general developments on the capital market.

The nine-month figures presented by HEIDELBERG in February 2024 continued to show stable operating development in sales revenues and earnings. Despite the negative impact of rising costs and falling volumes, HEIDELBERG was therefore on track to achieve its forecast for financial year 2023/2024. The reluctance to invest due to the economic situation, which was also reflected in HEIDELBERG's incoming orders in the third quarter, weighed on the HEIDELBERG share price in the last quarter of the financial year. At the end of the financial year, the ratio of market capitalization to adjusted EBITDA-margin was at a low, and therefore attractive, level.

Capital market communications: In constant dialogue with investors, analysts and private shareholders

The aim of our investor and creditor relations activities is to present the Company's financial performance and prospects transparently on the capital markets in order to achieve an appropriate valuation for the HEIDELBERG share. We maintain an ongoing dialogue with investors, analysts and other capital market participants at numerous international capital market conferences and (virtual) roadshows. The Heidelberg Druckmaschinen AG share is covered by several financial analysts. We are currently in contact with five analysts. As at March 31, 2024, the average target price was € 1.72.

With the exception of the figures for the fourth quarter, the analysts' conferences on the financial year and quarterly figures were held entirely virtually in the form of Web conferences. Last year, the Investor Relations (IR) team also took part in numerous conferences and roadshows, some of which continued to be held virtually. In addition to institutional investors, the Company also offered private investors to join the events with the management, which were organized via investor associations. The IR team is also available to investors by telephone at +49-6222-82 67121 and offers an online contact form for questions about the Company and the share. Our IR website contains extensive information on the share, recordings of conference calls, current presentations by the IR team as well as Company news and publication dates.

Annual General Meeting 2023 approves all resolution proposals

After being held virtually three times, the Annual General Meeting for the 2022/2023 financial year took place on July 26, 2023, as an in-person event at the Congress Center Rosengarten in Mannheim. During the meeting, the Management Board explained the Company's strategy and the balance sheet figures for the past financial year (April 1, 2022 to March 31, 2023). Around 27 percent of HEIDELBERG's share capital was represented by the votes on the agenda items. The Company's shareholders had to vote on nine of the ten agenda items, including the reelection of Mr. Ferdinand Rüesch as shareholder representative on the Supervisory Board. In the vote on the election of the Supervisory Board member, a clear majority of those entitled to vote accepted the candidate proposed by the management.

Shareholder structure: Free float at around 84 percent

Following the voting rights notifications received, the proportion of Heidelberger Druckmaschinen shares in free float on March 31, 2024 – in accordance with the Deutsche Börse definition – was around 84 percent of the share capital of 304,479,253 shares. The voting right notifications received are published in the Investor Relations section of our website.

Key performance indicators for the HEIDELBERG share

Figures in € ISIN: DE 0007314007	2022/2023	2023/2024
Basic earnings per share ¹⁾	0.30	0.13
High	2.44	1.87
Low	1.11	0.93
Share price at the beginning of the financial year ²⁾	2.42	1.67
Share price at the end of the financial year ²⁾	1.71	1.04
Market capitalization – financial year-end in € millions	512	317
Outstanding shares in thousands (reporting date)	304,479	304,479

1) Determined based on the weighted number of outstanding shares

2) Xetra closing price, source: Bloomberg

02

Combined Management Report

36 Basic Information on the Group

36 Business model of the Group

36 Company profile

36 Sites and production

37 Markets and customers

39 Management and control

40 Organization and segment structure

40 Key performance indicators

41 Partnerships

42 Research and development

44 Economic Report

44 Macroeconomic and industry-specific conditions

45 Business development

46 Results of operations

48 Net assets

50 Financial position

51 Segment report

52 Report on the regions

53 Information on Heidelberger Druckmaschinen Aktiengesellschaft

56 Employees

57 Sustainability

58 Risks and Opportunities

58 Risk management

63 Risk and opportunity report

71 Outlook

71 Expected conditions

71 Future Prospects

73 Legal Disclosures

73 Takeover disclosures in accordance with Section 289a and 315a of the German Commercial Code and explanatory notes

75 Non-financial report

75 Disclosures on treasury shares

75 Corporate Governance Declaration

Combined Management Report

Basic Information on the Group

Business model of the Group

Company profile

The HEIDELBERG Group (HEIDELBERG) is an innovative technology company with a leading position in the printing industry. For almost 175 years, we have stood for quality and sustainability as a reliable partner with a high level of innovation. Thanks to state-of-the-art technologies and innovative business ideas, we want to shape the future trends in the printing industry. We also use our technology expertise to successfully position ourselves in new business areas such as e-mobility. At the same time, we are investigating where we can tap into new markets with our core competencies thanks to technological synergies and production-specific features. Acting responsibly is also a central principle of our strategy.

In our core business, we focus on customer requirements in our target markets of packaging and label printing as well as commercial and advertising printing. The focus is on increasing the productivity of the entire value chain by digitizing and automating the necessary process steps, particularly with solutions in the areas of robotics and software-based workflow management. With the largest market share, HEIDELBERG is the leading supplier of sheetfed offset presses, a technology used in the production of high-quality, high-volume print products. The Company has also expanded its position in flexographic printing for the industrial packaging market and in digital printing for the label market in recent years. HEIDELBERG would like to expand its foothold in digital printing in particular. Most recently, a total of around 9,500 employees together with our sales partners at 250 production sites in 170 countries ensured that customer requirements were met.

Sites and production

- Global sales and service network
- Production network with production sites in Germany and China
- Production expertise also for partners

With foreign sales of around 87 percent, a global sales and service organization is crucial for HEIDELBERG. The Company is present on the main markets and offers its customers high machine availability by means of broad service coverage. The Company's production sites are located in Germany and China.

Global sales and service network

The global availability of HEIDELBERG's service is a major unique selling point and is crucial for a successful and long-lasting customer relationship. Maintaining the productivity of our customers ensures their economic success. The availability of spare parts is also important. Our aim is to process incoming orders immediately on a daily basis as they are received and ship them all over the world within 24 hours. Digitization of service is also crucial. The basis for these digital services is the HEIDELBERG Cloud, which makes an extensive data pool available for use by all customers. The cloud-based applications enable the effective planning and controlling of maintenance tasks.

Production network with production sites in Germany and China

The HEIDELBERG production network is organized by families of components and products. Our sheetfed offset machines are built at two production sites: In Wiesloch-Walldorf, Germany, we assemble highly automated and more specially configured high-tech printing presses in almost all our format classes based on customer requirements. In Shanghai, China, we produce high-quality, mostly preconfigured models, with a focus on the Asian market. We also operate a joint parts production facility in Tianjin, China, as part of a production joint venture with our partner Masterwork, which significantly increases the proportion of locally sourced components.

In Weiden (Oberpfalz), we develop and assemble innovative inline flexographic printing presses and die-cutters. Our customers around the world use these systems to produce cardboard packaging of all kinds, from cosmetics to beverage and pharmaceutical to food packaging. Langgöns is the primary production site for label printing systems. At the Ludwigsburg production site, we build machines for print processing (postpress).

* The cross-references to the company's website contained in the combined management report that are not required by law and the information to which the cross-references refer were not subject to a content audit by the auditor KPMG

The foundry at the Amstetten production site is a supplier of castings and large parts for our production sites. It also supplies many industrial customers. The mechanical component production specialists in Wiesloch-Walldorf and Brandenburg round off the production network. In addition, charging solutions for our e-mobility subsidiary Amperfiel are also assembled at the Wiesloch-Walldorf production site.

Production expertise also for partners

HEIDELBERG Industry offers production solutions from engineering and model and prototype construction through to series production. The service portfolio includes foundry products, mechanical parts processing, the production of industrial and power electronics, control cabinets and the assembly of modules and systems with particular strengths in the mechanical and vehicle engineering sectors. For example, HEIDELBERG has succeeded in positioning itself as a partner in the assembly of 3D printers for the flexible production of such new systems.

Markets and customers

- The market for print products remains a relevant business segment
- Packaging and label printing continuously increases its share of the overall market
- HEIDELBERG addresses packaging printers with the new Boardmaster

The market for print products remains a relevant business segment even in the age of increasing digitization. According to a market study by Smithers, the value of the global print volume produced in 2022 amounted to \$781.5 billion* (equivalent to €664.19 billion). HEIDELBERG addresses almost half of this defined market with its products.

In 2023, the global economy cooled down. Germany and Europe also recorded high inflation rates and rising interest rates. As in the entire mechanical engineering sector, print shops therefore began to postpone investments that were not absolutely necessary. This was evident at HEIDELBERG in the course of the 2023/2024 financial year in the form of falling incoming orders.

According to Smithers, many print shops are also under considerable cost and supply chain pressure due to the long lead times for many types of paper and cardboard. The same applies to the prices for paper, cardboard, printing inks, printing plates and energy.

* The value greatly exceeds the market size previously published by HEIDELBERG because the Smithers reference source takes into account considerably more market areas, and also because exchange rate effects and different base years are considered in the statistics.

Ongoing structural change in the printing industry

The market for print products has been undergoing profound change for almost two decades, characterized in particular by the increasing digitization of society. As a result, commercial and advertising printing has been in decline for years. Categories such as newspaper, magazine and catalog printing in particular have lost importance, but the print volume for the business printing sector has also decreased. However, according to Smithers, commercial and advertising printing still accounts for around 30 percent of the printing volume produced worldwide and is therefore still relevant. On the other hand, strong growth is being observed in the packaging and label printing industry. According to Smithers, the Packaging and Labels segment** increased its share of the overall market from 48.4 percent in 2016 to 57.3 percent in 2022. Further growth is also expected here in the coming years.

There is still a trend in the printing technologies used: According to Smithers, sheetfed offset printing has become slightly less important in recent years. However, it still has the largest share of the printing volume produced worldwide when comparing the various printing processes (2022: 22.4 percent). Flexographic printing has gained slightly in importance and accounted for around 21.9 percent of the print market in 2022. Digital printing could increase its share of the global print volume to 18 percent by 2022.

** Smithers defines this area much more broadly than HEIDELBERG and includes the following in the packaging category: corrugated cardboard boxes, trays and pallet sleeves; folding boxes, liquid board and sleeves, flexible packaging, rigid plastics; and metal cans and boxes. Also for labels: wet glue, self-adhesive (pressure-sensitive), in-mold and wrap-around labels, labels with shrink and stretch sleeves. In addition, multi part logistics and tracking labels as well as some permanent information labels used in the automotive and mechanical engineering industries.

Packaging market

The packaging and label market is the fastest-growing sector in the printing market and has a global print volume share of around 58 percent. The reasons for this include the basic needs of a growing world population, rising incomes combined with the need for packaged goods, and the development of the retail infrastructure in the emerging and developing countries of Asia, Africa, the Middle East and Eastern Europe. HEIDELBERG generates almost 50 percent of Group sales in the packaging sector. In the past ten years, we have successfully installed more than 2,700 sheetfed offset printing presses at our packaging customers around the world.

International brand-name manufacturers of consumer goods attach great importance to product design and therefore invest in high-quality packaging. They have the highest quality standards, which the packaging production must meet in every respect. With Zero Defect Packaging, HEIDELBERG offers the solution that enables print shops to meet the requirement of zero defects. A combination of camera technology and data workflow continuously ensures quality already during production.

The Boardmaster presented in May 2023 is also intended for packaging printing. With a machine availability of up to 90 percent and a maximum printing speed of 600 metres per minute, the flexographic web printing system doubles productivity and thus reduces the total cost of ownership in industrial packaging production. The Intellimatch scanner system, which works with artificial intelligence among other things, ensures high print quality and significantly reduces spoilage at the same time.

With the Boardmaster, HEIDELBERG provides the answer to the central customer requirements of the packaging market: cost pressure, productivity, shortage of skilled workers, and sustainability. At the same time, HEIDELBERG is underlining its innovative capacity and technological leadership in packaging printing.

Label market

Although the label market is a rather small market, it is one of the growth areas in the printing industry, as mentioned above. In addition to sheetfed offset printing, flexographic printing and digital printing processes are also used here.

Digital label printing has growth potential. HEIDELBERG's answers for demand-driven digital printing are Labelfire and Gallus One. At Labelfire, digital technology is supplemented with conventional printing and finishing processes, allowing finished labels to be produced from a single file using just one printing press. In mid-2022, the subsidiary Gallus also presented Gallus One. The fully digital label printing machine is highly automated and cloud-connected and uses UV inkjet printing technology. It achieves printing speeds of up to 70 meters per minute.

Commercial printing market

The market for printed products such as flyers, brochures, business cards, postcards, advertising banners, but also for annual reports and calendars, is referred to as commercial or advertising printing. It has historically also been known as "job

printing" or "occasional printing" on account of the fact that such printed products originally constituted an additional, irregular source of income for publishing and newspaper print shops. However, we can no longer speak of "occasional", as commercial or advertising printing is still a large segment with a share of around 30 percent of the global print volume in 2022.

In addition to offset printing presses, HEIDELBERG also offers Versafire digital printing systems for print shops on this market. With our Prinect production software, we control both sheetfed offset and digital printing using the same software. Print shops in commercial printing need these kinds of automated and flexible production systems in order to keep operating competitively in the future in a changing market. Our powerful, digitally connected printing presses work in line with the "Push to Stop" philosophy, meaning that the printing process is controlled automatically and is only stopped by the operator pressing a button. For the postpress processing of the printed sheets, we already offer automation solutions and a robot for packing ("end-to-end"). We intend to keep expanding this area, thereby offering our customers a solution to the growing shortage of skilled workers.

E-mobility

E-mobility is a growth market from which HEIDELBERG and its subsidiary Amperfied benefit through the development and production of charging solutions. E-mobility is following a long-term trend. With around 1.4 million purely electric vehicles and around 921,886 plug-in hybrids out of a total of 49.1 million registered cars, Germany is only at the beginning of the mobility revolution. At the same time, their number increased significantly compared to the previous year – by 39.1 percent for purely electric vehicles and by 6.6 percent for plug-in hybrids.

In the future, Amperfied will increasingly focus on charging infrastructure at Company production sites and the charging of vehicle fleets. The solution offering includes a cloud-based backend and a rental model for the charging infrastructure. This is a decisive step towards larger charging infrastructure projects, after the Company had already introduced a Wallbox for commercial customers and a charging station for public spaces. HEIDELBERG entered into a cooperation agreement with DB Bahnbau Gruppe GmbH in February 2024 for the nationwide expansion of commercial and public charging infrastructure.

Sources: Smithers: The Future of Global Print to 2026, VDMA 2023 and 2024, Federal Motor Vehicle and Transport Authority.

Management and control

Heidelberger Druckmaschinen Aktiengesellschaft is a stock corporation under German law with a dual management structure consisting of the Management Board and the Supervisory Board. In the 2023/2024 financial year, the Management Board consisted of two members: Dr. Ludwin Monz (Chief Executive Officer and labor director) and Tania von der Goltz (Chief Financial Officer).

The business allocation plan chart below shows the allocation of functional responsibilities within the Management Board as of March 31, 2024. Dr. Ludwin Monz is Chief Executive Officer and is responsible for the functional areas of Occupational Health and Safety and Corporate Security, Production and Assembly, Information Security, Internal Audit, Communications, Marketing, Human Resources (labor director), Product Development and Product Safety, Product Management, Quality Management, Service, Corporate Strategy, Environmental and Energy Management and other subsidiaries (Gallus Group, Amperfiert GmbH and Zaikio GmbH). Dr. Ludwin Monz also bears overall responsibility for sales and marketing. He is therefore responsible for the regional sales organization.

In her role as Chief Financial Officer, Tania von der Goltz is responsible for Controlling & Financing, Purchasing, Information Technology, Investor Relations, Mergers & Acquisitions, Accounting, Legal, Patents, Corporate Governance, Compliance and Data Protection, Risk Management, Site Management and Taxation.

The Supervisory Board consists of 12 members. According to the German Stock Corporation Act (AktG), its most important tasks include appointing and dismissing members of the Management Board, monitoring and advising the Management Board, adopting the annual financial statements, approving the consolidated financial statements and approving or advising on important corporate planning and decisions. Further information on the cooperation between the Management Board and the Supervisory Board and on corporate governance at HEIDELBERG can be found in the Annual Report in the Report of the Supervisory Board and the “Corporate Governance Declaration” section.

Business allocation plan as of March 31, 2024

Dr. Ludwin Monz Chief Executive Officer and labor director		Tania von der Goltz Chief Financial Officer	
Markets			
Regional Sales Organization			
Functional Responsibilities			
Occupational Health and Safety & Company Security		Controlling & Financing	
Manufacturing and Assembly		Procurement	
Information Security		Information Technology	
Internal Audit		Investor Relations	
Communications		Mergers & Acquisitions	
Marketing		Accounting	
Human Resources		Legal, Patents, Corporate Governance, Compliance and Data Protection	
Product Development and Product Safety		Risk Management	
Product Management		Site Management	
Quality Management		Taxation	
Service			
Corporate Strategy			
Environmental and Energy Management			
Sales			
Other Subsidiaries			
Segments			
Print Solutions (Digital, Commercial, Industrial, Print Other)			
Packaging Solutions (Folding Carton, Label, Packaging Other)			
Technology Solutions (Amperfied, Zaikio, Printed Electronics, Technology Other)			

Organization and segment structure

Heidelberger Druckmaschinen Aktiengesellschaft is the parent company of the HEIDELBERG Group. It carries out central management responsibilities for the entire Group, but is also operationally active in its own right.

In line with its operating activities, the internal reporting structure of the HEIDELBERG Group was divided into the following segments in the financial year 2023/2024: Print Solutions, Packaging Solutions and Technology Solutions.

Print Solutions comprises the client categories Digital, Commercial, Industrial and Print Other. The client categories Folding Carton, Label and Packaging Other together form the Packaging Solutions segment. The Technology Solutions segment bundles the businesses of Amperified, Printed Electronics, Zaikio and Technology Other. These are also the reportable segments in accordance with IFRS.

In the reporting year, Printed Electronics GmbH, a company for the production of printed electronics, was sold to Innovation Lab GmbH, as the production volume for the intended applications did not develop as hoped. HEIDELBERG has held a 20 percent stake in InnovationLab GmbH for some time and therefore continues to have access to the technologies.

The Zaikio business division was discontinued at the end of the reporting year. An orderly liquidation process began on April 1, 2024.

The segmentation at HEIDELBERG is based on a consistent market and customer focus. Business management is aligned to our target markets and their respective customer requirements. This allows HEIDELBERG to visualize its growth potential and the success of individual segments more effectively, both internally and externally.

Key performance indicators

In its management of the HEIDELBERG Group, the Management Board primarily uses key financial figures as the basis for its decisions. These control parameters are the main basis for the overall assessment of all issues and developments being assessed in the Group.

Most significant controlling performance indicators

Our planning and management is based primarily on the Group's sales and earnings performance. In the area of operational financial performance measurement, sales revenues and the adjusted operating result before interest, taxes and depreciation and amortization in relation to sales revenues (adjusted EBITDA margin) are the most important performance indicators relevant to management. Since April 1, 2023, HEIDELBERG has been reporting the EBITDA margin as a control parameter adjusted for special items in order to improve transparency with regard to the Company's operating performance. Adjustments include changes to legal regulations, such as significant changes to IFRS accounting standards, extraordinary impairments, results from legal disputes and from acquisitions and divestments (M&A), external events (e.g. geopolitical conflicts or comparable special situations) and restructuring measures.

More detailed information on the development of these financial performance indicators can be found in the individual sections of the "Economic Report" and in the "Future Prospects" section.

Other financial and non-financial performance indicators

Other important key figures used to measure operating financial performance are operating result before interest and taxes in relation to sales revenues (EBIT margin), net working capital in relation to sales revenues and free cash flow. The free cash flow includes the cash inflow from operating activities (operating cash flow) and the cash outflow from investing activities. Due to the low level of financial debt, the leverage ratio has currently become less important. The Management Board also tracks non-financial performance indicators. These include, in particular, key figures for quality assurance and performance indicators from the environment, social and governance (ESG) area.

Partnerships

- Partnerships and cooperations speed up expansion of new business areas
- Financing partnership for the subscription model together with Munich Re
- New offer with digital printing partner Ricoh for the commercial printing market
- Cooperations in the field of postpress

HEIDELBERG sees cooperations as a useful way of combining its own innovative drive with that of its partners and thus increasing it. At the same time, the integration of expertise ensures optimized resource management on both sides. In addition to sales partnerships, the projects particularly focus on supplementing our product portfolio to cover the entire value chain of print shops and on tapping new markets.

Subscription approach together with Munich Re

In order to further expand business with our usage-based subscription model, we offer subscription contracts in cooperation with Munich Re – one of the leading providers of reinsurance and insurance-related risk solutions – in selected markets. The two partners are aiming to advance the digitization of business models in the printing industry with attractive subscription offers. With the “Subscription Plus” model, the customer still receives all services – such as servicing, consulting services, software and consumables – from HEIDELBERG. The printing press is provided by the Munich Re subsidiary relayr in this partnership. The first customer projects in Europe and the USA were already implemented as part of this collaboration during the reporting period.

New offer with digital printing partner Ricoh for the commercial printing market

Together with our partner Ricoh, we have been offering digital printing solutions to complement our offset portfolio for the cost-effective production of small runs in the commercial printing market since 2011. In the last financial year, we renewed our range with the completely revised Versafire LP and LV systems and equipped them with the new HEIDELBERG DFE software. The combination of new hardware and software increases customer benefits through further efficiency gains, better integration and new color management functions.

Customers benefit from the seamless integration of the machines into our Prinect software ecosystem. To ensure our customers’ success, the Prinect Digital Frontend is continuously being further enhanced by HEIDELBERG, and the Prinect functions are being expanded. In this way, the performance of the devices can be used flexibly for a growing range of printing applications while at the same time ensuring efficient and complete integration of the systems into the print shop workflow. Like this, digital and offset printing systems can be controlled using a common workflow. HEIDELBERG benefits from steady recurring sales from the volume-based billing of these systems.

Cooperation with Masterwork on the postpress packaging market

In order to further expand our market position in the growth area of packaging printing, we have a sales partnership with China’s largest manufacturer of die cutters, hot-foil embossing machines and inspection machines, Masterwork Group Co., Ltd. (Tianjin). The Diana folder gluers are also purchased from Masterwork’s European production site at Nove Mesto in Slovakia. Additionally, the Masterwork Group is HEIDELBERG’s largest single shareholder.

Long-standing cooperation on cutting systems with Polar Mohr

In the area of cutting and die-cutting systems, HEIDELBERG and Polar Mohr can look back on a long-standing partnership in place since the 1950s. While Polar Mohr develops and manufactures the systems, HEIDELBERG is responsible for sales and service. We offer the partner’s postpress machinery as an integral part of our solution. The focus here is on automation, digitization and workflow integration, with the aim of increasing the productivity of our customers’ value chains in commercial printing and label production.

Cooperation with universities, associations and research partners

To supplement our internal research projects, we also work with institutes and universities. These include the Technical University of Darmstadt, the Karlsruhe Institute of Technology (KIT), the Mannheim University of Applied Sciences, the University of Wuppertal, the Berlin University of Applied Sciences and the Fraunhofer-Gesellschaft. These activities are rounded off by our cooperation with and collaboration within associations such as the VDMA, the FVA and Fogra in addition to DIN/ISO committees. When it comes to developing new business areas, we also work in cooperation with InnovationLab GmbH (iL), in which HEIDELBERG holds 20 percent of the shares.

With iL as a platform for knowledge transfer, research and development at the interface between science and industry, we can make use of different areas of expertise from different sectors.

Research and development

- Significant increase in productivity: the new generation of the Speedmaster XL 106
- Using robotics to combat labor shortages
- Increasing focus on digital ecosystems
- Boardmaster developed into marketable product
- E-mobility: Amperfiel developed into a full-service provider for smart charging technologies

With drupa 2024 in mind, HEIDELBERG has placed a clear focus on its core business in the printing industry in the area of research and development in the reporting year. The customers' key issues – competitiveness, labor shortages, sustainability and digitization – set the direction for all projects. HEIDELBERG's technological edge and its differentiation from the competition as a basis for its success are attributable, among other things, to its continuous research and development work.

Less cost pressure, more competitiveness: the new generation of the Speedmaster XL 106

HEIDELBERG's trade fair highlight at drupa 2024 for sheetfed offset printing was the presentation of the new generation of the Speedmaster XL 106. HEIDELBERG presented its completely redesigned peak performance range for the print, packaging and label segments. In total, the Company has optimized numerous components of the overall system, from the feeder to the delivery. With the new generation, HEIDELBERG is bringing the Push to Stop concept to packaging printing, which leads to an increase in overall printing performance of up to 20 percent, for example. HEIDELBERG is also significantly reducing the costs per printed sheet for users through a range of innovations: for example, by increasing the machine speed to up to 21,000 sheets per hour or the increased use of artificial intelligence in the assistance systems.

Using robotics to combat labor shortages

In addition to automation and digitization in the printing process, the development and use of robots is a key factor in increasing productivity in the printing industry in view of the shortage of skilled workers. For this reason, HEIDELBERG has expanded its StackStar-P robotics range to include the new fully automatic StackStar-C for drupa. This is a cobot, i.e. a robot that works alongside humans. It can be used flexibly in postpress for lifting and setting down print jobs, can replace hard-to-find personnel and automates the interface between printing press and postpress.

Increasing focus on digital ecosystems

Digital printing based on inkjet technology is becoming increasingly important in label printing and in the Print Solutions segment. HEIDELBERG's activities in this area are therefore increasingly focusing on the expansion and development of digital ecosystems. This is because the surrounding ecosystem plays a key role in digital printing – first and foremost the consumables (i.e. mainly ink or toner) and, of course, software and service. HEIDELBERG is therefore investing in the development of its own inks for inkjet technology and in the control of print heads, also with a view to their use in the commercial sector. HEIDELBERG also operates its own ink laboratory for this purpose. For the digital label printing segment of the Swiss subsidiary Gallus, HEIDELBERG established a comprehensive ecosystem around the new Gallus One digital label printing press in the reporting year. This ecosystem serves as a blueprint for HEIDELBERG to develop a similar ecosystem for the Print Solutions segment. The key prerequisites for this are in place: development expertise, laboratories, technology, specialists and market access.

Boardmaster developed into marketable product

Another milestone in the reporting year was the market launch of the new Boardmaster flexographic web press, which doubles productivity in folding box production compared to comparable systems. The Boardmaster achieves an availability of up to 90 percent and a maximum printing speed of 600 meters per minute, which corresponds to around 38,000 offset printed sheets in format 6 (sheet width 148 cm) per hour.

E-mobility: Amperfied becomes a full-service provider for smart charging technologies

HEIDELBERG has significantly advanced its activities in the still young business field of e-mobility under the Amperfied brand. This included the market launch of the Wallbox Connect Solar, which enables optimized charging with self-generated solar power and can also be controlled via an app. A charging station for public charging was also launched on the market. This is the first DIN-certified, barrier-free charging station on the market. HEIDELBERG has now developed Amperfied into a full-service provider for smart charging technologies. Amperfied is active in the project business for multi-family houses, company parking lots, fleets and public authorities and offers everything from a single source with the associated services.

In addition to its core business, technologies for new markets are also to be developed – as has already been done with charging electronics, for example.

HEIDELBERG's core competencies are mechanical engineering, electrical and software development, and the ability to take ideas from concept to series production. Mechanical engineering itself is undergoing a profound change, in which the importance of electronics and software will continue to increase. With the goal of shaping this change, around 781 employees work in research and development at the HEIDELBERG locations in Wiesloch-Walldorf, Ludwigsburg and Kiel, Weiden and St. Gallen.

European development network with unique industry expertise

The IVZ – our innovation and testing center – is the center of our development network, which HEIDELBERG operates with additional production sites in Kiel, Ludwigsburg, Weiden and St. Gallen (Switzerland) and which also includes the Chinese production site in Qingpu. Our developers work throughout the entire network in the areas of printing technology, including prepress and postpress, control systems, drive systems and software including user interfaces, and consumables. In addition to traditional mechanical engineering, they have key expertise in the areas of digitization and image processing, electronics and software development, as well as process engineering and chemicals. By expanding these areas of expertise, HEIDELBERG is also actively addressing growth areas outside the print industry, such as the aforementioned area of e-mobility.

R&D in figures

Around 8.1 percent of our workforce is currently employed in the area of research and development. We invested around 4.3 percent of our sales in research and development in the reporting year. HEIDELBERG submitted a total of 60 new patent applications in the financial year 2023/2024 (previous year: 48). This means that HEIDELBERG's innovations and unique selling propositions are protected by 2,429 active patents and patent applications worldwide.

Five-year overview: Research and development

	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
R&D costs in € millions	126	87	98	96	104
thereof depreciation of capitalized development costs	76	6	7	8	8
Capitalization of development costs	17	8	9	21	17
Capitalization ratio in percent	13.3	9.4	9.3	19.6	15.3
R&D costs in percent of sales	5.4	4.5	4.5	3.9	4.3
R&D employees	1,003	870	726	731	781
Patent applications	81	47	40	48	60

Macroeconomic and industry-specific conditions

With growth of 2.7 percent, the global economy saw only very moderate development in the 2023 calendar year –despite signs of a slight recovery in global trade. This was due not only to the weak pace of expansion in the emerging markets at 3.2 percent, but also to moderate growth in the advanced economies at 1.7 percent. However, there were major differences among the individual countries and economic areas.

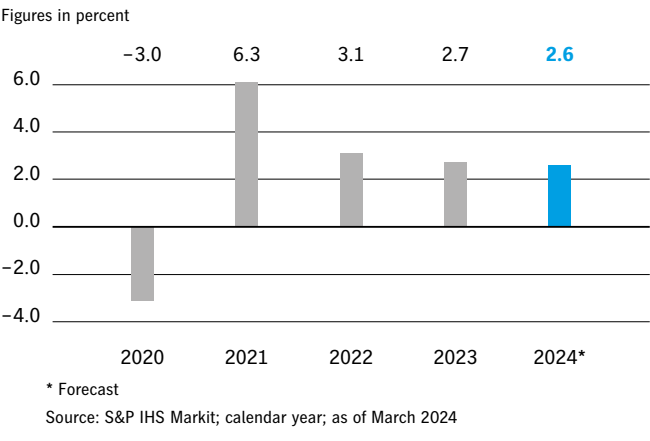
While the economy in the United States developed strongly until recently and the GDP grew at a rate of 2.5 percent, the economy in the euro zone was in a phase of stagnation. In Japan, meanwhile, overall economic output fell significantly in the second half of the year 2023. Nevertheless, the strong growth in the first half of the year resulted in an increase of 1.9 percent for 2023 as a whole.

The low growth in the emerging markets is due primarily to the weak GDP growth rates in China. The strong upturn expected after the end of the zero-COVID-19 policy did not materialize. The crisis in the important real estate sector, which also unsettled private households and dampened private consumption, had a negative effect on the economy, which grew by 5.3 percent. In addition, demand from foreign countries dropped. However, some countries in Southeast Asia are also generating weaker growth. Only the Indian economy is expanding very strongly, at 7.3 percent.

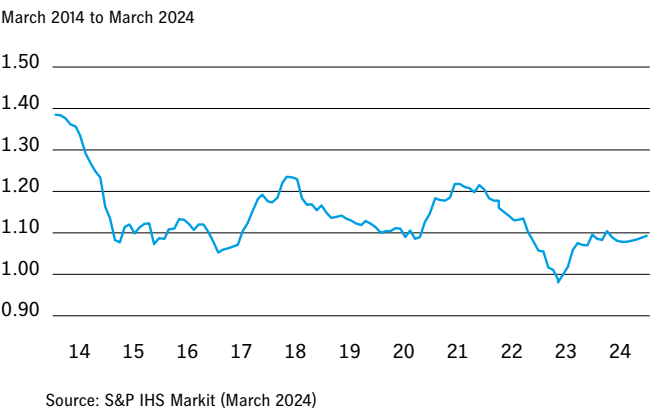
The economic trend in Latin America is subdued. Although Brazil and Mexico grew again with rates of 2.9 percent and 3.2 percent respectively, the economic momentum there weakened significantly over the course of the year. In addition, Argentina’s economy is in crisis.

According to preliminary calculations by the Federal Statistical Office, production in Germany’s mechanical and plant engineering sector fell by 0.6 percent in real terms in 2023 compared to the previous year. While production still benefited from high order backlogs in the first half of the year, the sharp decline in incoming orders gradually became apparent as the year progressed. Thanks to the strong first half of the year and higher prices for mechanical engineering products, sales

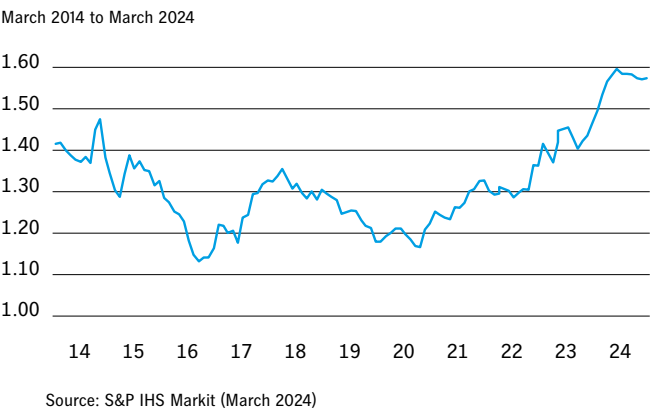
Change in global GDP



Development of EUR/USD



Development of EUR/JPY



grew by 0.9 percent in real terms. In the printing and paper technology sector (Germany), orders for printing presses fell by 17 percent adjusted for inflation, while sales fell by 1 percent.

Sources: S&P IHS Markit 2024; VDMA 2024

Business development

- Incoming orders* fluctuate throughout the financial year – improvement towards the end of the financial year
- Forecast achieved: Sales at the previous year's level
- Forecast achieved: Adjusted EBITDA margin stable despite negative impact on earnings

Overall assessment of business development

The financial year 2023/2024 was characterized by difficult economic and geopolitical conditions as well as ongoing cost increases for materials, energy and personnel. At the same time, the central banks' restrictive monetary policy noticeably slowed down overall economic development. The mechanical and plant engineering sector was also affected. Incoming orders in the sector as a whole fell significantly in the reporting period year on year. The lower utilization of production capacities and the simultaneous rise in costs posed a double challenge for companies. Nevertheless, in this challenging environment, HEIDELBERG managed to achieve the targets set for the financial year 2023/2024 (April 1, 2023 to March 31, 2024) and thus bring the financial year to a successful close.

Incoming orders fluctuate throughout the financial year – improvement towards the end of the financial year

Over the course of the year, incoming orders were noticeably affected by the weak overall economic development. Nevertheless, incoming orders at HEIDELBERG were resilient in the first half of the 2023/2024 financial year and, in contrast to the market as a whole, remained stable at the previous year's level. HEIDELBERG also benefited from its global positioning in this period, with strong development in the Asia/Pacific region offsetting restrained trends in other regions. In the third quarter, weak global macroeconomic development ultimately also left its mark on HEIDELBERG. At the same time, the upcoming drupa trade fair inspired a "wait-and-see" attitude on the part of customers with regard to new investments. Towards the end of the financial year 2023/2024, however, there was a positive trend in incoming orders again in the fourth quarter. At € 596 million, they were up on both the same period of the previous year (€ 574 million) and the previous quarter (€ 508 million).

* All information on incoming orders and order backlog in this report is not part of the management report and is not the subject of an audit by the auditor KPMG.

The segments developed differently in the financial year 2023/2024. The Packaging Solutions segment increased incoming orders by 3 percent, to € 1,192 million. Product innovations, such as the HEIDELBERG Boardmaster, have already made an impact here. In contrast, the Print Solutions segment after a strong previous year recorded a decline in incoming orders of 13 percent, to € 1,087 million, due to the weak overall economic situation. Trends also differed by region. While the EMEA and Americas regions recorded a year-on-year decline in incoming orders, the Asia/Pacific region generated growth.

In total, incoming orders amounted to € 2,288 million in the financial year 2023/2024 (adjusted for exchange rate effects: € 2,343 million) and was therefore around 6 percent below the previous year's figure (€ 2,433 million). As of March 31, 2024 the order backlog* fell accordingly and amounted to roughly € 652 million (previous year: € 848 million).

Sales at previous year's level

In the reporting year, sales amounted to € 2,395 million (previous year: € 2,435 million). The forecast for the financial year 2023/2024 assumed that sales would remain at the previous year's level, provided that the main exchange rates remain constant. As forecast, sales were therefore on par with the previous year's figure. Adjusted for negative exchange rate effects of some € 56 million, sales amounted to € 2,451 million in the reporting year. Growth was recorded in the Packaging Solutions segment in particular. The segment's share of Group revenue increased in the financial year to 52 percent, up from 48 percent in the previous year. However, the revenue share of the Print Solutions segment declined.

Adjusted EBITDA margin stable, despite negative impact on earnings

The adjusted EBITDA margin in the financial year 2023/2024 was 7.2 percent and thus reached the forecast, which was based on the previous year's figure (7.2 percent). The significant cost increases and the decline in capacity utilization were successfully offset by the value creation program initiated at an early stage.

Five-year overview: Business development

Figures in € millions	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Incoming orders	2,362	2,000	2,454	2,433	2,288
Order backlog as of March 31	612	636	901	848	652
Sales	2,349	1,913	2,183	2,435	2,395

As forecast, the Packaging Solutions segment was able to increase adjusted EBITDA in line with the market trend in the reporting period. Also as forecast, adjusted EBITDA in the Print Solutions segment was down on the previous year, in line with the downward market trend in this segment. In the Technology Solutions segment, the forecast for a slight improvement was not achieved. Adjusted EBITDA in the segment was below the previous year's figure due to higher expenses for development projects.

Results of operations

- Resilient development of profitability
- Adjusted EBITDA margin remains stable – value creation program offsets significant negative earnings impact
- Higher interest expense for pensions dampens financial result

Resilient development of the earnings situation

In the financial year 2023/2024, sales were on par with the previous year at € 2,395 million (previous year: € 2,435 million). In application of constant exchange rates compared to the same period of the previous year, sales increased organically by 0.7 percent, to € 2,451 million. At € 2,336 million, the Group's total operating performance, which includes changes in inventories and own work capitalized in addition to sales, was down slightly on the previous year (€ 2,435 million). The change is due mainly to the reduction in finished goods inventories.

EBITDA adjusted for special items amounted to € 172 million in the financial year 2023/2024, on par with the previous year (€ 175 million). In relation to sales, the adjusted EBITDA margin amounted to 7.2 percent (previous year: 7.2 percent). In the reporting year, adjustments were made for special items, which had a net negative impact on EBITDA of € 4 million. This included expenses of € 11 million relating to a legal dispute in the USA and income of € 7 million from a legal dispute with a customer in the field of printed electronics. Includ-

ing special items, the EBITDA margin was 7.0 percent. In the previous financial year 2022/2023, positive special items of € 34 million led to an EBITDA margin including special items of 8.6 percent. This included income of around € 12 million from the sale of the property in St. Gallen, a contribution of € 7 million to the joint venture with Masterwork and income of € 15 million from the sale of a property at the production site in Wiesloch-Walldorf.

EBITDA margin remains stable – value creation program compensates for high negative impact on earnings

Overall, the operating earnings performance in the financial year 2023/2024 remained stable compared to the previous year, despite the negative effects recorded. In particular, the increase in salaries, which was mainly due to collective bargaining agreements, and lower utilization of production capacity as a result of the lower sales volume had a negative impact on profitability in the financial year 2023/2024. In contrast, optimization measures in production costs and price adjustments to compensate for the increased costs had a positive impact. The value creation program initiated at an early stage played a key role in this regard and contributed a mid-double-digit million euro amount to the earnings performance.

Staff costs were influenced by several factors in the reporting period. Overall, they fell slightly in the financial year 2023/2024 despite noticeable wage increases compared to the previous year. In particular, the use of measures to make working hours more flexible and exchange-rate effects had a positive impact on staff costs. The previous year also included a charge from the payment of an inflation adjustment premium of around € 17 million.

Material costs showed a regressive trend in relation to total operating performance. At around 44 percent, the cost-of-materials ratio improved compared to the previous year (45.7 percent). This development is due mainly to price adjustments to compensate for increased material and energy costs as well as staff costs.

Net other operating expenses increased year on year to around € 341 million (previous year: € 298 million). Further details can be found under numbers 9 and 13 in the financial section of this Annual Report. At € 76 million, depreciation and amortization was slightly below the previous year (€ 79 million).

Higher interest expense for pensions burdens financial result

The financial result amounted to € -36 million in the reporting period (previous year: € -19 million) and was mainly impacted by an increase in non-cash interest expenses for pensions. This increased as the actuarial interest rate for pensions, which is based on the yields of fixed-interest bonds with good credit ratings, was significantly higher than the previous year's level at the start of the financial year 2023/2024 on April 1, 2023.

Taxes on income amounted to € 16 million in the financial year 2023/2024 and were therefore lower than in the previous year (€ 20 million). In the reporting period, the reversal of income tax liabilities in connection with transfer price risks in the amount of around € 22 million had a positive effect (previous year: € 9 million).

Overall, earnings after taxes fell to € 39 million in the reporting period after € 91 million in the previous year. The decline is due in particular to the positive special items included in EBITDA in the previous year and the increase in interest expenses for pensions in the reporting period.

Income statement

Figures in € millions	2022/2023	2023/2024
Net sales	2,435	2,395
Change in inventories/other own work capitalized	1	-59
Total operating performance	2,435	2,336
Other operating income and expenses	298	341
Cost of materials	1,113	1,028
Staff costs	815	799
EBITDA¹⁾	209	168
Adjustments	-34	4
Adjusted EBITDA¹⁾	175	172
in % of sales	7.2	7.2
Depreciation and amortization	79	76
Result of operating activities (EBIT)	131	91
Financial result	-19	-36
Net result before taxes	112	55
Taxes on income	20	16
Net result after taxes	91	39

1) Result of operating activities before interest, taxes, depreciation and amortization

Five-year overview: Results of operations

Figures in € millions	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Sales	2,349	1,913	2,183	2,435	2,395
EBITDA ¹⁾	-103	95	160	209	168
Adjusted EBITDA ^{1), 2)}	n/a	n/a	n/a	175	172
in percent of sales	n/a	n/a	n/a	7.2	7.2
Result of operating activities	-269	18	81	131	91
Financial result	-52	-41	-30	-19	-36
Net result after taxes	-343	-43	33	91	39
in percent of sales	-14.6	-2.2	1.5	3.7	1.6

1) Result of operating activities before interest, taxes, depreciation and amortization

2) Adjustment is reported as of FY 2023/2024; previous year adjusted; FY 2019/2020 to 2021/2022 not reportable

Net assets

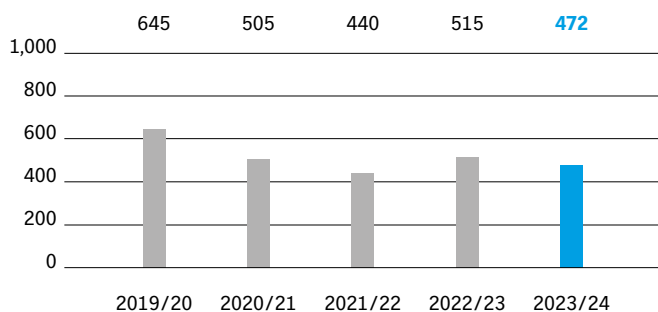
- Optimization of net working capital
- Efficient use of capital: Assets slightly below previous year due to reduction in capital commitment
- Equity increased slightly

Optimization of net working capital

Net working capital (NWC) was reduced to € 472 million as at March 31, 2024 despite sales at the previous year's level (March 31, 2023: € 515 million). As of the reporting date, NWC in relation to sales was 20 percent (March 31, 2023: 21 percent), the lowest ratio in over ten years. In the reporting year, a decline in advance payments due to the subdued trend in incoming orders had a particularly negative impact. However, this was more than compensated for by measures to continuously optimize inventories and consistent receivables management as part of the value enhancement program.

Development of net working capital

Figures in € millions



Assets

Figures in € millions	31-Mar-23	31-Mar-24
Non-current assets	917	902
Inventories	643	588
Trade receivables	290	252
Receivables from sales financing	40	43
Cash and cash equivalents	153	153
Other assets	177	177
	2,221	2,114

Efficient use of capital: Assets slightly below previous year due to reduction in capital commitment

As at the balance sheet date of March 31, 2024 total assets were slightly below the previous year's figure, mainly due to the decline in inventories and receivables. Fixed assets and cash and cash equivalents were on a par with the previous year. The positive free cash flow generated was mainly used to repay financial liabilities.

Equity and liabilities

Figures in € millions	31-Mar-23	31-Mar-24
Equity	514	527
Provisions	934	896
of which: pension provisions	683	688
Financial liabilities	102	76
Trade payables	225	227
Other equity and liabilities	446	387
	2,221	2,114

Equity increased slightly

At € 527 million, the HEIDELBERG Group's equity at the end of the financial year 2023/2024 was slightly higher than in the previous year. This development is due mainly to the positive result after taxes. In contrast, the increase in the present value of pension obligations due to a fall in the discount rate for domestic pensions from 3.7 percent to 3.5 percent had a negative impact on equity as of the balance sheet date. Due to lower total assets, the equity ratio also improved from 23 percent to 25 percent.

The financial liabilities were reduced to € 76 million as of the end of the reporting period, March 31, 2024, through the scheduled repayment of various debt instruments, after amounting to € 102 million as of March 31, 2023.

Trade payables remained at the previous year's level in the financial year 2023/2024, while other liabilities fell by 13 percent, mainly due to the reduction in advance payments received.

Five-year overview: Net assets

Figures in € millions	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Total assets	2,603	2,169	2,183	2,221	2,114
Total operating performance	2,345	1,845	2,233	2,435	2,336
Ratio of total assets to total operating performance (in percent)	111.0	117.6	97.8	91.2	90.5
Net working capital (NWC) ¹⁾	645	505	440	515	472
in percent of sales ²⁾	27.5	26.4	20.2	21.2	19.7
Equity	202	109	242	514	527
in percent of total equity and liabilities	7.8	5.0	11.1	23.1	24.9
Net financial position ³⁾	-43	-67	11	51	77

1) The total of inventories and trade receivables less trade payables and advance payments

2) Net working capital in relation to sales for the last four quarters

3) Net total of cash and cash equivalents and current securities and financial liabilities

Financial position

- Significant improvement in operating cash flow – free cash flow clearly positive, no special items from the disposal of non-operating assets
- Net financial position positive and significantly expanded – refinancing secured in the long term

Significant improvement in operating cash flow – free cash flow clearly positive

In the past financial year 2023/2024, HEIDELBERG achieved a significant milestone in free cash flow, which was clearly positive at € 56 million. In the previous year, free cash flow amounted to € 72 million, but the profits from special items from the disposal of non-operating assets amounted to € 97 million. Free cash flow had also benefited significantly from special items in previous years but did not include any special items in the reporting period. At € 91 million, operating cash flow in particular improved significantly in the financial year 2023/2024 compared to the previous year's figure of € 33 million. The measures implemented as part of the value enhancement program had a positive impact on earnings after tax, offsetting the negative effects of rising costs and declining volume. In addition, a decline in advance payments as a result of the falling order backlog was more than compensated for by the strategic reduction in inventories and receivables.

The cash outflow from investments amounted to € –34 million in the reporting period. In the previous year, an inflow of

€ 39 million was realized here, as special items in the amount of € 97 million had a positive effect. These inflows resulted from the sale of properties in the first quarter (St. Gallen, Switzerland, € 32 million), in the third quarter (Brentford, UK, € 39 million) and in the fourth quarter of the previous year (Wiesloch, € 26 million).

Net financial position positive and significantly expanded – refinancing secured in the long term

The net financial position, i.e. the balance of cash and cash equivalents and financial liabilities, increased significantly in the reporting period. At the end of the financial year, cash and cash equivalents (€ 153 million) exceeded financial liabilities (€ 76 million) by € 77 million. The positive free cash flow was offset by the increase in lease liabilities, which had a negative impact on the net financial position. A new syndicated credit line was also agreed with the banking syndicate in the reporting period. This has a term until 2027 and thus secures the Company's refinancing in the long term. At the same time, the credit line was increased by € 100 million to € 350 million. As at the end of the reporting period, March 31, 2024, around € 73 million of the credit line was utilized, mainly for guarantees in connection with export transactions. As a result, at the end of the reporting period € 277 million, or 79 percent, of the credit line had not been utilized. There are also two small development loans. HEIDELBERG's total credit line is therefore currently around € 354 million and has a maturity structure until 2027, providing a solid foundation for the Company's further strategic development.

Five-year overview: Financial position

Figures in € millions	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Cash used in/generated by operating activities	– 54	0	51	33	90
of which: net working capital	27	125	71	– 79	40
of which: other operating changes	– 95	– 126	– 22	110	53
Cash generated by/used in investing activities	279	40	36	39	– 34
Free cash flow	225 ¹⁾	40	88	72	56
in percent of sales	9.6	2.1	4	3.0	2.3

1) Including inflow of around € 324 million from trust assets from the retransfer of Heidelberg Pension-Trust e.V.

Segment report

- Print Solutions with declining order intake due to weak macroeconomic environment
- Growth in the Packaging Solutions segment
- Technology Solutions impacted by low numbers of new registrations for electric vehicles, which resulted in declining sales figures for charging technologies

Print Solutions segment

In the Print Solutions segment, incoming orders in the financial year 2023/2024 were around 13 percent below the previous year's figure. The cyclical commercial printing business continued to face the burden of a challenging macroeconomic environment. While markets in Asia, South America and Eastern Europe even recorded growth in some areas, Central European and North American markets in particular declined. The segment's revenue reflected this development with a time lag and recorded a decline of 10 percent. Adjusted EBITDA declined to € 88 million (previous year: € 95 million). The Print Solutions segment accounted for a proportionate net burden on sales of € 2 million of the adjusted special items described in the results of operations (previous year: positive special items of € 19 million). Including special items, EBITDA amounted to € 86 million (previous year: € 115 million).

Print Solutions

Figures in € millions	2022/2023	2023/2024
Incoming orders	1,255	1,087
Order backlog	384	276
Sales	1,254	1,146
Adjusted EBITDA ¹⁾	95	88
EBITDA ¹⁾	115	86
Investments	56	45
Employees ²⁾	5,267	5,305

1) Result of operating activities before interest, taxes, depreciation and amortization

2) Excluding trainees

Packaging Solutions segment

The Packaging Solutions segment recorded growth in incoming orders in the reporting year despite a weak economic environment. Product innovations, such as the HEIDELBERG Boardmaster, also contributed to this development. Incoming orders in the segment improved by around 3 percent compared to the same period last year. Segment sales for the year rose by around 7 percent. At € 102 million, adjusted EBITDA in the financial year 2023/2024 was around 6 percent higher than in the previous year. The Packaging Solutions segment accounted for a proportionate net burden on sales of € 2 million of the

adjusted special items described in the earnings position (previous year: positive special items of € 15 million). Including special items, EBITDA amounted to € 100 million (previous year: € 111 million).

Packaging Solutions

Figures in € millions	2022/2023	2023/2024
Incoming orders	1,156	1,192
Order backlog	455	368
Sales	1,158	1,239
Adjusted EBITDA ¹⁾	96	102
EBITDA ¹⁾	111	100
Investments	45	44
Employees ²⁾	4,139	4,149

1) Result of operating activities before interest, taxes, depreciation and amortization

2) Excluding trainees

Technology Solutions segment

In the Technology Solutions segment, the continued low number of new registrations of electric vehicles in Germany had a noticeable impact on the charging technology business. This was due in particular to expiring subsidies for infrastructure and vehicles in the private and business sectors. At the same time, demand could be met from high inventory levels held by intermediaries. The incoming orders and sales decreased by 55 percent compared to the previous year. EBITDA was down on the previous year and was impacted by higher expenses in the research and development and sales and marketing areas. In addition, Zaikio and Printed Electronics reduced the segment's EBITDA by around € 5 million in the financial year 2023/2024. There were no special items in the Technology Solutions segment, as these were originally attributable to the Print and Packaging Solutions segments.

Technology Solutions

Figures in € millions	2022/2023	2023/2024
Incoming orders	22	10
Order backlog	8	8
Sales	22	10
Adjusted EBITDA ¹⁾	-16	-18
EBITDA ¹⁾	-16	-18
Investments	0	0
Employees ²⁾	148	137

1) Result of operating activities before interest, taxes, depreciation and amortization

2) Excluding trainees

Report on the regions

- Asia-Pacific region increases incoming orders thanks to growth in the packaging market
- Incoming orders in EMEA and Americas down versus the strong previous year
- Sales: Slight improvement in Americas; EMEA stable, slight decline in Asia-Pacific

Note on the report on the regions

HEIDELBERG is simplifying the regional structure in its reporting with immediate effect. From now on, the EMEA, Americas and Asia-Pacific regions will be reported. The EMEA region will be supplemented by the Eastern Europe region, which was previously listed separately. The latter will no longer be posted separately in future. North America and South America were also consolidated into the Americas region. The previous year's figures have been adjusted accordingly.

Europe, Middle East and Africa (EMEA)

In EMEA, a restrained development in the Print Solutions segment was particularly noticeable. In addition to a noticeable reluctance to invest due to the poor overall economic situation, gains in the market share for digital printing technologies, from which HEIDELBERG intends to benefit more in the future, were also noticeable. In contrast, business development in the Packaging Solutions segment was positive. The segment made gains in the Eastern European markets in particular. Overall, in the financial year 2023/2024, the EMEA region was unable to maintain the previous year's strong incoming orders performance; it was around 9 percent below the previous year's figure. In addition to the general economic slowdown, the end of government-funded investment programs in some markets and a "wait-and-see" attitude with regard to the drupa trade fair, which begins in May, also contributed to this situation. By contrast, sales remained stable in the EMEA region and were only 2 percent down on the previous year due to the large order backlog.

Asia-Pacific

In the past financial year 2023/2024, the Asia-Pacific region showed a positive trend in incoming orders with an increase of 8 percent. The potential of this region is also attractive in

the long term due to the growing population and increasing prosperity. In the past financial year, it was the Chinese market in particular that recorded growth after pandemic-related restrictions had previously slowed economic development. The Print China trade show, which took place in April 2023, had a positive impact on incoming orders in this market and led to growth in the Packaging Solutions segment in particular. The Japanese market also developed positively despite a strong yen. As incoming orders in the Asia-Pacific region grew in the fourth quarter of the reporting year in particular, this development was not yet reflected in sales, which were around 4 percent below the previous year in 2023/2024.

Americas

The Americas region had very modest results in this reporting year. Both the Packaging Solutions and the Print Solutions segments could not match the previous year's strong figures. Growth was recorded only in some countries in Central and South America. Overall, incoming orders declined by 13 percent in the financial year 2023/2024. However, sales improved slightly compared to the previous year.

Incoming orders by region

Figures in € millions	2022/2023	2023/2024
EMEA ¹⁾	1,241	1,131
Asia-Pacific	597	642
Americas ²⁾	595	515
HEIDELBERG Group	2,433	2,288

Sales by region

Figures in € millions	2022/2023	2023/2024
EMEA ¹⁾	1,240	1,215
Asia-Pacific	620	593
Americas ²⁾	574	588
HEIDELBERG Group	2,435	2,395

1) Including the former Eastern Europe; the previous year's figures have been adjusted

2) North America and South America were consolidated into Americas; the previous year's figures were adjusted

Information on Heidelberger Druckmaschinen Aktiengesellschaft

Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg, is the parent company of the HEIDELBERG Group. Due to the size of Heidelberger Druckmaschinen Aktiengesellschaft relative to the Group, the above disclosures on the HEIDELBERG Group also apply to Heidelberger Druckmaschinen Aktiengesellschaft unless stated otherwise below.

The annual financial statements of Heidelberger Druckmaschinen Aktiengesellschaft are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements are prepared in line with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU). This results in some differences in terms of accounting and valuation policies.

In addition to its function as the largest operating company, the activities of Heidelberger Druckmaschinen Aktiengesellschaft include its function as the holding company and parent of the HEIDELBERG Group. From financial year 2024/2025 onwards, the business of Heidelberger Druckmaschinen Aktiengesellschaft will be managed on the basis of the performance indicators sales and net result after taxes.

Results of operations

Income statement

Figures in € millions	2021/2022	2022/2023
Sales	1,118	1,097
Total operating performance	1,174	1,081
EBITDA¹⁾	43	79
in percent of sales	3.8	7.2
EBIT²⁾	3	41
in percent of sales	0.3	3.7
Financial result	-61	29
Taxes on income	2	3
Net result after taxes	-60	67
in percent of sales	-5.4	6.1

1) Result of operating activities before interest, taxes, depreciation and amortization

2) Result of operating activities

At € 1,097 million (previous year: € 1,118 million), sales revenues in the reporting year were almost at the previous year's level, with a decrease of around 2 percent. The forecast that sales revenues would increase slightly compared to the previous year was narrowly missed in the reporting year.

Our forecast of achieving a positive operating result before depreciation and amortization for the reporting year that is on a par with the previous year was clearly exceeded.

Other operating income declined by € 9 million year-on-year, to € 126 million (previous year: € 135 million). As part of the regular review of the carrying amounts of investments, there were reversals totaling € 83 million (previous year: € 30 million) at seven subsidiaries in the reporting year. Furthermore, income of € 7 million was generated from a legal dispute in the field of printed electronics. This was offset by lower income from currency translation of around € 31 million and lower income from the reversal of provisions amounting to € 6 million. The previous financial year 2022/2023 included positive special items of around € 16 million from the sale of real estate at the Wiesloch-Walldorf production site and an investment in kind of € 12 million to the joint venture with Masterwork.

The cost of materials fell by € 69 million to € 504 million (previous year: € 573 million). This decline is mainly due to a temporary reduction in production capacity in the last quarter of the reporting year and lower sales compared to the previous year.

Compared to the previous year, personnel expenses fell by € 32 million, to € 381 million (previous year: € 413 million). In financial year 2022/2023, personnel expenses increased by € 13 million due to the inflation compensation premium agreed in the collective bargaining agreement of November 18, 2022. Furthermore, adjustments to the actuarial parameters for pensions and similar obligations led to an increase in pension expenses in the previous year.

Other operating expenses fell by € 38 million, to € 242 million (previous year: € 280 million). This decrease is mainly due to lower expenses from currency translation amounting to € 32 million as well as the reduction of € 6 million in special direct sales costs and a lower need for write-downs on receivables and other assets amounting to € 5 million. A lower balance of € 6 million from additions to and utilization of provisions relating to several types of expenses compared to the previous year also led to a reduction in other operating expenses. In contrast, expenses for other external services increased by € 22 million in the reporting year.

Compared to the previous year, the financial result improved by € 90 million, to € 29 million (previous year: € -61 million). This was mainly due to higher income from profit and loss transfer agreements and dividends amounting to € 153 million (previous year: € 40 million). Higher extraordinary depreciation and amortization of subsidiaries compared to the previous year amounting to € 18 million had a negative impact on the financial result.

Net result after taxes improved significantly, from € -60 million in the previous year to € 67 million. A positive development in EBITDA and an improvement in the financial result, which includes around € 113 million higher dividend income and income from profit and loss transfer agreements compared to the previous year, are the main reasons for this increase.

Net assets and financial position

In the year under review, total assets decreased by around 4 percent, or € 82 million, to € 1,960 million. Fixed assets of € 1,522 million were slightly lower than in the previous year.

At € 438 million, current assets including deferred income/prepaid expenses were € 51 million lower than in the previous year. On the liabilities side, equity increased by € 67 million, to € 607 million. Provisions declined slightly by € 40 million to € 914 million (previous year: € 954 million). Liabilities including deferred income decreased by € 112 million year-on-year, to € 429 million.

Within fixed assets, intangible assets increased by € 11 million, to € 77 million (previous year: € 66 million), mainly due to capitalized development costs, while property, plant and equipment decreased by € 12 million year-on-year, to € 389 million (previous year: € 401 million). Financial assets fell by € 31 million, to € 1,056 million (previous year: € 1,087 million), mainly as part of the regular review of the carrying amounts of investments.

Within current assets, inventories decreased by € 36 million, to € 295 million (previous year: € 331 million). The temporary reduction in production capacity in the last quarter of the reporting year led to lower inventories of work in progress and finished goods. Receivables and other assets increased by € 20 million, to € 133 million (previous year: € 113 million). In addition to the € 6 million increase in receivables from our employees from working time accounts, other assets also include receivables from a legal dispute in the field of printed electronics and from the sale of part of the Wiesloch-Walldorf production site, each amounting to € 4 million. Cash and cash equivalents amounted to € 4 million at the reporting date (previous year: € 40 million). All in all, current assets including prepaid expenses were lower than in the previous year.

Balance sheet structure

Figures in € millions	31-Mar-23	in % of balance sheet total	31-Mar-24	in % of balance sheet total
Non-current assets	1,553	76.1	1,522	77.7
Current assets ¹⁾	489	23.9	438	22.3
Balance sheet total	2,042	100.0	1,960	100.0
Equity	540	26.5	607	31.0
Special items	7	0.3	10	0.5
Provisions	954	46.7	914	46.6
Liabilities ¹⁾	541	26.5	429	21.9
Balance sheet total	2,042	100.0	1,960.0	100.0

1) Including deferred income/prepaid expenses

The € 67 million increase in equity to € 607 million (previous year: € 540 million) is due entirely to the net profit for the year (€ 67 million). The equity ratio amounted to 31 percent at the reporting date (previous year: 26 percent).

All in all, provisions declined by € 40 million, to € 914 million, in the year under review (previous year: € 954 million). This development was mainly attributable to lower staff obligations and a reduction in other provisions.

In the reporting year, liabilities including deferred income decreased by € 112 million, to € 429 million (previous year: € 541 million). In addition to a reduction of € 95 million in liabilities to affiliated companies, liabilities to banks fell by € 25 million, to € 6 million, in the reporting year.

Research and development

The research and development activities within the HEIDELBERG Group largely correspond to those of Heidelberger Druckmaschinen Aktiengesellschaft, whose Innovation Center at the Wiesloch-Walldorf site is the headquarters of a European development network. A total of 652 employees, or around 15 percent of our workforce, are active in the area of research and development. We invested € 90 million – approximately 8 percent of our sales – in research and development in the year under review.

Employees

As of the balance sheet date, a total of 4,359 people were employed at the four Heidelberger Druckmaschinen Aktiengesellschaft sites, excluding trainees. This corresponds approximately to the level of the previous year.

Number of employees per site

	31-Mar-23	31-Mar-24
Wiesloch-Walldorf	3,801	3,794
Brandenburg	359	359
Kiel	181	191
Neuss	17	15
	4,358	4,359
Trainees	255	275
	4,613	4,634

Risks and opportunities

The risks and opportunities of Heidelberger Druckmaschinen Aktiengesellschaft are largely the same as for the HEIDELBERG Group. Reference is therefore made to the information in the “Risks and Opportunities” section. In addition, the separate financial statements of Heidelberger Druckmaschinen Aktiengesellschaft are generally subject to risks and opportunities arising from the valuation of investments and fluctuations in dividend income from subsidiaries.

Heidelberger Druckmaschinen Aktiengesellschaft is integrated into the Group-wide risk management system and the internal control system of the HEIDELBERG Group. Further information can be found in the “Internal control and risk management system for the Group accounting process in accordance with section 289 (4) and section 315 (4) HGB” section of the combined management report.

Forecast

Heidelberger Druckmaschinen Aktiengesellschaft expects a sharp decline in sales for the new financial year 2024/2025 compared to the reporting year (2023/2024: € 1,097 million). Overall, Heidelberger Druckmaschinen Aktiengesellschaft nevertheless expects net income for financial year 2024/2025 to be positive and significantly higher than in the reporting year (2023/2024: € 67 million). This is primarily due to the contribution of shares in affiliated companies of Heidelberger Druckmaschinen AG (mainly sales companies) to a new intra-Group sales and service holding company as part of the intended stronger bundling of opportunities in the global service and sales network.

Employees

The number of people working for HEIDELBERG within the Group and worldwide increased by 37 as of March 31, 2024 to a total of 9,591 (previous year: 9,554 employees, excluding trainees). There were 6,022 employees in Germany and 3,569 outside Germany at the reporting date.

With trainees accounting for 6.2 percent of its workforce, HEIDELBERG is demonstrating the importance of developing young talents in light of demographic change. In the year under review, the available training professions were again adapted to reflect the demand areas of strategic relevance.

The defined HEIDELBERG personnel strategy was implemented rigorously in the past financial year. The next projects in the HR road map have been decided on, and some have already been initiated. In the financial year 2023/2024, the recruitment process was harmonized internationally and implemented digitally in 34 countries and 41 companies. A new, internationally focused applicant management platform was also rolled out in this context.

The “Diversity and Employer Branding” function integrated in the past financial year also complements the new Employer Branding measures with new activities on social media platforms. In addition, this function assisted internal HR development with the cascading communication of the mission statement by managers in a structured manner. The new mission statement was outlined and activities defined in the communication and workshop platforms.

For further information on our activities in employee matters, please refer to our separate combined non-financial report. The non-financial reports can be found on our website www.heidelberg.com under Investor Relations > Reports and Presentations.

Employees by region¹⁾

	2022/2023	2023/2024
EMEA ²⁾	7,256	7,297
Asia-Pacific	1,592	1,573
Americas ³⁾	706	721
HEIDELBERG Group	9,554	9,591

1) Excluding trainees

2) Including the former Eastern Europe; the previous year's figures have been adjusted

3) North America and South America were consolidated into Americas; the previous year's figures were adjusted

Sustainability

HEIDELBERG considers sustainability a part of its strategic orientation that creates the foundations for long-term economic success. Attention to sustainability aspects forms part of the Group's standards of conduct and environmental standards as they apply to our products, production processes and supply chain, and our interactions with our partners. HEIDELBERG has pledged compliance with environmental standards and standards of conduct in its environmental policy and codified them in a binding manner in the Code of Conduct and the Declaration of Principles on Human Rights. These are published at www.heidelberg.com > Sustainability > Human Rights.

The Company made further progress in the area of sustainability management in the period under review. HEIDELBERG's aim is to have the smallest ecological footprint along the value chain in its industry. In order to fulfill its social responsibility, HEIDELBERG expanded its previous climate target in the past financial year. The prior target focused solely on Scope 1 and 2 emissions. The new, science-based climate target aligns with the Paris Agreement's ambitious 1.5-degree goal and now encompasses Scope 3 emissions. HEIDELBERG therefore pursues the holistic goal of reducing emissions along the entire value chain and throughout the service life of the machines; in addition to emissions at our own production and sales sites, we also focus on the emissions of our customers throughout the entire life cycle of our machines.

The majority of HEIDELBERG's emissions are generated along its value chain, including purchased goods and services, logistics and the use of its products. We are already addressing Scope 3 emissions, a reduction in which ultimately also generates economic benefits for our customers, through projects aimed at lowering the energy consumption of our printing presses and improving their energy efficiency. At the industry trade fair drupa, HEIDELBERG presented the energy-efficient DryStar Combi dryer for its XL 106 machines, which consumes up to 30 percent less energy than a current dryer. With the help of further optimization measures on the machines and processes, energy efficiency can be further increased while maintaining the same level of productivity.

Furthermore, HEIDELBERG is expanding its efforts to increase sustainability along its supply chain by pressing ahead with the development of an ESG-compliant supply chain focusing on human rights, ethics and environmental aspects. To this end, in the reporting period comprehensive risk analyses were carried out in the supplier structure, other measures were taken, and tools and processes were further developed. The aim is to remain an attractive employer. Among other things, we achieve this by providing attractive working conditions, development opportunities and benefits. HEIDELBERG works continuously to offer new opportunities and focus on future challenges.

Sustainability management at HEIDELBERG is managed centrally by Corporate Sustainability. It is responsible for the sustainability strategy, controlling and reporting, and defines tools and methods for achieving the sustainability targets. The Head of Corporate Sustainability reports directly to the CEO. Management Board remuneration has included sustainability targets since the financial year 2022/2023. Additional information can be found in the "Remuneration Report – Management Board and Supervisory Board" section of this Annual Report.

For more information on our sustainability activities, please refer to our separate combined non-financial report. Our non-financial reports can be found on our website www.heidelberg.com under Investor Relations > Reports and Presentations.

Risks and Opportunities

As an internationally oriented company with international operations, HEIDELBERG is exposed to macroeconomic, industry-specific and Company-specific risks and opportunities. Opportunities in particular may arise externally as a result of new customer requirements or regulatory changes, as well as internally due to new products, innovations and quality improvements.

Risks and opportunities are defined as possible future developments or events that can lead to a negative or positive deviation from targets. The early recognition, controlling and monitoring of risks and opportunities is enshrined in HEIDELBERG's business processes. Risks are entered into only when the resulting opportunities are expected to make an appropriate positive contribution to enterprise value, and any developments that could jeopardize the Company's existence as a going concern can be ruled out at all times.

HEIDELBERG has further developed its risk management in accordance with the legal requirements for crisis and risk management expanded in 2021 when the German Act on the Stabilization and Restructuring Framework for Companies (StaRUG) came into force. Risk aggregation based on corporate planning (Monte Carlo simulation) is used to measure the degree of risk to the portfolio and express this using suitable key figures (risk-bearing capacity concept). The effects of risks and opportunities on the future rating and covenants are also taken into account.

The Supervisory Board has determined the level of threat to the Company's continued existence at which "suitable countermeasures" for crisis prevention must be initiated in accordance with section 1 StaRUG and the Supervisory Board itself must be informed immediately.

A critical value for the threat to the Company's continued existence was never reached in the last financial year. Based on the regular risk analysis and risk aggregation, it can be concluded that "developments that could jeopardize the continued existence" are also unlikely in the new financial year, both for the Group and for Heidelberger Druckmaschinen AG as an individual company. Continuous monitoring ensures that potential critical developments can be identified in good time.

HEIDELBERG's risk management system fulfills the legal requirements and is regularly reviewed and further developed. The workflow for recording, evaluating and reporting risks has been digitized using GRC (governance, risk and compliance) software.

In line with its audit planning, the Internal Audit department examines the appropriateness and effectiveness of the risk management system (RMS) and the internal control system (ICS).

The objectives of HEIDELBERG's risk management system are:

- Compliance with legal and regulatory requirements
- Safeguarding HEIDELBERG's status as a going concern by ensuring that the overall risk situation is consistent with the available resources
- Securing and increasing HEIDELBERG's enterprise value through end-to-end risk management in order to support the achievement of financial targets
- Creating economic value added by ensuring that the impact of business decisions on the overall risk position is taken into account to an adequate extent (business judgment rule)

Risk management

Risk management organization

The HEIDELBERG Management Board bears overall responsibility for the risk management system. The Management Board has transferred operational responsibility for the monitoring, coordination and further development of the risk management process to Group Risk Management (GRM).

Clear values, principles and guidelines help the Management Board and the management operate and control the Group. The Group policy on risk management defines a structured process to reliably ensure that opportunities and risks are systematically identified, evaluated, controlled, documented in the GRC system in an audit-proof manner, and made available to the relevant stakeholders in real time. The fundamental aspects of the organizational structure, workflows, responsibilities and methods are documented in a comprehensive risk management manual.

HEIDELBERG has set up a Risk Committee. In addition to the Management Board and GRM it consists of managers from key areas of the Company. This body discusses the current risk situation and the latest risk inventory, including validating the completeness and relevance of the risks recorded, several times a year.

The head of Group Risk Management informs the Management Board about current developments relating to risks and opportunities at regular meetings. As a matter of principle, the Management Board and the head of Group Risk Management regularly inform the Audit Committee of the Supervisory Board about the risk management system. In addition to standard reporting, there is an obligation to report to the Management Board and the Supervisory Board on an ad hoc basis in the event of significant changes to existing risks or new risks (when defined thresholds are exceeded) so that any necessary countermeasures can be initiated at an early stage. In addition, the head of Group Risk Management also holds regular bilateral discussions with representatives of the Supervisory Board.

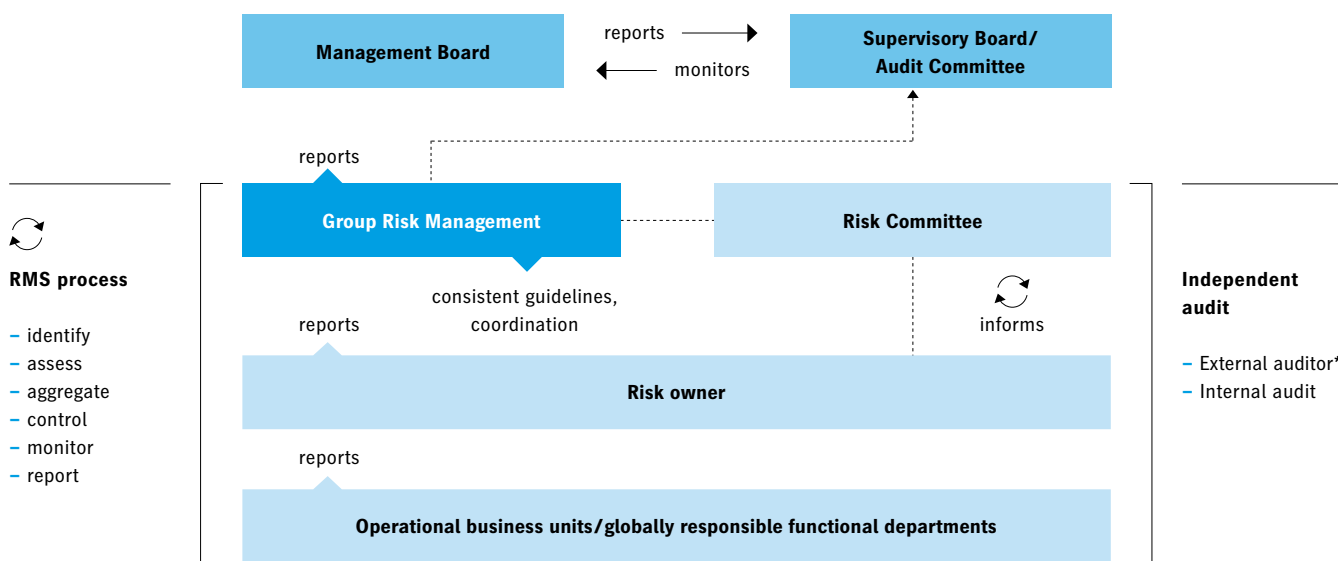
HEIDELBERG has established a multi-level risk management system that covers all significant investments.

The operational implementation of risk management is performed by the respective risk owners. These are managers with budget responsibility who are assigned responsibility for fundamental tasks, such as the identification, assessment, controlling and monitoring of risks, in line with the stipulations of Group Risk Management. Their responsibility also includes taking suitable measures to prevent/reduce risk at an early stage and to report as part of the planning, management and controlling process.

The Audit Committee deals with the appropriateness and effectiveness of the risk management system and the internal control system and arranges for regular reporting (in some cases from the directly responsible managers in accordance with section 107 (4) sentence 4 AktG). The risk early warning system is part of the risk management system. The appropriateness of the risk early warning system in accordance with section 317 (4) HGB is assessed by the auditor. In cooperation with a knowledgeable external expert, Internal Audit reviewed the appropriateness of risk management in accordance with DIIR Standard No. 2 in the previous year.

The following diagram illustrates the organization of risk management at HEIDELBERG.

Organization of risk management at HEIDELBERG



* The independent audit finally encompasses the risk early warning system

Risk culture

HEIDELBERG believes that entering into risks is an integral aspect of business activity. Risks may be entered into actively or by way of deliberate omission. To the extent that it can influence such risks, HEIDELBERG only consciously enters into risks that it has carefully investigated (and documented) and that serve the object of the Company as defined in the Articles of Association. Risks are entered into only when the resulting opportunities are expected to make an appropriate positive contribution to enterprise value, the Company’s risk-bearing capacity is not exceeded, and this risk policy is not expected to result in developments that could endanger the Company’s existence as a going concern. The Management Board of HEIDELBERG sets a clear tone from the top through various measures including the Code of Conduct, the HEIDELBERG mission statement and periodic statements.

Risk awareness requires compliance with laws, regulations, etc., as failure to do so entails risks such as the payment of fines or damages or reputational damage. All HEIDELBERG employees are expected to act in accordance with this risk culture.

Identification of risks and opportunities

Consistently changing conditions (e.g. legislation, market conditions) and internal changes affecting the organizational structure and workflows require a process of continuous analysis in order to enable the identification of existing and potential future risks. The identification of risks and opportunities as early as possible is a priority in order to be able to take appropriate measures promptly. Risk managers are therefore obliged to regularly review the risks (financial and non-financial) of the respective areas – with the support of GRM – to ensure that they are up to date and complete and to update the risk inventory (including planning and sustainability risks) if necessary.

This process is supported by checklists of potential risks and supplemented by review discussions, where these risks are discussed with the risk owners in order to ensure the greatest possible degree of transparency and completeness with regard to risks at HEIDELBERG.

Assessment of risks and opportunities

Following on from identification, the individual risks and opportunities are assessed using uniform assessment techniques that are set out in the risk management manual. All individual risks recorded are assessed after taking risk limitation activities into account (net assessment). Expert estimates are also used if necessary. Defined materiality thresholds ensure that individual risks and opportunities above the respective threshold are recorded and reported. Risks and opportunities are not netted.

Risks and opportunities are assessed on the basis of assumptions regarding loss distribution (e.g. using a three-point estimate), and, where applicable, regarding the probability of occurrence. The impact of risks and opportunities on the Group’s net assets, financial position and results of operations is also evaluated.

Individual risks are classified in line with their risk level. This is fundamentally prioritization based on the expected value. Extreme risks are analyzed separately according to the relevance of a risk, taking into account both expected effects and realistic extreme effects.

As in the previous year, HEIDELBERG operates according to the following value limits:

Classification	Threshold in € millions
Low	≤ 5
Medium	> 5 to < 15
High	≥ 15

Generally speaking, the Annual Report only includes a separate presentation of risks that are classified as high. Exceptions from this principle may occur, for example, if risks from the previous year are listed in order to ensure consistent reporting.

Aggregation of risks and opportunities and risk-bearing capacity

In addition to individual risks in isolation, risks to the Company's existence as a going concern often arise from the combined effect of multiple individual risks.

HEIDELBERG's individual risks and opportunities are based on a quantitative assessment and are aggregated using a Monte Carlo simulation. A large number of possible scenarios (various combinations of loss event and loss amount) are taken into account. The results form the basis for the risk-bearing capacity concept and are used to determine the overall risk potential as well as to evaluate business decisions (>business judgment rule).

A Monte Carlo simulation was carried out to assess the risk-bearing capacity, i.e. to check whether the Company's

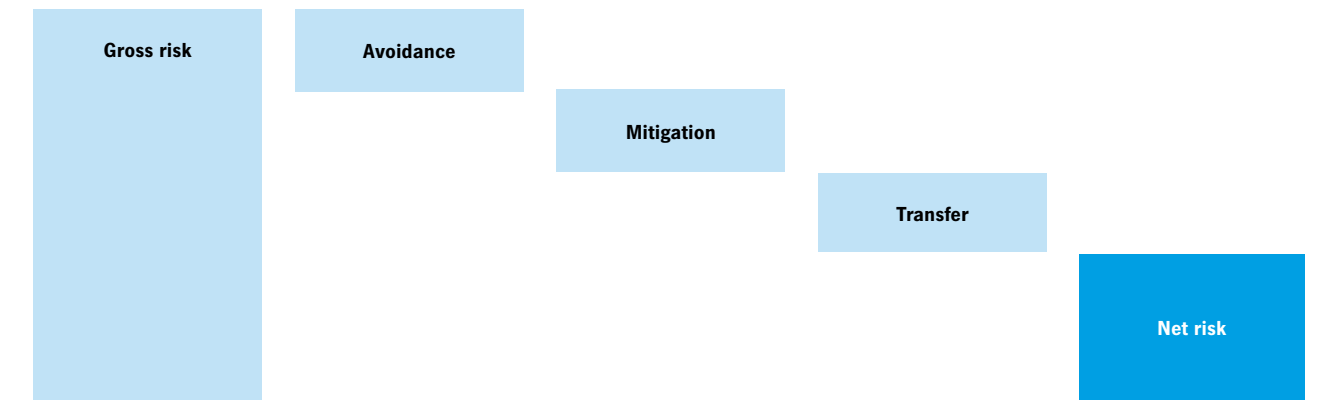
equity requirements and liquidity are covered and whether the probability of a threat to the Company's continued existence is at the level accepted by the Supervisory Board.

Controlling risks and opportunities

Depending on the individual risk, the risk owners define suitable measures for risk controlling, track their implementation and examine their effectiveness. Suitable measures for minimizing risk may include avoidance (not going ahead with an originally planned activity), mitigation (taking measures to minimize the probability of occurrence or the loss potential) and transfer (reducing the consequences of the risk occurring).

The risk presentation takes risk-mitigating activities into account – i.e. the net risks are presented (see also the illustration below).

Risk-mitigating activities (illustration)



The head of Group Risk Management ensures that the Management Board and Supervisory Board are informed directly in the event of a potential threat to the Company's continued existence and that suitable countermeasures can be initiated.

Monitoring of risks and opportunities

Regular monitoring allows the detection of changes in individual risks. Adjustments in risk management can therefore be promptly turned into the initiation of necessary measures. Taking the materiality thresholds into account, each risk owner is responsible for reporting all known risks and opportunities within their own area of responsibility to Group Management.

Risk monitoring and the processes of the primary risk management system also include Group Risk Management (GRM) and the Internal Audit department, as discussed under "Risk management organization" above.

Risks relating to material non-financial matters

In accordance with section 289c HGB in its current version, HEIDELBERG's risk management system also includes material CSR risks (environmental, employee and social issues, human rights, combating corruption and bribery, and supply chain issues) that could result from the Company's business activity in general or from the products and services it offers and that could have an impact on non-financial matters. No material non-financial risks were identified in the year under review.

Risk and opportunity report

Corporate risks are divided into the categories “National economy”, “Strategy and industry”, “Operational”, “Financial markets” and “Legal and compliance”. The following table provides an overview of the risk categories and their overall risk assessment in addition to changes against the previous year:

Risk category	Classification	Change as against previous year
National economy	High	→
Strategy and industry	High	→
Operational		
Information security	High	→
Sales financing	High	→
Production	Medium	→
Procurement	Low	↘
Human resources	Low	→
Financial markets		
Pension obligations	Medium	→
Taxation	Low	→
Currency and interest	Low	→
Liquidity and refinancing	Low	→
Legal and compliance	Medium	→

The table above shows HEIDELBERG’s current risk assessment. In the same way as for the forecast, the horizon for risk classification is one year.

National economic risks and opportunities

Economic conditions have a direct impact on HEIDELBERG’s business activities and its net assets, financial position and results of operation. They are influenced by social developments, political changes and ecological events (e.g. natural disasters), which may be reflected in changes to the prevailing legal and macroeconomic conditions. Unexpected disruptions to the global fabric of economic relations can have consequences that are difficult to predict. Possible fluctuations are taken into account in the underlying planning of HEIDELBERG.

HEIDELBERG addresses these challenges through the geographical diversification of its sales markets and the development of alternative scenarios in the case of serious events.

In particular, the military conflicts in Eastern Europe (Russia’s war against Ukraine) and the Middle East (conflict between Israel and Palestinian groups) led to a significant strain on global political and economic conditions in the 2023 calendar year. The effects on the security situation can be felt in virtual space, but also in connection and transportation networks away from the hotspots.

The development of geopolitical and economic conditions and when an easing of tensions could be expected cannot be predicted at present. However, HEIDELBERG is only indirectly affected by the consequences of these conflicts; decoupling of commodity markets and price developments is only possible to a limited extent.

Despite HEIDELBERG’s high level of vertical integration, maintaining production would constitute an operational challenge in the event of limited availability of raw materials on the one hand and problems in the global supply chains on the other. Accordingly, HEIDELBERG therefore continuously analyzes the political, economic and legal conditions, and works in close cooperation with its suppliers and logistics partners in order to respond to changes in the supply chain at an early stage and strengthen it as necessary.

Although the conflicts in Eastern Europe and the Middle East dominate the information situation, there are other economic and political risks. In particular, the differing political and economic interests of the USA and China entail considerable potential for conflict in terms of world trade, e.g. in the form of new or additional trade barriers (such as tariffs and import/export restrictions). Political instability in some countries in South America, Eastern Europe or Asia could also have a negative impact on economic conditions. Furthermore, the decisions taken by central banks around the world in order to combat inflation could lead to higher interest rates. In addition to making investment more expensive and leading to a general reluctance to invest, this could mean that customers or suppliers are no longer able to service debt in the usual manner.

S&P IHS Markit is forecasting global economic growth of 2.6 percent in the 2024 calendar year. Following only moderate growth in the 2023 calendar year, HEIDELBERG’s important sales market of China is expected to see year-on-year growth of 4.7 percent. Economic growth of just 0.1 percent is forecast for Germany for the 2024 calendar year. Forecast uncertainties are taken into account accordingly in our risk assessment.

In the planning underlying the forecast and the risk report, HEIDELBERG assumes that the framework conditions for free global trade will remain unchanged.

If the economic data (for instance regarding inflation and expected price increases, or government support measures) were to outperform original expectations by some distance, this could lead to an improvement in the Group's net assets, financial position and results of operations. However, the current order book and the sensitivity of demand mean that any improvements in the economic data would only have a positive impact for HEIDELBERG following a certain time delay.

Strategic and industry-specific risks and opportunities

The situation in the printing industry continues to be characterized by a challenging competitive environment. Innovation cycles and the accompanying investment costs/risks mean that size and rationalization are the only way for many print companies to ensure their future in a changing market environment. Against this backdrop, the increased automation and digital connectivity of HEIDELBERG's printing presses ("end to end") offers customers advantages such as a significant increase in productivity and efficiency. This typically makes HEIDELBERG's product portfolio more attractive and improves customer retention.

HEIDELBERG expects print volumes in the emerging markets to continue to increase overall in the commercial and advertising printing segment (Print segment). In industrialized countries, on the other hand, a downward trend in print volumes is expected due to the substitution of publishing products and business stationery by the Internet and the effects of demographic change on the purchasing and reading habits of the population. In addition, the number of printing companies in industrialized countries is expected to fall due to the technological development of the industry and the associated cost pressure. Print shops can also be expected to increasingly adapt to the "Amazon effect", with the same-day or next-day delivery of goods and services becoming standard. This means the transition from conventional to digital print is continuing as time-to-market and quick turnaround times become increasingly important.

By contrast, packaging and label printing have the potential for continued growth (including due to the substitution of plastic with paper) as disposable income is increasing in many emerging economies, leading to rising demand for packaged consumables and durables.

In view of the changes in the printing industry (in terms of customers and areas of application), the risk that planned sales and margin targets will not be met is taken into account in our assessment of sector risk. As previously, the key sales markets for HEIDELBERG are North America, Central Europe and China.

2024 will once again be a challenging year for mechanical engineering in Germany. VDMA economists anticipate a decline in real production of 4 percent. This forecast is subject to a high degree of uncertainty. Forecast uncertainties are taken into account accordingly in our risk assessment.

If the global economy were to fail to develop in line with expectations or if key markets were to suffer a more pronounced economic downturn than anticipated, there is a risk that the planned sales and earnings performance would not be achieved, particularly in new machinery business. Service and consumables business, which benefits to a considerable extent from the number of installed printing presses and their print volume, is economically less cyclical but would be unable to fully compensate for the downturn in new machinery business.

In its planning, HEIDELBERG assumes that inflation will begin returning toward the central banks' target level and that HEIDELBERG will be able to realize the planned price increases for its products and services on the market. There is a risk that only partial price enforcement and/or higher procurement prices than planned will have a negative impact on margins. Conversely, a positive economic environment would present the opportunity of improved price quality and margin.

Optimization of production and structural costs is an ongoing process, and the resulting savings are taken into account in planning according to their impact over time. The success of these measures is a significant factor in HEIDELBERG achieving its business objectives. There is a risk that the planned measures may not be implemented within the intended time frame, may not generate the anticipated savings, or may require higher expenditure than planned. Because HEIDELBERG has extensive experience in managing efficiency projects, however, there is also the possibility that quicker or more extensive implementation could have a positive impact on HEIDELBERG.

Operational risks and opportunities

INFORMATION SECURITY AND IT

The digitization of business models and processes in all areas of the Company harbors opportunities as well as risks – for example, through the loss of confidentiality, integrity and availability of the digital assets used at HEIDELBERG and their auxiliary processes. There are many potential causes for these risks, including cyberattacks (e.g. hacking, virus attacks), employee misconduct or a lack of resources due to demographic change and the skills shortage. The increasing global legal and regulatory requirements for general information security (NIS-2, CRA) and the protection of personal data and business secrets increase the risks of potential breaches of regulations in a complex environment.

In a loss scenario, this could lead directly to the partial or complete failure of information technology, business interruption and claims for damages on the part of customers, for example. Due to HEIDELBERG's international network and the services based on the use of cloud computing, the provision of services worldwide could be restricted in the worst-case scenario. Reputational damage could also be an indirect consequence.

HEIDELBERG places extremely high priority on the availability, integrity and confidentiality of electronically processed information and the information technology (IT) used. Information security is a fixed component of the Company's business processes, and the information security management system (ISMS) with Group-wide validity that has been implemented is certified in accordance with the internationally recognized ISO/IEC 27001 standard in the area of digital services. Although systematic risk analysis, preventive and technical protection measures – such as access controls, state-of-the-art endpoint detection and response (EDR) and secure access service edge (SASE) systems, data backups and data encryption in the cloud,

and investments in strengthening the IT landscape – cannot eliminate risks altogether, they serve to reduce them significantly.

The threat situation with regard to information security is continuously monitored and security measures and regulations are checked and adapted as required. Regular communication, training and awareness measures (e.g. anti-phishing training) serve to strengthen risk awareness and the understanding of security within the Company. External IT service providers and their IT security management are expected to meet the same high standards as the Company's own information security and IT.

The threat situation has worsened significantly in recent years and is rated as high. As a result of the dispute between Russia and Ukraine, cyberattacks on companies continue to occur. Future geopolitical conflicts, as well as cyberattacks by economically motivated cyber criminals, cannot be ruled out and could have a negative impact on HEIDELBERG.

Regularly upgrading and renewing the IT infrastructure – for example, to adapt to new technical standards – is one of HEIDELBERG's key tasks. The necessary adjustment processes and projects are associated with IT project-specific risks. Deviations from the planned costs and schedules or even temporarily restricted IT functionality are unavoidable during IT upgrades.

HEIDELBERG counters this risk through close coordination with the operational areas, preventive maintenance and prioritized capacity and investment planning.

SALES FINANCING

Sales financing supports the sales team with the sale of machinery. HEIDELBERG either brokers financing with one of our financing partners or provides customer financing itself.

This financing activity gives rise to risks such as partial or complete default (counterparty default risk), delays in payment and risks relating to the realization of collateral (residual value risk). In particular, a difficult economic environment (e.g. a pandemic or a high-inflation or recessionary environment) can lead to a growing number of overdue payments and requests for payment deferrals as well as the restructuring of financing agreements.

To reduce the risk in connection with its own financing commitments, HEIDELBERG only enters into such commitments following a comprehensive review of the customer and its business model and credit rating. A comprehensive database of contracts and printing presses helps to assess and minimize residual value and counter-liability risks.

Existing financing agreements are regularly reviewed using internal rating processes. These (like the Basel standards) comprise both debtor-specific and transaction-specific components. HEIDELBERG has established a system of receivables management so that it can closely monitor agreements and take corrective action where necessary. Measures are taken at an early stage and appropriate risk provisions are recognized for discernible risks. The methods and processes used have proven their worth in the past years.

Due to the importance of sales financing for the sale of machinery, the Company could be subject to additional funding requirements if the availability of financing partners or their financing volume were to be lower than planned; taxonomy is expected to play a role in this respect in the future. This would require HEIDELBERG to expand its own financing commitments to customers in order to achieve the planned sales and earnings contributions. This would tie up additional funds and raise the risk profile of sales financing.

To date, however, HEIDELBERG has always been in a position to keep its own financing commitments stable at a low level thanks to the close cooperation with its financing partners in a spirit of mutual trust.

PROCUREMENT

In order to manufacture our products and provide our services, HEIDELBERG relies on receiving the required quantities of raw materials, precursors, energy and services at the required time and in the required quality.

The initially rapid volatility in prices as a result of international conflicts (in particular, the Russian war of aggression in Ukraine) normalized somewhat in the reporting year. Nevertheless, we remain affected by price fluctuations caused by worldwide conflicts and the global economic situation. These prices can vary considerably depending on the product group

and will continue to impact HEIDELBERG's cost structure in the future. In workshops with knowledgeable participants, possible effects were discussed and analyzed in terms of their potential impact and quantification. There is also a risk of supply bottlenecks in the value chain due to the absence of individual suppliers, supply routes or transport capacities, either in part or in full, as well as due to variations in quality. This can lead to delays and additional expenses in production or, in the worst case, to production downtime.

To reduce purchasing risks, HEIDELBERG has a comprehensive supplier management system and complies with the requirements of the German Supply Chain Duty of Care Act (LkSG). Purchasing works closely and contractually with selected system suppliers. Furthermore, we are continuously working on optimizing the value chains with key suppliers in order to ensure a reliable supply.

HEIDELBERG is also working on optimizing its energy consumption and reducing its dependence on external energy suppliers by investing in its own renewable energies (photovoltaics).

PRODUCTION

There is the risk of production disruptions or downtime due to elemental loss events (e.g. a fire at the foundry or a natural disaster) as well as disruptions to operations (e.g. machinery/tool failure), transport and logistics. Due to the high level of integration in production, a damage event at one production site can also have an impact on production, assembly and logistics at other locations. As a result, HEIDELBERG could suffer financial damage from the actual loss event as well as consequential damage due to any loss of margin as a result of lost sales.

HEIDELBERG counters these risks by implementing high technical and safety standards. The (safety) precautions taken (e.g. production structure and process planning, preventive maintenance, technical fire protection, works fire department) serve to reduce the amount of any damage incurred and the probability of these risks occurring. The residual risks are transferred to insurance companies with typical sums insured and indemnification periods.

HUMAN RESOURCES

HEIDELBERG requires motivated, highly qualified employees and a good working atmosphere in order to achieve its goals. Demographic change poses a particular challenge in view of the comparatively high age structure of the workforce. In addition, the restructuring measures of recent years have had a negative impact on HEIDELBERG's attractiveness as an employer, making it more difficult to recruit suitable new employees.

There is a risk that HEIDELBERG may fail to attract sufficiently suitable employees (especially in the area of IT) or retain employees' commitment to and confidence in HEIDELBERG in the longer term. The resulting negative consequences are varied and include the loss of expertise, project delays and increased project costs, and issues affecting the digital transformation of business processes.

To counter these risks, HEIDELBERG performs internal organizational measures aimed at the transfer of expertise and promoting the culture of modern work as well as engaging in contact and dialogue with potential trainees and students with the relevant qualifications at an early stage. HEIDELBERG is keen to ensure that it is open to all sections of society and to make itself interesting to potential candidates by offering targeted training and development.

Financial risks and opportunities

PENSION OBLIGATIONS

Pension obligations under defined benefit pension plans are calculated on the basis of externally produced actuarial reports. In particular, the amount of pension obligations is dependent on the interest rate used to discount future pension payments. As this is based on the returns from corporate bonds with good credit ratings, market fluctuations in these therefore influence the amount of pension obligations. Changes in other parameters, such as inflation and life expectancy, also influence the amount of pension and/or payment obligations. Risks or opportunities can arise from this depending on the change in these parameters. Corresponding expert reports, including evaluation of the relevant parameters, are available.

HEIDELBERG's pension obligations are – in part, completely or on a pro rata basis – covered by plan assets managed in trust,

and are reported net in the statement of financial position. Plan assets consist of interest-bearing securities, equities, real estate and other investment classes. The diversification of assets helps to reduce risk.

Remeasurement effects from pension obligations and plan assets are recognized directly in equity, taking deferred taxes into account. The occurrence of remeasurement effects (especially as a result of a reduction in the discount rate, but also due to unexpected developments on the capital market) could have a negative effect on equity and the equity ratio.

In the reporting year, the actuarial interest rate fell slightly as a result of interest rate trends on the capital markets, which had a negative impact on equity. Against this background and the recent fall in the inflation rate, a further increase in the actuarial interest rate appears less likely.

In a favorable capital market environment, an increase in the interest rate used to discount future pension payments and the development of plan assets offer the opportunity to decrease provisions for pensions and to increase equity due to actuarial gains.

The goodwill impairment testing system is explained in the notes (note 18). HEIDELBERG continuously reviews the underlying assumptions and forecasts. Nevertheless, currently unforeseen developments may occur in the future that would have to be taken into account at a later date.

TAXATION

HEIDELBERG conducts business worldwide and is subject to the local tax laws and regulations applicable in the respective countries and to multilateral and bilateral tax agreements. Changes in the underlying legal provisions and the application of law or changes to the business model or location concept can have negative consequences for HEIDELBERG's tax positions.

In all tax-relevant areas, HEIDELBERG has worked with internal and external tax experts to take precautions to ensure that it complies with the applicable tax provisions and to enable it to respond, in a timely manner, to changes in the tax law landscape. Internal instructions ensure that employees are obliged to observe and follow the applicable tax regulations.

The close business relationships between HEIDELBERG companies could give rise to transfer pricing risks. To minimize any negative tax consequences, HEIDELBERG has implemented a transfer pricing system with corresponding documentation in cooperation with the tax authorities.

FOREIGN CURRENCY AND INTEREST RATE BUSINESS

As an international corporation, HEIDELBERG is exposed to foreign currency risks resulting from the disparity in the scope of the different foreign currencies on the procurement and sales side as well as exchange rate fluctuations.

Foreign currency risks are monitored centrally and managed operationally (through corresponding hedges) as well as in the medium and long term using tools such as increasing procurement volumes in foreign currency (natural hedging). The functional separation of trading, settlement and risk controlling means that organizational measures have been implemented to minimize risk.

There are interest rate risks for floating-rate liabilities since changes in the underlying reference interest rate can affect their interest. Fluctuations in interest rates can have either a positive or a negative effect on earnings. Where appropriate, interest rate risks are limited by suitable interest rate swaps.

LIQUIDITY AND REFINANCING

Liquidity risks can arise if funding requirements are not covered by available liquidity or financing commitments at all times. HEIDELBERG's financing commitments require compliance with financial covenants.

If the net assets, financial position and results of operations were to deteriorate to such a degree that it were no longer possible to guarantee compliance with the financial covenants, this would have a significant negative impact on HEIDELBERG's liquidity and refinancing capacity. Accordingly, compliance with the financial covenants is also simulated on a predictive basis. This allows potentially strained key financial indicators to be discussed in advance with the lending banks so that solutions can be found by working together.

HEIDELBERG also continuously monitors the liquidity of all Group companies and has implemented rolling liquidity planning in order to identify funding requirements at an early stage and respond accordingly. The necessary minimum liquidity based on experience from past crises is kept available. The financing commitments from banks have a maturity profile until 2027.

Legal and compliance risks

The international nature of HEIDELBERG's business activity means it is subject to legal and compliance risks. These may arise from legal disputes with business partners, infringements of industrial property rights or breaches of statutory requirements, for example. The existing legal disputes primarily relate to product liability and warranty cases in connection with sales of machinery. Provisions are recognized for risks resulting from legal risks where utilization is likely and the probable amount of the provision required can be reliably estimated. Wherever possible, standardized master agreements are utilized in order to reduce the legal risks from individual agreements. Antitrust risks result from the market structure and HEIDELBERG's strong market position. HEIDELBERG counteracts these risks by establishing policies and providing the relevant individuals with training.

HEIDELBERG has a compliance management system (CMS) that aims to ensure that its executive bodies, managers and employees act in accordance with the law. Effective prevention and early recognition help to prevent compliance misconduct and violations and to minimize or prevent any liability and reputational damage. This is supported by a risk analysis that is conducted periodically. In particular, this process analyzes and assesses the identified risks relating to violations of antitrust, corruption and money laundering law, allowing countermeasures to be initiated as necessary. In this context, the Company also continuously reviews its binding compliance principles, guidelines, regulations and work instructions, updating them on a regular basis and as required.

The Business Partner Code of Conduct aims to minimize and prevent potential compliance risks resulting from supply and production chains. HEIDELBERG reserves the right to review its business partners' compliance with the Business Partner Code of Conduct.

In addition, HEIDELBERG has provided various reporting channels for reporting potential compliance violations, including an external ombudsman and the SpeakUp electronic reporting system. These are available to HEIDELBERG's executive bodies, managers and employees, as well as all customers, suppliers and other business partners as a channel for reporting potential compliance violations.

General statement on risks and opportunities

The assessment of the overall risk situation is based on a risk-bearing capacity concept. An examination is conducted (by using a Monte Carlo simulation) regarding whether the financial impact of risk scenarios on key financial indicators, and especially with regard to compliance with the financial covenants, can be absorbed. Accordingly, HEIDELBERG is unlikely to experience a “development that could jeopardize its continued existence” in the new financial year.

The Management Board is currently not aware of any risks that, independently, in aggregate form or in combination with other risks, could endanger the continued existence of the Group and Heidelberger Druckmaschinen AG. However, the possibility that determining factors that are currently unknown or considered to be immaterial will negatively influence the going concern status of the Group, Heidelberger Druckmaschinen AG or individual consolidated companies in the future cannot be ruled out.

The Management Board and the Supervisory Board consider the risks to be manageable as they currently stand.

HEIDELBERG launched a value enhancement program in the financial year 2023/2024 in order to further strengthen HEIDELBERG's financial power and resilience and to finance planned future investments.

Opportunities may also emerge for HEIDELBERG if the economic performance of the print media industry is more positive than expected. A shift in exchange rates in HEIDELBERG's favor would also have a positive effect on sales and earnings development.

Internal control and risk management system for the Group accounting process in accordance with section 289 (4) and section 315 (4) HGB

The principles, procedures and measures forming part of HEIDELBERG's internal control system (ICS), which is intended to ensure the propriety and reliability of external financial and non-financial reporting, are based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework model. As part of the second line in the “three lines of defense” model, the ICS constitutes the link between the operating areas (first line), Internal Audit (third line) and the external auditor.

HEIDELBERG's ICS encompasses the following measures:

- Uniform principles for accounting
- Integrated controls in processes and systems
- Functional separation/principle of dual control
- Process-independent monitoring measures

The operating financial accounting processes are performed at the Group companies with the support of outsourcing partners in some cases. The Corporate Accounting function is responsible for the preparation of the consolidated financial statements. It formulates uniform, binding requirements in terms of the technical content, formal structure and timing of financial accounting. HEIDELBERG's internal Accounting Rules, which set out uniform accounting and valuation policies for all Group companies, are regularly reviewed and revised at least once a year.

The Group companies transfer their data to Corporate Accounting for consolidation. The systems used include extensive technical controls and content plausibility checks in order to ensure proper financial reporting. For example, these include checking whether the data in the financial statements is complete and whether tax positions are correctly recorded and calculated in the financial statements. In the event of any discrepancies, the data is marked and blocked for further processing until it has been corrected.

In addition to consolidation, the carrying amount of goodwill is reviewed centrally by Corporate Accounting.

The Management Board is responsible for the establishment and regular review of an appropriate and effective internal control and risk management system for the consolidated financial statements and the disclosures in the combined management report. This control and risk management system is intended to ensure the propriety and reliability of internal and external accounting, the presentation and accuracy of the consolidated financial statements and the combined management report and the disclosures made therein.

Operational responsibility for the effectiveness of the ICS for the accounting processes (including their further development) lies with the responsible managers and process owners. Internal Audit also reviews the effectiveness of the Group-wide ICS by examining individual areas and Group companies on

a test basis. In addition, it examines whether transactions are properly controlled and documented and whether the principles of functional separation and dual control are complied with. Compliance with internal guidelines and directives that have an impact on accounting operations are also monitored. The Management Board and the Audit Committee are informed about the ICS annually.

The Audit Committee of the Supervisory Board regularly meets with the independent auditor, the Management Board and the heads of Internal Audit, Risk Management and the Internal Control System department to discuss the findings of the internal audits and audits of the financial statements relating to the internal control and risk management system with regard to the accounting process. The external auditor reports to the Audit Committee and, at the accounts meeting, to the Supervisory Board on the results of the audit of the single-entity and consolidated financial statements.

Adequacy and effectiveness of the comprehensive internal control and risk management system in accordance with recommendation A.5 DCGK¹⁾

Since the German Corporate Governance Code as amended on April 28, 2022 was published in the official section of the Federal Gazette on June 27, 2022 ("Code 2022"), there has been a recommendation to also describe the other key features of the internal control and risk management system – beyond the consolidated financial reporting process – and to comment on the appropriateness and effectiveness of these systems. Reference is made here to the declaration of conformity dated November 23, 2023. The internal control and risk management system also includes a compliance management system (CMS) geared to our risk situation.

The governance subsystems implemented at HEIDELBERG have always gone beyond the Group accounting process and also address operational risks, which also include sustainability-related aspects. This applies equally to Heidelberger Druckmaschinen Aktiengesellschaft and to the Group.

To assess the appropriateness and effectiveness of the entire internal control and risk management system, the Management Board relies on the information systems set up and the workflows on which the database is based and reporting is carried out. Independently of this, Internal Auditing, as the "third line of defense", reviews the workflows set up and reports on the results. The Executive Board is not aware of any indications that speak against the appropriateness and effectiveness of these systems.

The processes and systems for both the risk management system and the internal control system are monitored on an ongoing basis. HEIDELBERG has taken measures to eliminate identified weaknesses and continuously improve processes and systems. The overall assessment of the appropriateness and effectiveness of the internal control system and the risk management system, taking into account the scope of the Company's business activities and risk situation, did not reveal any indications that these systems are inadequate or ineffective.

¹⁾ The disclosures in this section are non-management report disclosures that are not the subject of the substantive audit by the auditor KPMG

Outlook

Expected conditions

For the current year 2024, economists at S&P expect global economic growth to be weaker than last year, at 2.6 percent. Unresolved geopolitical tensions and persistently high interest rates are continuing to put the brakes on the global economy. In addition, election day in the US is drawing ever closer and the prospect of Donald Trump returning to the White House is adding to the uncertainty surrounding global economic development.

The current pronounced gap in economic development between the United States on the one hand and Europe and Japan on the other is likely to narrow this year. While the US economy is likely to lose some momentum as government incentives peter out and private households become less inclined to consume, the economic trend in the euro zone and Japan appears to have reached its low point. Economic output in the US is expected to increase by 2.5 percent, while gross domestic product in the euro zone should grow by 0.7 percent. Given the low level at the beginning of the year, the growth rate in Japan will be low, at 0.4 percent.

In the emerging markets, the slow momentum in China in particular continues to be a burden, even though the significant decline in inflation rates is leading to an improvement in disposable income. At the National People's Congress, the Chinese government announced an economic growth target of "around 5 percent" for 2024. It considers the target itself to be ambitious, but has not held out the prospect of any new economic aid. The mood among companies and consumers is therefore likely to remain subdued. The weak demand is reflected in the price trend with low and even negative inflation rates in recent months.

Economic risks are associated with geopolitical conflicts – in particular, the escalation of the Middle East conflict and the ongoing war in Ukraine. In addition, an escalation in trade conflicts, a sustained rise in core inflation and even weather-related shocks could have a negative impact.

Sector development

The year 2024 will once again be a challenging year for mechanical engineering in Germany. This is also reflected in the mood among companies in the mechanical engineering sector, which is subdued, as a glance at the ifo Business Climate Index would suggest. Incoming orders in January 2024 (– 10 percent in real terms compared to the previous year) are a seamless continuation of the weak months at the end of 2023. After signs that international business was bottoming out at the beginning of the calendar year, a sideways movement in domestic business was also evident in March.

Sources: S&P IHS Markit 2024; VDMA 2024

Future prospects

The economic and industry-specific conditions presented on the markets relevant to HEIDELBERG form the foundation for the forecast planning for the financial year 2024/2025 (April 1, 2024 to March 31, 2025). The forecast assumes that global economic growth will not be weaker than currently predicted by the economic research institutes.

Outlook for 2024/2025: financial resilience in a challenging environment

The financial year 2024/2025 should mark a the continuation of HEIDELBERG's financial solidity. The weak macroeconomic environment, characterized by persistently high interest rates and geopolitical tensions, remains a key challenge for the Company in the new financial year 2024/2025. In this context, the numerous uncertainties – in particular, the continuation of the conflicts in Ukraine and the Middle East as well as the landmark presidential election in the USA in November – are also having a negative impact. Incoming orders from companies in the mechanical and plant engineering sector are a reflection of the weak overall economic environment. Order backlogs, which provided an important impetus for growth last year, have also declined significantly across the sector. On balance, the German Machinery and Equipment Manufacturers Association (VDMA) is therefore assuming that production will fall by 4 percent in the calendar year 2024.

At the same time, companies are having to deal with rising costs in this situation. Although inflation has fallen in recent months, it remains at a high level. Inflation risks have still not been contained, particularly in the US. A more restrictive monetary policy could also have a negative impact on overall economic development.

The persistently weak overall economic development and rising costs will also pose challenges for HEIDELBERG in the new financial year 2024/2025. HEIDELBERG is actively responding to these general conditions and is taking countermeasures, having initiated a value-enhancement program at an early stage. The persistently high level of interest rates, which is having a negative impact on demand for capital goods, is likely to have a noticeable effect on sales revenues in the coming financial year. In contrast, the upcoming drupa, the world's leading trade show for print and media technology, could provide valuable impetus. Price adjustments to compensate for the expected cost increases are also likely to have a positive impact on sales revenues in financial year 2024/2025. In view of the weak overall economic development, after weighing up the opportunities and risks and assuming that global economic growth is not weaker than predicted by the institutes, the Company expects sales at the level of the previous year (€ 2,395 million). At the same time, it is assumed that the exchange rates relevant to business activities will not change significantly. In contrast to the development of the Print Solutions and Packaging Solutions segments, we expect a significant percentage increase in sales in the Technology Solutions segment, starting from a low prior-year figure.

Declining unit sales are also likely to have a negative impact on the EBITDA margin adjusted for special items due to lower utilization of production capacity. To compensate for these effects, HEIDELBERG plans to implement further efficiency measures as part of the value enhancement program. The Company also plans to actively counteract the burdens expected from cost increases. Personnel costs in particular will continue to rise due to the wage increases already agreed between the social partners in Germany. The resulting higher production costs are to be compensated for by appropriate price adjustments. Overall, in spite of the considerable cost burdens, HEIDELBERG expects an adjusted EBITDA margin at the level of the previous fiscal year (7.2 percent). This also includes expenses of around € 10 million in connection with the upcoming industry trade show, drupa. Without these expenses, the adjusted EBITDA margin would be correspondingly higher. While the adjusted EBITDA margin in the Packaging Solutions segment should improve noticeably compared to the previous year (8.0 percent), HEIDELBERG expects the adjusted EBITDA margin in the Print Solutions segment to decline significantly in the financial year 2024/2025 (previous year: 7.5 percent). In the Technology Solutions segment, the adjusted EBITDA margin is expected to improve significantly compared to the previous year (previous year: -186 percent or € -18.3 million).

Due to the drupa trade fair, HEIDELBERG expects significant differences within the quarters of the financial year 2024/2025 compared to the previous financial year. In particular, sales and profitability in the first and second quarters are likely to be below those of the previous year, while corresponding increases are expected in the second half of the year.

Legal Disclosures

Takeover-related disclosures pursuant to section 289a of the German Commercial Code (HGB) and section 315a HGB and explanatory notes

In accordance with section 289a sentence 1 nos. 1 to 9 and section 315a sentence 1 nos. 1 to 9 of the German Commercial Code (HGB), we address in this combined management report all points that could be relevant in the event of a public takeover bid for HEIDELBERG. The following disclosures reflect the situation as of the reporting date. The following explanation of these disclosures also complies with the requirements of section 176 (1) sentence 1 of the German Stock Corporation Act (AktG).

As of March 31, 2024 the ISSUED CAPITAL (share capital) of Heidelberger Druckmaschinen Aktiengesellschaft amounted to € 779,466,887.68 and was divided into 304,479,253 no-par value bearer shares that are not subject to any restriction on transferability. As of the end of the reporting period, the Company held 142,919 treasury shares, from which no rights arise for the Company in accordance with section 71b of the German Stock Corporation Act (AktG).

The APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGEMENT BOARD is based on sections 84 et seq. AktG in conjunction with sections 30 et seq. of the German Code-termination Act (MitbestG).

AMENDMENTS TO THE ARTICLES OF ASSOCIATION are made in accordance with the provisions of sections 179 et seq. and 133 AktG in conjunction with Article 19 (2) of HEIDELBERG's Articles of Association. In accordance with Article 19 (2) of the Articles of Association, unless otherwise stipulated by law, resolutions of the Annual General Meeting are passed with a simple majority of the votes cast and, if a capital majority

is required by law in addition to a majority of votes, with a simple majority of the share capital represented in the passing of the resolution. In accordance with Article 15 of the Articles of Association, the Supervisory Board is authorized to make amendments and additions to the Articles of Association that affect their wording only.

HEIDELBERG is permitted to acquire treasury shares only in accordance with section 71 (1) nos. 1 to 6 AktG. With the approval of the Supervisory Board, the Management Board is authorized to use the treasury shares held at the end of the reporting period as follows while disapplying shareholders' preemptive subscription rights:

- for the disposal of treasury shares if sold in exchange for cash and at a price not significantly less than the stock market price as defined more precisely in the authorization resolved by the Annual General Meeting on July 18, 2008; the volume of shares thus sold together with other shares issued with preemptive subscription rights disapplying must not exceed the lesser of 10 percent of the share capital on July 18, 2008 in total and 10 percent of the share capital at the time the authorization is exercised;
- to offer and transfer treasury shares to third parties if companies, equity investments in companies or parts of companies are thereby acquired, or if mergers are thereby implemented;
- to end or settle mediation proceedings under company law;
- to fulfill obligations arising from convertible bonds and/or bonds with warrants issued or to be issued by the Company itself or by indirect or direct majority-owned subsidiaries of Heidelberger Druckmaschinen Aktiengesellschaft or certain employee participation programs.

This authorization can be exercised in full or in part in each case.

The Management Board also is authorized, with the approval of the Supervisory Board, to withdraw treasury shares without a further resolution by the Annual General Meeting. This authorization can be exercised in full or in part in each case.

The Annual General Meeting on July 26, 2023 authorized the Management Board, with the approval of the Supervisory Board, to issue warrants, convertible bonds and/or participating bonds as well as profit-sharing rights including combinations of the above instruments (collectively referred to as "bonds") up to a total nominal amount of € 200,000,000.00, dated or undated, on one or several occasions by July 25, 2028, and to grant the bearers or creditors of the bonds options or conversion rights to up to 30,447,925 bearer shares of the Company with a pro rata amount of share capital of up to € 77,946,688.00 in total, in accordance with the further conditions of the bonds. Shareholders' preemption rights can be disapplied in accordance with the further conditions of this authorization. For this purpose, the share capital of Heidelberger Druckmaschinen Aktiengesellschaft was contingently increased by up to € 77,946,688.00 (CONTINGENT CAPITAL 2023). Further information on Contingent Capital 2023 can be found in section 3 (3) of the articles of association.

In accordance with the resolution of the Annual General Meeting on July 26, 2023 the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to € 155,893,376.00 on one or more occasions by issuing up to 60,895,850 new bearer shares against cash or non-cash contributions by July 25, 2028 (AUTHORIZED CAPITAL 2023). Shareholders' preemption rights can be disapplied in accordance with the further conditions of this authorization. The Management Board was authorized, with the approval of the Supervisory Board, to determine the further content of share rights and the conditions for issuing shares. Further information on Authorized Capital 2023 can be found in section 3 (4) of the articles of association.

The syndicated revolving credit facility granted on July 21, 2023 contains standard market CHANGE-OF-CONTROL clauses in the version applicable on the balance sheet date, which grant the banks additional information and termination rights in the event of a change in control or majority ownership of the Company. Early repayment of the syndicated revolving credit facility due to such a termination following a change of control would give rise to the possibility of potential follow-up termination rights under other loans with comparable provisions.

A technology license agreement with a manufacturer and supplier of software products in sectors such as digital media and graphics contains a change-of-control clause; it grants each party a right of termination limited to 90 days if at least 50 percent of the shares or voting rights of the other party are acquired by a third party.

A licensing agreement with a software provider under which the Company purchases a cloud-based platform for e-commerce and the provision of services to customers also provides for a right of termination in the event that the Company is acquired by a direct competitor of the provider; in this case, the fees paid in advance would be reimbursed.

An agreement with a manufacturer and supplier of digital production printing systems for the sale of these systems also includes a change-of-control clause. This clause grants each party the right to terminate the agreement with notice of three months from the time of receipt of notification from the other party that a change in control has occurred or is possibly imminent, or from the time that such a change in control becomes known. A change of control under the terms of this agreement is considered to have occurred if a third party acquires at least 25 percent of the voting rights of the party concerned or the ability to influence the activities of the party concerned on a contractual basis or based on articles of association or similar provisions that grant the third party corresponding rights.

Non-financial report

The combined separate non-financial reports pursuant to sections 315b and 315c in conjunction with sections 289b to 289e of the German Commercial Code (HGB) and Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 are available at all times on our website www.heidelberg.com under Investor Relations, Reports and Presentations.

Disclosures on treasury shares

The disclosures on treasury shares pursuant to section 160 (1) no. 2 of the German Stock Corporation Act (AktG) are contained in note 25 of the notes to the consolidated financial statements.

Corporate Governance Declaration

The combined Corporate Governance Declaration for Heidelberger Druckmaschinen Aktiengesellschaft and the HEIDELBERG Group in accordance with section 289f HGB and section 315d HGB can be found in the “Supervisory Board and Corporate Governance” section of this Annual Report. Under section 317 (2) sentence 6 HGB, the audit of the disclosures pursuant to sections 289f (2) and (5) and 315d HGB by the auditor must be limited to whether the disclosures have been made. The declaration has also been made permanently available at www.heidelberg.com under Company > About Us > Corporate Governance.

Important note

This Annual Report contains forward-looking statements based on assumptions and estimates by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Although the management believes that these assumptions and estimates are realistic, actual future developments and results may deviate substantially from these forward-looking statements due to various factors. These factors could, for instance, include changes in the overall economic situation, exchange rates and interest rates, as well as changes within the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee and assumes no liability for future developments and results deviating from the assumptions and estimates made in this Annual Report. HEIDELBERG neither intends nor assumes any separate obligation to update the assumptions and estimates made in this Annual Report to reflect events or developments occurring after the publication of this Annual Report.

03

Financial section

77	Consolidated financial statements
78	Consolidated income statement
79	Consolidated statement of comprehensive income
80	Consolidated statement of financial position
82	Statement of changes in consolidated equity
84	Consolidated statement of cash flows
85	Notes to the consolidated financial statements
86	Development of intangible assets, property, plant and equipment, and investment property
88	General notes
103	Notes to the consolidated income statement
108	Notes to the consolidated statement of financial position
134	Additional information
143	Responsibility statement
144	Independent auditor's report
151	Further information (Part of the notes to the consolidated financial statements)
152	List of shareholdings
155	Executive bodies of the Company – Supervisory Board
157	Executive bodies of the Company – Management Board

Consolidated financial statements

Consolidated income statement 2023/2024

Figures in € millions	Note	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024
Net sales	8	2,435	2,395
Change in inventories		-35	-89
Other own work capitalized		35	30
Total operating performance		2,435	2,336
Other operating income	9	99	75
Cost of materials	10	1,113	1,028
Staff costs	11	815	799
Depreciation and amortization	12	79	76
Other operating expenses	13	397	416
Result of operating activities		131	91
Financial income	15	10	7
Financial expenses	16	30	43
Financial result	14	-19	-36
Net result before taxes		112	55
Taxes on income	17	20	16
Net result after taxes		91	39
Basic earnings per share according to IAS 33 (in € per share)	36	0.30	0.13
Diluted earnings per share according to IAS 33 (in € per share)	36	0.30	0.13

Consolidated statement of comprehensive income 2023/2024

Figures in € millions	Note	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024
Net result after taxes		91	39
Other comprehensive income not reclassified to the income statement			
Remeasurement of defined benefit pension plans and similar obligations		133	-17
Revaluation of land		56	-
Deferred income taxes	22	-1	0
		188	-17
Other comprehensive income which may subsequently be reclassified to the income statement			
Currency translation			
Change outside of profit or loss		-14	-7
Fair value of other financial assets			
Change outside of profit or loss		1	0
Cash flow hedges			
Change outside of profit or loss		-1	3
Change in profit or loss		2	-5
		1	-3
Deferred income taxes	22	0	0
		-12	-9
Total other comprehensive income		176	-27
Total comprehensive income		267	12

Consolidated statement of financial position as of March 31, 2024

Assets

Figures in € millions	Note	31-Mar-2023	31-Mar-2024
Non-current assets			
Intangible assets	18	210	217
Property, plant and equipment	19	683	665
Investment property	19	9	10
Financial assets	20	15	10
Receivables from sales financing	21	24	26
Other receivables and other assets ¹⁾	21	17	20
Income tax assets		0	0
Deferred tax assets	22	70	61
		1,028	1,010
Current assets			
Inventories		643	588
Receivables from sales financing	21	16	16
Trade receivables	21	290	252
Other receivables and other assets ²⁾	21	83	85
Income tax assets		7	10
Cash and cash equivalents	24	153	153
		1,192	1,104
Total assets		2,221	2,114

1) Of which financial assets € 18 million (previous year: € 16 million) and non-financial assets € 3 million (previous year: € 2 million)

2) Of which financial assets € 26 million (previous year: € 29 million) and non-financial assets € 59 million (previous year: € 54 million)

Equity and liabilities

Figures in € millions	Note	31-Mar-2023	31-Mar-2024
Equity	25		
Issued capital		779	779
Capital reserves, retained earnings and other reserves		-357	-291
Net result after taxes		91	39
		514	527
Non-current liabilities			
Provisions for pensions and similar obligations	26	683	688
Other provisions	27	55	37
Financial liabilities	28	44	36
Contractual liabilities	29	19	22
Income tax liabilities	32	44	22
Other liabilities ³⁾	31	9	12
Deferred tax liabilities	22	1	3
		855	819
Current liabilities			
Other provisions	27	195	171
Financial liabilities	28	58	40
Contractual liabilities	29	244	185
Trade liabilities	30	225	227
Income tax liabilities	32	18	19
Other liabilities ⁴⁾	31	112	125
		852	768
Total equity and liabilities		2,221	2,114

3) Of which financial liabilities € 0 million (previous year: € 0 million) and non-financial liabilities € 12 million (previous year: € 8 million)

4) Of which financial liabilities € 23million (previous year: € 14 million) and non-financial liabilities € 103 million (previous year: € 98 million)

Statement of changes in consolidated equity as of March 31, 2024¹⁾

Figures in € millions	Issued capital	Capital reserves	Retained earnings
April 1, 2022	779	33	-608
Profit carryforward	-	-	33
Total comprehensive income	-	-	133
Other changes	-	0	19
March 31, 2023	779	33	-424
April 1, 2023	779	33	-424
Profit carryforward	-	-	91
Total comprehensive income	-	-	-17
Other changes	-	-	1
March 31, 2024	779	34	-349

1) For further details please refer to note 25

Other retained earnings				Total other retained earnings	Total capital reserves, retained earnings and other retained earnings	Net result after taxes	Total
Revaluation of land	Currency translation	Fair value of other financial assets	Fair value of cash flow hedges				
120	-114	0	0	5	-570	33	242
-	-	-	-	-	33	-33	0
55	-14	0	2	43	176	91	267
-15	-	-	-	-15	5	-	5
160	-128	0	1	33	-357	91	514
160	-128	0	1	33	-357	91	514
-	-	-	-	-	91	-91	0
-	-7	0	-2	-9	-27	39	12
-	-	0	-	-	1	-	1
160	-135	0	-1	24	-291	39	527

Consolidated statement of cash flows 2023/2024¹⁾

Figures in € millions	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024
Net result after taxes	91	39
Depreciation, amortization, write-downs and write-ups ¹⁾	75	79
Change in pension provisions	-26	-12
Change in deferred tax assets/deferred tax liabilities	3	10
Result from disposals ²⁾	-24	0
Change in inventories	-17	51
Change in trade receivables	-47	37
Change in trade payables	11	3
Change in advance payments	-26	-51
Change in sales financing	3	-3
Change in other provisions	-18	-40
Change in other items of the statement of financial position	9	-22
Cash generated by operating activities³⁾	33	90
Intangible assets/property, plant and equipment/investment property		
Investments	-78	-65
Income from disposals	105	22
Financial assets		
Investments	-2	0
Income from disposals	0	3
Cash generated by/used in investing activities before cash investment	25	-41
Cash investments	13	6
Cash generated by/used in investing activities	39	-34
Cash generated by operating activities	33	90
Cash generated by/used in investing activities	39	-34
Free cash flow	72	56
Borrowing of financial liabilities	80	107
Repayment of financial liabilities	-140	-160
Cash used in financial activities	-60	-53
Net change in cash and cash equivalents	12	2
Cash and cash equivalents at the beginning of the reporting period	146	153
Changes in scope of consolidation	-	0
Currency adjustments	-4	-3
Net change in cash and cash equivalents	12	2
Cash and cash equivalents at the end of the reporting period	153	153

1) For further details please refer to note 37

2) Relates to intangible assets, property, plant and equipment, investment property and financial assets

3) Includes income taxes paid and refunded of € 31 million (previous year: € 24 million) and € 1 million (previous year: € 12 million) respectively.

The interest expenses and interest income amount to € 10 million (previous year: € 7 million) and € 6 million (previous year: € 5 million) respectively.

Financial section

85	Notes to the consolidated financial statements
86	Development of intangible assets, property, plant and equipment, and investment property
88	General notes
103	Notes to the consolidated income statement
108	Notes to the consolidated statement of financial position
140	Additional information

Notes to the consolidated financial statements for the financial year April 1, 2023 to March 31, 2024

Development of intangible assets, property, plant and equipment, and investment property

Figures in € millions								Cost
	As of start of financial year	Change in scope of consolidation	Additions	Remea- surement	Reclassifi- cations	Currency adjustments	Disposals	As of end of financial year
2022/2023								
Intangible assets								
Goodwill	129	–	–	–	–	–1	–	128
Development costs	406	–	21	–	–	0	0	427
Software/other rights	96	0	2	–	3	0	1	100
Advance payments	–	–	0	–	–	–	–	0
	631	0	24	–	3	–1	1	656
Property, plant and equipment								
Land and buildings	774	–1	16	56	1	–4	11	829
Technical equipment and machinery	585	–1	11	–	–1	–2	16	576
Other equipment, operating and office equipment	628	–1	35	–	7	–2	39	627
Advance payments and assets under construction	7	–	16	–	–5	–	0	18
	1,994	–3	77	56	2	–8	66	2,052
Investment property	9	–	–	–	5	–	2	12
2023/2024								
Intangible assets								
Goodwill	128	0	–	–	–	–1	–	127
Development costs	427	–	17	–	–	0	–	445
Software/other rights	100	0	2	–	0	0	3	99
Advance payments	0	–	0	–	0	–	–	0
	656	0	19	–	0	–1	3	671
Property, plant and equipment								
Land and buildings	829	–	9	–	–2	–2	6	829
Technical equipment and machinery	576	–	9	–	9	0	33	560
Other equipment, operating and office equipment	627	0	41	–	5	–1	34	639
Advance payments and assets under construction	18	0	12	–	–14	0	1	16
	2,052	0	71	–	–2	–3	73	2,044
Investment property	12	–	–	–	2	–	–	14

1) Including write-downs of € 0 million (previous year: € 2 million); see note 12

As of start of financial year	Change in scope of consolidation	Depreciation and amortization ¹⁾	Reclassifications	Currency adjustments	Cumulative depreciation and amortization		As of end of financial year	Carrying amounts
					Disposals	Reversals		As of end of financial year
2	-	1	-	-1	-	-	2	127
355	-	8	-	0	0	-	362	65
76	0	4	3	0	1	-	82	18
-	-	-	-	-	-	-	-	0
432	0	13	3	-1	1	-	446	210
437	-1	20	2	-2	11	1	444	385
437	-1	19	-1	0	12	-	442	135
490	-1	27	5	-1	36	-	483	145
0	0	-	-	-	-	-	0	18
1,364	-3	66	6	-3	59	1	1,368	683
2	-	0	3	-	-	1	4	9
2	-	-	-	-1	-	-	1	127
362	-	8	-	0	-	-	370	75
82	-	4	0	0	2	-	83	16
-	-	-	-	-	-	-	-	0
446	-	12	0	-1	2	-	454	217
444	-	19	0	-1	5	0	456	372
442	-	17	1	0	20	-	441	119
483	-	29	-1	-1	27	-	482	157
0	-	-	-	-	-	-	0	16
1,368	-	65	0	-1	52	0	1,379	665
4	-	0	0	-	-	0	4	10

General notes

1. Basis for the preparation of the consolidated financial statements

Heidelberger Druckmaschinen Aktiengesellschaft, based in Heidelberg, Germany, Kurfürsten-Anlage 52 – 60, is the parent company of the Group and is entered in the commercial register of the Mannheim Local Court, Germany, under register number HRB 330004. The consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union and in accordance with the supplemental provisions of section 315e (1) of the Handelsgesetzbuch (HGB – German Commercial Code) mandatory as of the balance sheet date. The consolidated financial statements reflect the business activities of Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries (hereinafter also referred to as the HEIDELBERG Group or HEIDELBERG). The consolidated financial statements therefore comply with the IFRS in force and applicable in the EU as of the end of the reporting period and have been prepared on a going concern basis.

The HEIDELBERG Group manufactures, sells and deals in printing presses and other print media industry products, and provides consulting and other related services. In addition, its product portfolio comprises other products as well as consulting and other services in the field of mechanical engineering, electronics and electrical engineering and the metal industry. The Group is divided into the segments Print Solutions, Packaging Solutions and Technology Solutions.

Certain consolidated income statement and consolidated statement of financial position items have been combined to improve the clarity of presentation. A breakdown of these items is presented in the notes to the consolidated financial statements.

The consolidated income statement has been prepared in line with the nature of expense method.

All amounts are stated in millions of euros. In individual cases, rounding may result in discrepancies concerning the totals. Figures with “0” indicate amounts rounded to zero, while figures with “–” indicate actual zero amounts. For subsidiaries located in countries outside the euro zone, the annual financial statements prepared in local currency are translated into euros (see note 5).

These consolidated financial statements relate to the financial year 2023/2024 (April 1, 2023 to March 31, 2024). They were approved for publication by the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft on June 5, 2024.

2. Adoption of amended or new standards

The HEIDELBERG Group applied all IFRS-standards that were mandatory in the reporting year.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have approved the following changes to existing standards, which are to be applied for the first time in the financial year 2023/2024.

Standards	Publication by the IASB/IFRS IC	Date of adoption ¹⁾	Published in Official Journal of the EU	Effects
Amendments to standards				
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	12-Feb-2021	1-Jan-2023	3-Mar-2022	No material effects
Amendments to IAS 8: Definition of Accounting Estimates	12-Feb-2021	1-Jan-2023	3-Mar-2022	None
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	7-May-2021	1-Jan-2023	12-Aug-2022	No material effects
Amendments to IAS 12: Income Taxes: Global Minimum Taxation – Pillar Two	23-May-2023	1-Jan-2023	9-Nov-2023	No material effects
New standards				
IFRS 17: Insurance Contracts	18-May-2017 and 25-Jun-2020	1-Jan-2023	23-Nov-2021	No material effects
Initial application of IFRS 17 and IFRS 9: Comparative Information (Amendment to IFRS 17)	9-Dec-2021	1-Jan-2023	23-Nov-2021	No material effects

1) For financial years beginning on or after this date

On May 23, 2023, the IASB published amendments to IAS 12 (Income Taxes) under the title “International Tax Reform – Pillar Two Model Rules”, which have been effective since November 10, 2023 and were endorsed by the EU on November 9, 2023. These include the mandatory temporary exemption from accounting for deferred taxes that may arise from the application of the “Act implementing Council Directive (EU) 2022/2023 to ensure minimum worldwide taxation and other accompanying measures” (in future: “MinStG”), which came into force in the Federal Republic of Germany on December 28, 2023. The amendments apply directly and retroactively and require additional disclosures in the notes as at the balance sheet date, the scope and content of which depend on whether they have already been transposed into national tax law or are still pending.

The HEIDELBERG Group has come to the conclusion that minimum taxes under the “MinStG” are income taxes within the scope of IAS 12 and therefore makes use of the mandatory temporary exception for the recognition of deferred taxes in connection with the minimum tax (see note 17).

New accounting provisions

The IASB and the IFRS IC approved and amended other standards and interpretations, whose application is not yet compulsory in the financial year 2023/2024 or which have not yet been endorsed by the European Union (EU). HEIDELBERG is not currently planning to apply these standards at an early date.

Standards	Publication by the IASB/IFRS IC	Date of adoption ¹⁾	Published in Official Journal of the EU	Content	Effects
Amendments to standards					
Amendments to IAS 1: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities with Ancillary Conditions	31-Oct-2022	1-Jan-2024	20-Dec-2023	– The amendments contain clarifications on the classification of liabilities as current or non-current. Classification is based on existing rights as at the reporting date without taking into account the intentions and expectations of management.	No material effects
Amendments to IFRS 16: Lease Liabilities from a Sale and Leaseback Transaction	22-Sep-2022	1-Jan-2024	21-Nov-2023	– The amendments clarify that in the context of a sale and leaseback transaction, no gain or loss is realized by the seller/lessee in the course of subsequent measurement, even if this relates to the retained right to use the leased asset, if all agreed lease payments are variable and therefore do not depend on an index or price development.	No material effects
Amendments to IAS 7 and IAS 21: Supplier Financing Arrangements	25-May-2023	1-Jan-2024	16-May-2024	– The amendments extend the existing disclosure requirements in connection with supplier financing agreements. The aim is to ensure improved transparency with regard to the accounting treatment as well as the terms, conditions and due dates of these agreements, also known as reverse factoring transactions.	No material effects
Amendments to IAS 21: Lack of Exchangeability	15-Aug-2023	1-Jan-2025	Pending	– The amendment relates to the determination of the exchange rate in the case of long-term non-exchangeability and supplements the requirements for determining the exchange rate in these cases and also extends the corresponding disclosure requirements.	None

1) For financial years beginning on or after this date

3. Scope of consolidation

The consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft include a total of 62 (previous year: 62) domestic and foreign companies controlled by Heidelberger Druckmaschinen Aktiengesellschaft within the meaning of IFRS 10. Of these companies, 47 (previous year: 48) are located outside Germany.

	2022/2023	2023/2024
April 1	65	62
Additions	1	2
Disposals (including mergers)	4	2
March 31	62	62

Control within the meaning of IFRS 10 exists when an investor controls the material activities of the investee, has exposure to variable returns from its involvement with the investee and the ability to utilize its control to influence the amount of returns from the investee. Subsidiaries that are of minor importance are not included. These subsidiaries are of minor significance if the total of the equity, total assets, net sales and net profit or loss of the subsidiary not included amounts to only an insignificant portion of the Group figure. The list of all shareholdings of Heidelberger Druckmaschinen Aktiengesellschaft, which is a component of the notes to the consolidated financial statements, can be found in the annex to these notes.

The scope of consolidation changed as follows as against the previous year:

- Europe Graphic Machinery Far East Ltd, Hong Kong, China, was liquidated with effect from August 9, 2023.
- Heidelberg Printed Electronics GmbH, Wiesloch, Germany, was sold with effect from October 31, 2023.
- The newly created company Heidelberger Druckmaschinen 1. Verwaltungsgesellschaft-GmbH, Wiesloch, Germany, was included in consolidation effective January 31, 2024.
- The newly created company Heidelberger Druckmaschinen 2. Verwaltungsgesellschaft-GmbH, Wiesloch, Germany, was included in consolidation effective January 31, 2024.

4. Principles of consolidation

In accordance with IFRS 3, all business combinations are recognized using the purchase method in the form of the full revaluation method.

On first-time consolidation of acquired companies, the identifiable assets, liabilities and contingent liabilities are measured at fair value as of the date of acquisition. If the purchase price exceeds the fair value of the identifiable assets less liabilities and contingent liabilities, this is recognized as goodwill. Negative goodwill arising on an acquisition at less than market value is recognized in profit or loss after a repeat assessment of the measurement performed.

Intra-Group sales, expenses and income, receivables, liabilities and contingent liabilities are eliminated. Intra-Group transactions are calculated both on the basis of market prices

and on the basis of arm's length transfer prices. Assets from commercial transactions among consolidated companies included in inventories are adjusted to eliminate intercompany profits and losses. In consolidation processes affecting profit or loss, income tax effects are taken into account and the corresponding deferred taxes are recognized in profit or loss. In consolidation processes not affecting profit or loss, deferred taxes are recognized outside profit and loss.

5. Currency translation

In those individual financial statements of consolidated companies which are prepared in local currencies, monetary items in foreign currencies (cash and cash equivalents, receivables, liabilities) are measured at the exchange rate as of the end of the reporting period and exchange rate effects are recognized in profit or loss. Non-monetary items denominated in foreign currencies are posted at their historic exchange rates.

The financial statements of the companies included in consolidation that are prepared in foreign currency are translated on the basis of the functional currency concept (IAS 21) in accordance with the modified closing rate method. As our subsidiaries financially, economically and organizationally effect their transactions on an independent basis, the functional currency is usually the same as each subsidiary's respective local currency. Assets and liabilities are therefore translated at the closing rates, the equity – except income and expenses recognized directly in equity – at the historical rates, and expenses and income at the average exchange rates for the year. The difference resulting from the foreign currency translation is offset against other reserves outside profit and loss. Currency differences arising as against the previous year's translation in the HEIDELBERG Group are also offset against other reserves outside profit and loss.

Accounting in line with IAS 29 was not required as the HEIDELBERG Group does not have any subsidiaries whose functional currency corresponds to the national currency of a hyperinflationary country.

The main exchange rates used in currency translation are as follows:

	Average rates for the year		Reporting date rates	
	2022/2023 € 1 =	2023/2024 € 1 =	2022/2023 € 1 =	2023/2024 € 1 =
AUD	1.5266	1.6535	1.6268	1.6607
CAD	1.3814	1.4639	1.4737	1.4672
CHF	0.9929	0.9608	0.9968	0.9766
CNY	7.1543	7.7856	7.4763	7.8144
GBP	0.8652	0.8629	0.8792	0.8551
HKD	8.1572	8.4839	8.5367	8.4594
JPY	141.3108	157.7458	144.8300	163.4500
KRW	1,363.9050	1,435.9333	1,420.2600	1,458.6700
USD	1.0406	1.0841	1.0875	1.0811

AUD = Australian dollar
CAD = Canadian dollar
CHF = Swiss franc
CNY = Chinese yuan
GBP = Pound sterling

HKD = Hong Kong dollar
JPY = Japanese yen
KRW = South Korean won
USD = US dollar

6. General accounting policies

The accounting policies applied in the consolidated financial statements are presented below. Further information on the individual items of the consolidated income statement, consolidated statement of financial position and corresponding figures is shown from note 8 onwards.

General principles

In the opinion of the IASB, the consolidated financial statements present a true and fair view and a fair presentation (overriding principle) if the qualitative criteria of the presentation of accounts are met and the individual IFRS guidelines are complied with. Consequently, to achieve fair presentation, preparers cannot deviate from the individual regulations.

Uniform accounting policies

The consolidated financial statements are prepared on the basis of accounting policies that are applied uniformly throughout the Group. The consolidated financial statements are prepared in line with the principle of historical cost, with the exception of certain items of the statement of financial position, which are reported at fair value.

Consistency of accounting policies

With the exception of changes resulting from new or amended standards or interpretations (see note 2), the accounting policies applied in the previous year remain unchanged.

Revenue recognition

Revenue from the **sale of machinery** is recognized when the buyer has obtained control of the machinery sold. This is typically on delivery of the machinery. Neither a continuing managerial involvement nor effective control over the machinery sold remain. In the rare case of bill-and-hold agreements, revenue from the sale of machinery is recognized on invoicing and storage at the agreed storage location if all the other relevant IFRS 15 criteria have been met. When selling machinery, customer payments are typically divided into an advance payment on receipt of order confirmation, an advance payment before delivery and a final payment after invoicing. As a rule, the advance payments cover around 90 percent of the invoice amount when the invoice is issued. Installation revenue is recognized when the installation is completed.

When **selling consumables and spare parts** and when selling charging stations (Wallboxes) in the field of e-mobility, control is typically transferred and sales are recognized on delivery to the customer. Invoicing takes place at the same time. The average payment deadline is around 40 days.

Sales from **services** are recognized when the services are rendered or when the customer has obtained control of the services. Invoicing takes place when the services are rendered. The average payment deadline is around 30 days. Sales from long-term service contracts are generally distributed on a straight-line basis. As expenses are incurred in line with the percentage of completion, the net sales deferred for long-term service contracts are recognized in proportion to the expected development in costs. Given the large number of long-term service contracts that there are, straight-line distribution represents a sufficiently accurate estimate of the expected development in costs. A long-term service contract typically also entails a warranty extension. HEIDELBERG's associated obligation to offer services beyond the statutory warranty period constitutes a separate performance obligation.

Net sales are reported net of discounts. Transaction prices are agreed on a case-by-case basis due to the large number of machinery configurations and equipment variants that customers can select individually. If a contract includes variable consideration, revenue from the sale of machinery is typically estimated at the most probable amount. There is variable consideration for consumables, whereby the volume usually fluctuates depending on the capacity utilization of the machinery.

For multi-component contracts, such as contracts for the sale of new printing presses and services, the transaction price is allocated to the various performance obligations on the basis of relative stand-alone selling prices.

A financing component included in the transaction price is only deferred applying the practical expedient of IFRS 15 if the period until the consideration is received from the customer is longer than one year and the amount to be deferred is material. Applying the practical expedient of IFRS 15, transaction prices for unfulfilled service obligations arising from services billed at a fixed hourly rate or for contracts with an original term of less than one year are not disclosed.

Income from **operating and finance leases** is recognized based on the provisions of IFRS 16.

Intangible assets

With the exception of goodwill, all intangible assets have a limited useful life and are therefore amortized on a straight-line basis over their expected useful life. In accordance with the option provided under IAS 38, intangible assets are measured at amortized cost. Goodwill is tested for impairment on initial recognition in accordance with IFRS 3 and then annually and if there is any evidence to suggest a loss of value in accordance with IAS 36. Purchased intangible assets are capitalized at cost. Internally generated intangible assets are capitalized to the extent that the criteria for recognition in IAS 38 are met. Manufacturing costs include all directly attributable costs.

Research and development costs

Development costs for newly developed products are capitalized at cost to the extent that expenses are directly attributable and if both the technical feasibility and the marketing of the newly developed products are assured (IAS 38). There must also be a sufficient degree of probability that the development activity will lead to future inflows of benefits. Capitalized development costs include all direct costs and overheads that are directly attributable to the development process. Capitalized development costs are amortized on the basis of the estimated period during which sales may be expected. The capitalized development costs of projects that have not yet been completed are written down if the projects are cancelled or if the annual impairment test results in an impairment requirement.

In accordance with IAS 38, research costs cannot be capitalized and are therefore recognized in profit or loss directly in the consolidated income statement.

Property, plant and equipment

Exercising the option allowed, developed and undeveloped land recognized in accordance with IAS 16 is measured at the revalued amount, which is the respective fair value on the date of revaluation less subsequent accumulated write-downs; revaluation must be repeated at sufficiently regular intervals. Corresponding increases in the value of this land, after taking deferred taxes into account, are added to a revaluation surplus through other comprehensive income in the consolidated statement of comprehensive income or, if they reverse impairment losses previously recognized in profit or loss, they are recognized in profit or loss.

Impairment losses are recognized in other comprehensive income as long as they do not exceed the revaluation reserve allocated to the respective property. Otherwise, the impairment is recognized in profit or loss.

All other property, plant and equipment, including right-of-use assets under leases recognized in accordance with IFRS 16, are measured at cost less cumulative straight-line depreciation and cumulative write-downs in line with the option provided under IAS 16.

In addition to direct costs, the cost also includes appropriate portions of material and production overheads.

Investment property

Investment property (IAS 40: Investment Property) is recognized at cost less cumulative straight-line depreciation and cumulative write-downs in line with the option provided under IAS 40. The fair value of investment property is disclosed in the notes to the consolidated financial statements. This value is calculated by non-Group, independent experts in line with internationally acknowledged valuation methods at sufficiently regular intervals; otherwise it is derived from the current market price of comparable real estate.

Leases

A lease is an agreement in which the lessor transfers the right to use a specified asset to the lessee for a period of time in return for a fee. If a lease also contains non-lease components, these are not recognized in accordance with IFRS 16.

The leases in which we are the lessee are essentially for buildings, the fleet of vehicles and IT equipment. HEIDELBERG exercises the practical expedient of recognizing expenses for short-term leases or concerning low-value assets on a straight-line basis over the term of the lease. For all other leases, a right of use and a lease liability are recognized at the asset's commencement date. Right-of-use assets are measured at cost on the commencement date, whereby the cost is equal to the lease liability as of the commencement date, plus initial direct costs, lease payments made before the commencement date and the present value of estimated costs at the end of the term less lease incentives received. Right-of-use assets are depreciated over the term of the respective lease or over the expected useful life if a purchase option is likely to be exercised. They are subject to impairment testing in accordance with IAS 36.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the corresponding currency and maturity-dependent incremental borrowing rate at the date of initial recognition. Lease payments primarily comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or (interest) rate.

Variable lease payments not included in lease liabilities are recognized in profit or loss when the condition triggering those payments occurs. These are immaterial in terms of value.

Lease liabilities are subsequently measured using the effective interest method. If future lease payments change due to an amendment to the lease or a change in the assessment of existing residual value guarantees, purchase or extension options, the carrying amount of the lease liability is adjusted accordingly.

Some of the leases contain termination, prolongation and/or purchase options. The assessment of whether these options are reasonably certain to be exercised is based on judgments as to whether there are economic incentives to exercise the option.

For rented buildings, there is typically an obligation to maintain them in accordance with their use and to return them in their original condition at the end of the rental period. In some cases, the subletting of rented buildings is only permitted with the owner's consent.

The leases in which the HEIDELBERG Group is the lessor are essentially for printing presses leased to customers. If such leases are operating leases, the underlying asset is capitalized in non-current assets. If customers finance printing presses by way of a finance lease, the corresponding lease receivable from the customer is reported under receivables from sales financing. The risks of leases in which we are the lessor are limited as far as the law allows by corresponding contractual arrangements. In particular, leases contain regulations on risks in connection with the legal ownership of the leased assets that rests with HEIDELBERG, for example regarding the use of the leased asset, relocation and insurance. As part of the secondary realization strategy, the leased assets are either resold or assigned to another leasing business. Market price developments are monitored transparently through active market observation, and any market value risks are identified at an early stage and addressed accordingly. In finance leases HEIDELBERG typically has a contractual put option to sell the

leased asset to the customer at its calculated residual value. The residual value risk is thus transferred to the customer in such cases. Moreover, finance leases are subject to risk management for sales financing (see also “Operational risks and opportunities” in the risk and opportunity report in the combined management report).

Depreciation and amortization

Amortization of intangible assets and depreciation of property, plant and equipment and investment property is calculated primarily on the basis of the following useful lives, which are applied uniformly throughout the Group (in years):

	2022/2023	2023/2024
Development costs	5 to 12	5 to 12
Software/other rights	3 to 20	3 to 20
Buildings	25 to 50	25 to 50
Technical equipment and machinery	10 to 31	10 to 31
Other equipment, operating and office equipment	5 to 26	5 to 26
Investment property	33	33

Write-downs on non-financial assets

Intangible assets and items of property, plant and equipment are impaired if the recoverable amount of the asset is lower than its carrying amount. The recoverable amount for an individual asset must be estimated if there are indications of impairment unless the asset generates cash inflows that are not largely independent of the other assets of a cash-generating unit.

Are intangible assets (including capitalized development costs) and items of property, plant and equipment part of a cash-generating unit, impairment is determined on the basis of the recoverable amount of this unit. This is typically the case for intangible assets; the cash-generating units are the Print Solutions and Packaging Solutions segments (see note 38) and the E-Mobility business area. The Zaikio and Printed Electronics business areas were discontinued in the course of the financial year. This had no significant impact on the net assets and results of operations of the HEIDELBERG Group.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. If goodwill has been assigned to a cash-generating unit and its carrying amount exceeds the recoverable amount, the goodwill is first impaired by the amount of the difference. Any additional impairment requirements are recognized by way of the pro rata reduction of the carrying amounts of the other assets of the cash-generating unit, if the individual assets are not recoverable.

If the reason for earlier impairment ceases to exist, the impairment on intangible assets and items of property, plant and equipment is reversed. However, the carrying amount increased by reversal may not exceed amortized cost. No impairment on goodwill is reversed.

Inventories

Inventories are carried at the lower of cost and net realizable value. Carrying amounts are calculated using the weighted average cost method.

Costs include production-related full costs determined on the basis of normal capacity utilization.

In particular, the cost of products includes directly attributable direct costs (such as production materials and wages used in construction) and directly attributable fixed and variable production overheads (such as materials and production overheads), including an appropriate depreciation on manufacturing equipment. Particular account is taken of costs that are charged to specific production cost centers.

The risks of holding inventories arising from reduced usability are taken into account by appropriate write-downs. These write-downs are recognized on the basis of the future production program or actual consumption. Individual periods are used for different inventory items, which are monitored and adjusted based on appropriate criteria. Measurement takes into account lower realizable net selling prices at the end of the reporting period. If the reasons for a lower valuation no longer apply to inventories that have formerly been written down and the net selling price has therefore risen, the reversal of the write-down is recognized as a reduction of the cost of materials.

Financial instruments

BASIC INFORMATION

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized when HEIDELBERG becomes party to a contract for the financial instrument. If the trade date and settlement date differ for standard purchases or sales, financial instruments are recognized at the settlement date. First-time measurement of financial assets and liabilities is at fair value, whereby trade receivables without a significant financing component are recognized at the transaction price in accordance with IFRS 15. The carrying amount of financial instruments not measured at fair value through profit or loss includes the directly attributable transaction costs. Subsequent measurement of financial instruments is in line with the measurement categories defined in IFRS 9: Financial Instruments. Under IFRS 9, on first-time recognition financial assets and liabilities can be designated as financial instruments in the fair value through profit and loss category. HEIDELBERG did not exercise this option.

In general, financial assets and liabilities are reported without being offset. They are only offset when there is an enforceable legal right to do so at the end of the reporting period and the entity intends to settle them on a net basis (see note 33). The recognized carrying amount of current and variable interest, non-current financial assets and liabilities is an appropriate estimate of the fair value.

The HEIDELBERG Group is exposed to default risks to the extent that partners do not fulfill their contractual obligations. Default risk essentially relates to receivables from sales financing and trade receivables. Default risks from derivative financial instruments are regularly managed and continuously monitored with regard to deteriorations in creditworthiness. Other default risks for other financial assets and cash and cash equivalents are of minor significance for the Group.

The general approach for determining expected losses is used for receivables from sales financing. For those receivables there are risks of default on receivables due to industry, customer, residual value and country risks. They are monitored and managed very closely by internal receivables management. A significant increase in credit risk is assumed when payments are more than 30 days past due. Receivables from sales financing are considered to be credit-impaired if they are more than 90 days overdue. Receivables from sales financing past due by more than 180 days are basically written down in full as it must be assumed that they will be defaulted on. In the case of receivables from sales financing, a default is also assumed if customer financing is terminated prematurely by HEIDELBERG due to non-payment, with the start of the realization of collateral or in the event of the customer's insolvency.

The simplified approach for determining expected losses is used for trade receivables. For these receivables, a full impairment is generally recognized if they are more than 360 days overdue. A default always exists if the debtor is no longer able to settle its liabilities in full.

In the case of trade receivables, a full impairment loss is basically recognized if they are more than 360 days overdue. Default always occurs when the debtor is no longer able to settle its liabilities in full. For receivables from sales financing, default is also assumed if HEIDELBERG cancels customer financing prematurely due to non-payment, when collateral is repossessed or if the customer becomes insolvent. Credit security measures are also continued for fully impaired receivables. The amounts received are recognized in profit or loss. A financial asset is derecognized if, according to a reasonable assessment, the agreed cash flows are no longer expected to be realised in full or in part, for example following the conclusion of insolvency proceedings or depending on country-specific and legal circumstances. For outstanding receivables, it is checked on an ongoing basis whether enforcement measures still have a chance of being successful.

Financial assets are measured at amortized cost if they are held in a business model with the objective of generating contractual cash flows, and the contractual cash flows are solely payments of principal and interest. In case of financial assets measured at amortized cost, impairments are recognized in profit or loss by using an allowance account. The carrying

amount of uncollectible receivables is derecognized. If the amount of impairment is objectively reduced in subsequent reporting periods due to an event occurring after recognition of the impairment, the impairment recognized is reversed accordingly in income.

Financial assets are measured at fair value through other comprehensive income if they are held in a business model with the objective of generating contractual cash flows and to sell the financial assets, and if the contractual cash flows are solely payments of principal and interest. In addition, equity instruments that are not held for trading and for which the option to recognize changes in fair value in other comprehensive income was exercised in accordance with IFRS 9 are allocated to this measurement category.

All other financial assets are measured at fair value through profit or loss.

In accordance with IFRS 9, the expected credit losses from financial assets measured at amortized cost must be assessed on the basis of the expected loss model. The calculation of the expected loss is dependent on whether there is a significant increase in credit risk. If the credit risk of the financial asset has not increased significantly since initial recognition of the financial asset, the impairment loss is measured on the basis of the 12-month expected credit losses.

Expected credit losses for receivables from sales financing are calculated on the basis of the credit risk assessment for each individual receivable using the general impairment model in accordance with IFRS 9. This calculation takes into account all receivables not already impaired. The key inputs are the internally calculated individual probability of default for the receivable and the expected loss given default. In order to draw conclusions about the customer's future sales and earnings performance, pieces of forward-looking information, including estimates of the expected development of the macroeconomic environment and demand on the relevant market derived from the internal customer risk assessment, are taken into consideration. Impairment is recognized on the receivable if its credit risk has increased significantly since initial recognition. If the value of the collateral held exceeds the amount of the receivable from sales financing in the event of default, the Group considers the resulting value adjustments to be of minor significance.

For trade receivables, in line with the simplified approach chosen to calculate write-downs in accordance with IFRS 9, receivables are allocated to level 2 already from initial recognition and the lifetime expected credit losses are recognized from initial recognition of the receivables and allocated to level 2. The trade receivables portfolio is clustered by country and number of days past due to calculate the expected credit losses. Historical loss experience is used to calculate a provision matrix which is adjusted by a forward-looking factor that reflects the expected development of country risk. The theoretical maximum remaining risk of default of financial assets, disregarding collateral, is the same as their recognized carrying amounts. As soon as there is objective evidence of an increase in the default risk since initial recognition, the receivable concerned is allocated to level 3 and individually impaired. If the value of the collateral held exceeds the amount of trade receivables in the event of default, the Group considers the resulting value adjustments to be of minor significance.

Financial assets are derecognized when the contractual rights to cash flows end or substantially all the risks and rewards of ownership are transferred to another party. Financial liabilities are derecognized when the contractual obligation is discharged or legally canceled.

The net gains and losses essentially include changes in the fair value and exchange rate effects recognized in net operating income and the financial result and interest income and expense from financial instruments recognized in the financial result. Changes in fair value also include the effects of financial assets measured at fair value recognized directly in equity.

For information on risk management please refer to note 33 and to the Risk and Opportunity Report in the combined management report.

FINANCIAL ASSETS

Other investments, investments accounted for using the equity method and securities that represent financial assets are reported under "Financial assets".

Securities reported under financial assets are predominantly classified as financial assets at fair value through other comprehensive income by exercising the option provided by IFRS 9

for financial investments in equity instruments as they are not primarily for short-term profit maximization. On the basis of IFRS 9, these financial instruments are measured at fair value through other comprehensive income taking deferred taxes into account and are not subsequently reclassified to profit or loss. These securities are measured at their stock market prices.

The appropriate classification of these securities is determined at the time of purchase and is reviewed as of the end of each reporting period.

Other investments are measured at fair value.

Shares in associated companies where the HEIDELBERG Group exercises significant influence and joint ventures are generally recognized using the equity method. Income and expenses in connection with investments accounted for using the equity method are recognized in the financial result.

LOANS

Loans are credit that we extend and are classified as financial assets at amortized cost under IFRS 9. Non-current non-interest-bearing and low-interest-bearing loans are carried at net present value. Measurement in subsequent periods is at amortized cost using the effective interest rate method. After initial recognition, financial assets at fair value through profit or loss are measured at fair value; unrealized gains and losses are recognized through profit or loss.

RECEIVABLES FROM SALES FINANCING

Receivables from sales financing include receivables from our customers arising in connection with the financing of machinery sales and receivables under finance leases.

Finance leases include leased installations considered as sales under non-current financing. In line with IFRS 16, these receivables are carried at the net investment value, i.e. discounted future minimum lease payments plus any unguaranteed residual values. Lease payments are broken down into repayments and interest income, and interest income is recognized in the

consolidated income statement over the term of the leases reflecting a constant periodic rate of return.

Receivables from sales financing are assigned to the IFRS 9 category “measured at amortized cost” and carried at fair value. Measurement in subsequent periods is at amortized cost using the effective interest rate method.

TRADE RECEIVABLES

Trade receivables do not contain any significant financing components and hence are carried at their transaction price on initial recognition. In subsequent periods they are measured at amortized cost using the effective interest rate method.

RECEIVABLES AND OTHER ASSETS

The receivables and other assets item includes both non-financial assets and financial assets including derivative financial instruments. With the exception of derivative financial instruments, financial assets are assigned to the “measured at amortized cost” and “measured at fair value through profit or loss” categories under IFRS 9. Non-financial assets are measured in line with the respective applicable standard.

CASH AND CASH EQUIVALENTS

Cash on hand and bank balances are carried at amortized cost. Bank balances have a remaining term of up to three months.

FINANCIAL LIABILITIES

Primary financial instruments include financial liabilities, trade payables and non-derivative other financial liabilities. Trade payables and non-derivative other financial liabilities include accruals for outstanding invoices and accruals relating to staff.

In accordance with IFRS 9, primary liabilities are stated at fair value. Directly attributable transaction costs are included for financial liabilities not carried at fair value through profit or loss. Measurement in subsequent periods is at amortized cost using the effective interest rate method. For information on the recognition of lease liabilities, please refer to the section "Leases" in this note. Financial guarantees are recognized at the higher of the amount calculated in line with IFRS 9 and the initial amount carried as a liability less any amortization. They are reported under other provisions.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments in the HEIDELBERG Group comprise hedging instruments used to manage exchange rate fluctuations. These instruments serve to reduce income volatility. The Group does not enter into trading positions, i.e. derivatives without an underlying hedged item. We currently use over-the-counter (OTC) instruments. These currently comprise forward exchange transactions.

The scope of hedging by financial derivatives comprises recognized, onerous and highly probable hedged items.

In accordance with IFRS 9, derivatives meet the recognition criteria for assets and liabilities, as a result of which they must be capitalized (other assets) or expensed (other liabilities) at fair value. First-time recognition is as of the trade date.

Under IFRS 9, the distinction between a fair value hedge and a cash flow hedge is of fundamental importance for hedge accounting.

The aim of a fair value hedge is to offset the changes in fair value of assets and liabilities with opposing changes in the fair value of the designated hedging instrument. Any profit or loss resulting from the change in fair value of the designated hedging instrument is recognized directly in the consolidated income statement. From the inception of the hedge, changes in the fair value of the hedged item attributable to the hedged risk are also recognized in profit or loss. A cash flow hedge serves to hedge the changes in cash flows that typically arise in connection with floating rate assets or liabilities recognized

in the consolidated statement of financial position, foreign currency onerous contracts or planned future transactions. The gains and losses on the effective portion of derivatives designated as a hedging instrument are recognized outside profit or loss until the respective hedged item becomes effective.

Hedges that do not satisfy the documentation requirements of IFRS 9 for hedge accounting or whose underlying hedged items no longer exist are classified as at fair value through profit or loss.

Assets and liabilities held for sale

Non-current assets and liabilities are classified as held for sale when disposal is highly likely and the asset is available for immediate sale in its present condition. In addition, the owner must have resolved to sell the individual asset or disposal group within one year.

Assets held for sale are carried at the lower of the carrying amount and fair value less costs to sell. Assets held for sale are no longer subject to scheduled depreciation or amortization.

Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated in accordance with the liability method (IAS 12). Under this method, deferred taxes are recognized for all temporary differences between IFRS carrying amounts and the tax carrying amounts of the individual companies or Group companies and on corresponding consolidation adjustments. In addition, deferred tax assets for future benefits from tax loss carryforwards are also taken into account. Deferred tax assets for accounting differences and for tax loss carryforwards are recognized in the amount for which it is probable that taxable income will be available, i.e. for which utilization seems reasonably assured. Deferred taxes are measured on the basis of the income tax rates of the respective countries. A tax rate of 28.00 percent (previous year: 27.89 percent) is used to calculate domestic deferred taxes. In addition to the corporation tax of 15 percent and the solidarity surcharge of 5.5 percent, the average trade tax rate was also taken into account.

In accordance with the provisions of IAS 12, neither deferred tax assets nor liabilities have been discounted. Deferred tax assets were offset against deferred tax liabilities when required according to the provisions of IAS 12. In line with this, offsetting must be effected if there is a legally enforceable right to offset the actual taxes and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and originate from the same company or in the same group of controlled companies.

Provisions for pensions and similar obligations

The pensions and similar obligations comprise the obligations of the Group to establish provisions under both defined benefit plans and defined contribution plans.

For defined benefit plans, the pension obligations are calculated using the projected unit credit method (IAS 19). Under this method, expert actuarial reports are commissioned each year. The discount rate used for the present values of defined benefit obligations is based on the yields of high-quality corporate bonds with matching maturities and currencies and ratings of AA on the basis of the information provided by Bloomberg. This discount rate is also used to determine the net interest on the net liability/asset from defined benefit plans. Mortality and retirement rates are calculated in Germany according to the 2018 G Heubeck mortality tables and, outside Germany, according to comparable foreign mortality tables. Plan assets carried at fair value are offset against defined benefit obligations. The cash and cash equivalents of Heidelberg Pension-Trust e. V. are held in trust by the latter and serve to secure pension obligations as well as pension payments in case of delay. They do not qualify as plan assets in accordance with IAS 19.8. Current service cost and any past service cost is recognized immediately and reported under staff costs; the net interest expense, as the net total of interest expenses on benefit obligations and interest income on plan assets, is reported in the financial result. Gains or losses resulting from changed expectations with regard to life expectancy, future pension and salary increases and the discount rate from the actual developments during the period are recognized outside

profit or loss directly in other comprehensive income in the statement of comprehensive income. Recognition of the gains or losses from remeasurements reported in other comprehensive income in profit or loss in later periods is not permitted.

The difference between the (interest) income on plan assets calculated at the start of the period and the actual return on plan assets determined at the end of the period is also recognized outside profit or loss in other comprehensive income.

For defined contribution plans, compulsory contributions are offset directly as an expense. No provisions for pension obligations are recognized, as in these cases the Company does not have any obligation beyond that to pay premiums.

Other provisions

Other provisions are recognized when a past event gives rise to a current obligation, utilization is more likely than not and its amount can be reliably estimated. This means that the probability must exceed 50 percent. They are measured either at the most likely settlement amount or, if probabilities are equal, at the expected settlement amount. Provisions are only recognized for legal or constructive obligations in respect of third parties. Provisions are measured at full production cost, taking into consideration possible cost increases. Provisions for restructuring measures are recognized to the extent that the criteria of IAS 37 or IAS 19 respectively are met.

Non-current provisions with a remaining term of more than one year are carried at the discounted settlement amount at the end of the reporting period on the basis of appropriate interest rates. The underlying interest rates depend on the term of the obligation.

Income tax liabilities

Income tax liabilities are recognized in the amount which is expected to be paid to the tax authorities.

If income tax liabilities include uncertain income tax items because they are probable, these are typically measured at the

most probable amount. In some cases the determination of income tax liabilities requires discretionary decisions.

Share-based payment

From the financial year 2017/2018, in the context of the multi-year variable remuneration of the Management Board, share-based, cash-settled payment has been granted on the basis of the total shareholder return performance indicator. This is then paid out at the end of the respective three-year performance period.

In previous years, a multi-year variable compensation will be allocated for the first time, which is based on the issue of virtual shares of Heidelberger Druckmaschinen Aktiengesellschaft (HDM shares), is earned over a one-year period and is settled in equal parts in cash and in HDM shares at the end of the three-year performance period.

The multi-year variable compensation allocated in this financial year on the basis of the new 2023+ remuneration system continues to be based on the issue of virtual HDM shares and is also earned over a one-year period. The performance period within this tranche now extends over four financial years, with fulfillment taking place in full by way of cash settlement.

The valuation of these components is measured in accordance with IFRS 2 on the basis of their fair value using a Monte Carlo simulation.

The fair values of the cash-settled remuneration components are remeasured at each reporting date and at the settlement date and recognized proportionately in personnel expense. Multi-year variable compensation to be settled in equity instruments is measured once at fair value on the grant date and recognized as personnel expense in the capital reserve.

Contract liabilities

Contract liabilities typically arise in connection with the sale of sheetfed offset presses on account of the advance payment usually required and, for service and maintenance work, on account of the one-time payment when the contract is signed.

Government grants

Government grants are recognized as soon as there is reasonable assurance that all funding conditions can be met and the grant will be awarded in full.

For taxable government investment subsidies and tax-free investment allowances, which are recognized accordingly in the cash inflow from investments, there is an option to recognize these as deferred income or deduct them when determining the carrying amount of the asset. HEIDELBERG reports these subsidies as deferred income that is reversed and recognized as income in line with the expected pattern of economic benefits from the asset over its useful life.

Grants related to income are allocated to the cash inflow from operating activities and are recognized directly in profit or loss separately under the main item "other operating income".

Contingent liabilities

Contingent liabilities are potential obligations that relate to past events and whose existence will not be confirmed until one or more uncertain future events occur. These future events, however, lie outside the sphere of influence of the HEIDELBERG Group. Furthermore, current obligations can represent contingent liabilities if the outflow of resources is not sufficiently probable to recognize a respective provision or if the amount of the obligation cannot be reliably estimated. The carrying amount of contingent liabilities is equal to the best possible estimate of the settlement amount resulting from the liability.

7. Estimates and judgments

When preparing consolidated financial statements, certain assumptions and estimates are made that have an effect on the amount and reporting of assets and liabilities, information on contingent assets and liabilities at the end of the reporting period and on income and expense reported in the period under review. Climate-related aspects can also lead to additional uncertainties and thus to estimates and discretionary decisions. The risks and opportunities associated with climate change are analyzed as part of the risk management process and evaluated in terms of their potential financial and accounting impact. Overall, there were no material effects on accounting in connection with climate change.

The following are the key issues affected by assumptions and estimates:

- assessing the recoverability of goodwill,
- determination of the expected useful lives of intangible assets and property, plant and equipment,
- the assessment of the recoverability of loss carryforwards,
- the determination of fair values as part of the IAS 16 revaluation,
- recognition and measurement of provisions for pensions and similar obligations.

In the impairment test for goodwill, the recoverable amount of the cash-generating unit is determined as the higher of its fair value less the cost to sell and its value in use. The fair value here reflects the best estimate of the price independent market participants would receive under standard market conditions for the sale of the cash-generating units at the end of the reporting period. The value in use is the present value of the estimated future cash flows expected from the cash-generating unit. A change in determining factors can change the fair value or the value in use, and could result in the recognition of write-downs. Goodwill impairment testing is mainly based on the parameters listed in note 18.

As in the previous year, a reduction in the growth factor used to calculate the perpetual annuity by one percentage point and a reduction in the result of operating activities of 5 percent would not result in any impairment requirement for the Print Solutions cash-generating unit, the Packaging Solutions cash-generating unit or the E-Mobility cash-generating unit.

Current economic development is priced into corporate planning with a relatively conservative course of business and the expected sales have been risk-adjusted accordingly. It is assumed that the cost of materials and staff costs will increase in the coming financial years. These cost increases are reflected in planning in the form of corresponding price rises.

As in the previous year, increasing the discount rate before taxes by one percentage point to 11.3 percent (previous year: 11.5 percent) for the Print Solutions cash-generating unit, 11.3 percent (previous year: 11.6 percent) for the Packaging Solutions cash-generating unit and 16.1 percent (previous year:

16.7 percent) for the E-Mobility cash-generating unit would not result in any impairment requirements.

The useful lives used throughout the Group for intangible assets – with the exception of goodwill – and for items of property, plant and equipment are subject to management assessments. In the case of internally generated intangible assets, the expected useful life is based on the life cycle planned at the time of marketability, taking appropriate account of future market developments.

The recoverability of loss carryforwards is subject to increased estimation uncertainty, as a tax effect from a loss carryforward existing on the balance sheet date can only be capitalized if there is sufficient probability that a corresponding taxable profit will be available to offset losses in the future on the balance sheet date and any restrictions on loss offsetting or expiry do not prevent the use of losses. The existence of a loss history in the recent past constitutes regularly negative evidence with regard to the future realizability of the loss carryforward. Existing loss carryforwards are therefore only considered to be recoverable if, according to a corresponding planning calculation, sufficient profits are expected in the future to offset losses and there is no history of losses.

The fair values to be recognized as part of the IAS 16 revaluation of land are generally derived primarily according to nationally standardized valuation methods and determined by an external appraiser due to the lack of international methodological standards for determining fair value or market value. In Germany, the basis of the valuation in the comparative value procedure is generally the standard land value published by the relevant expert committee. Value-forming input factors of the land valuation, in particular the quality of the location, the state of development and the land use and development plan, are first consolidated in a general valuation approach when applying the comparative value method and then adjusted by property-specific value factors. These include, in particular, the individual development status of the property and any legal encumbrances or restrictions on use.

The calculation of the provision for pensions and similar obligations and the associated pension expenses is based on actuarial models. The valuations are based on various assumptions such as current actuarially developed probabilities (including discount factor and mortality), assumptions about future fluctuation depending on age and years of service or experience-based assumptions about the probability of pension and installment payments. Sensitivity analyses are used to determine any financial effects that occur in the event of deviations within key input factors. Further information can be found in note 26.

The assumptions and estimates are based on the information and data currently available. Actual developments can deviate from the estimates. The carrying amounts of the relevant assets and liabilities are adjusted accordingly if actual amounts deviate from estimated values.

Notes to the consolidated income statement

8. Net sales

In addition to income from the sale of machinery of € 1,451 million (previous year: € 1,466 million), income from the sale of consumables and spare parts of € 596 million (previous year: € 624 million), income from the sale of charging stations (Wallboxes) in the e-mobility area of € 8 million (previous year: € 21 million) and income from services of € 325 million (previous year: € 308 million), net sales also include income from commissions, finance and operating leases of € 12 million (previous year: € 14 million) and interest income from sales financing and finance leases calculated using the effective interest method of € 2 million (previous year: € 3 million). The gain on disposal and the financial income on the net investment in the lease are immaterial to income from finance leases, as in the previous year. Income from operating leases amounted to € 9 million (previous year: € 11 million). HEIDELBERG's business activities are divided into the segment Print Solutions with the customer categories Digital, Commercial and Industrial, the Packaging Solutions segment, which essentially bundles the Folding Cartons and Labels areas, and

the Technology Solutions segment, with the Zaikio, E-Mobility and Printed Electronics units. Sales of machinery essentially comprise the sheetfed offset, label printing, postpress and digital printing business.

Net sales of € 2,395 million (previous year: € 2,435 million) comprise revenue from contracts with customers in accordance with IFRS 15 of € 2,380 million (previous year: € 2,418 million) and other net sales of € 15 million (previous year: € 16 million).

Of the performance obligations not yet fulfilled as of the end of the reporting period (see note 29), € 140 million (previous year: € 194 million) relates to machinery not yet delivered and € 67 million (previous year: € 71 million) to maintenance and services not yet performed.

Fulfillment of the former performance obligations is essentially expected within the next 12 months while fulfillment of the latter performance obligations is essentially expected within a short to medium-term period.

The breakdown of net sales by segment and by region is shown in note 38.

9. Other operating income

	2022/2023	2023/2024
Income from disposals of intangible assets, property, plant and equipment and investment property	29	1
Reversal of other provisions and accruals	25	31
Income from contribution of HeiMaster Technology Co., Ltd.	7	-
Hedging/exchange rate gains	6	5
Recoveries on loans and other assets previously written down	4	4
Income from operating facilities	3	3
Other income	25	31
	99	75

In the previous year, "income from disposals of intangible assets, property, plant and equipment and investment property" included the gain on the disposal of an area of around

80,000 m² at the Wiesloch/Walldorf production site of € 15 million and the income in connection with the sale of the entire area of around 20,000 m² at the St. Gallen site in Switzerland. As part of the sale of the building in St. Gallen in the previous year, HEIDELBERG entered into a lease agreement with a term of ten years. The gain on this sale and leaseback transaction amounted to € 12 million. The cash inflow from the sale amounted to € 32 million and the future annual rental payments amount to € 1 million.

Income of € 7 million was realized in the previous year from the contribution of technological expertise to the associated company HeiMaster Technology (Tianjin) Co., Ltd.

Other income includes income from the termination of legal disputes totaling € 7 million (previous year: none).

10. Cost of materials

	2022/2023	2023/2024
Cost of raw materials, consumables and supplies, and of goods purchased and held for resale	1,000	925
Cost of purchased services	113	103
	1,113	1,028

The ratio of the cost of materials to total operating performance is 44.0 percent (previous year: 45.7 percent).

11. Staff costs and number of employees

	2022/2023	2023/2024
Wages and salaries	678	657
Cost of pension scheme	16	15
Other social security contributions and expenses	121	126
	815	799

In the previous year, wages and salaries included an expense of € 17 million for the inflation compensation bonus that was collectively agreed on November 18, 2022 at the German sites.

The number of **employees**¹⁾ was:

	Average		As of	
	2022/2023	2023/2024	31-Mar-2023	31-Mar-2024
EMEA ²⁾	7,278	7,248	7,256	7,297
Asia-Pacific	1,610	1,582	1,592	1,573
Americas ³⁾	704	713	706	721
	9,592	9,543	9,554	9,591
Trainees	410	441	390	417
	10,002	9,984	9,944	10,008

¹⁾ Not including interns, graduating students, dormant employees and employees in the exemption phase of partial retirement

²⁾ Including former Eastern Europe; previous years were adjusted

³⁾ North America and South America were combined into Americas; previous years were adjusted

12. Depreciation and amortization

Depreciation and amortization including write-downs of € 76 million (previous year: € 79 million) relate to intangible assets of € 12 million (previous year: € 13 million) and property, plant and equipment of € 65 million (previous year: € 66 million). Depreciation and write-downs of € 17 million (previous year: € 17 million) relate to right-of-use assets from leases reported under property, plant and equipment. In turn, these relate to land and buildings of € 9 million (previous year: € 10 million) and other equipment, operating and office equipment of € 8 million (previous year: € 7 million).

Write-downs were recognized in an immaterial amount (previous year: € 2 million). In the previous year, write-downs primarily related to right-of-use assets from leases in the amount of € 1 million and goodwill for the Zaikio cash-generating unit in the amount of € 1 million.

13. Other operating expenses

	2022/2023	2023/2024
Other deliveries and services not included in the cost of materials	150	160
Special direct selling expenses including freight charges	96	78
Travel expenses	32	38
Insurance expense	13	13
Rents and leases	13	15
Bad debt allowances and impairment on other assets	7	6
Hedging/exchange rate losses	6	8
Additions to provisions and accruals relating to several types of expense	6	7
Costs of car fleet (excluding leases)	5	5
Power Purchase Agreement	–	5
Other overheads	70	82
	397	416

Other operating expenses include € 11 million (previous year: € 4 million) for legal disputes in connection with product liability cases for machines whose production has already been discontinued and which were produced and sold by the former Linotype-Hell Aktiengesellschaft and its legal successors.

In addition to ancillary costs and services, the “Rents and leases” item recognizes the following amounts for leases in which the HEIDELBERG Group is the lessee:

	2022/2023	2023/2024
Expenses for short-term leases	1	0
Expenses for leases for low-value assets (not including short-term leases)	0	0
Expenses for variable lease payments	1	0
Total	2	1

14. Financial result

	2022/2023	2023/2024
Financial income	10	7
Financial expenses	30	43
Financial result	–19	–36

15. Financial income

	2022/2023	2023/2024
Interest and similar income	10	5
Income from financial assets/loans/securities	1	2
Financial income	10	7

Interest and similar income includes income from the discounting of non-current provisions and income tax liabilities in the amount of € 1 million (previous year: € 6 million).

16. Financial expenses

	2022/2023	2023/2024
Interest and similar expenses	27	39
of which: net interest cost of pensions	(16)	(23)
Expenses for financial assets/loans/securities	2	2
Expenses from investments using the equity method	0	3
Financial expenses	30	43

In addition to the net interest cost of pensions, interest and similar expenses includes expenses in connection with the credit facility (see note 28). The net interest expense for pensions is the net total of interest expenses on defined benefit obligations (DBO) and (interest) income on plan assets.

Interest and similar expenses include interest expenses from leases of € 2 million (previous year: € 2 million).

17. Taxes on income

Taxes on income are broken down as follows:

	2022/2023	2023/2024
Current taxes	18	6
of which Germany	-9	-14
of which abroad	27	20
Deferred taxes	3	10
of which Germany	5	6
of which abroad	-3	4
	20	16

The adoption of amended tax rates or new taxes resulted in € 0 million tax income (previous year: € 0 million).

Taxes on income comprise German corporate tax (15 percent) plus the solidarity surcharge (5.5 percent), trade tax (12.17 percent; previous year: 12.06 percent) and comparable taxes of the foreign subsidiaries. The nominal total German tax rate is 28.00 percent for the financial year (previous year: 27.89 percent).

No deferred tax liabilities were recognized for temporary differences on shares in subsidiaries of € 15 million (previous year: € 35 million) as it is unlikely that these differences will reverse in the foreseeable future. Deferred tax liabilities of € 3 million (previous year: € 1 million) were recognized on the basis of the respective applicable tax rates in line with local taxation on planned dividends.

Deferred tax income from the reversal of a previous write-down of deferred tax assets on temporary differences and deferred tax expenses resulting from the write-down in the reporting year amounted to € 1 million (previous year: 0) and € 3 million (previous year: € 5 million) respectively.

In the reporting year, a write-down of € 3 million was recognized on the remaining temporary difference from previous years in connection with the contribution of the existing e-mobility business operations to the then newly established company Amperfied GmbH.

Total tax loss carryforwards for which no deferred tax assets were recognized amount to € 2,104 million (previous year: € 2,009 million). Of these, € 0 million can be used by 2025 (previous year: € 0 million by 2024), € - million by 2026 (previous year: € 0 million by 2024), € - million by 2027 (previous year: € 1 million by 2025), € - million by 2027

(previous year: € 0 million by 2026), € - million by 2028 (previous year: € 0 million by 2027), € - million by 2029 (previous year: € 0 million by 2028) and € 2,104 million by 2030 and later (previous year: € 2,008 million by 2029 and later).

No deferred tax assets were recognized for interest carryforwards amounting to € 101 million (previous year: € 100 million).

Deferred tax assets are only recognized for tax loss carryforwards and interest carryforwards if their realization is guaranteed in the near future. In the reporting year, a write-down of € 1 million was made in the year under review on deferred tax assets for loss carryforwards recognized in previous years (previous year: none). Deferred tax assets totaling € 2 million (previous year: € 1 million) were recognized in the reporting year on tax loss carryforwards not previously recognized. In the reporting year, deferred tax assets on current tax losses in the amount of € 2 million (previous year: € 7 million) were recognized in profit or loss.

The reversal of deferred tax assets on temporary differences and tax loss carryforwards not yet recognized relate to one foreign company. The reversal is essentially due to the economic recovery of the company.

Deferred tax assets of € 6 million (previous year: € 12 million) were capitalized at companies that generated a tax loss in the reporting year or in the prior financial year, as on the basis of tax planning it is assumed that taxable positive income will be available in the foreseeable future.

No income from loss carrybacks was recognized in the reporting year (previous year: none).

Heidelberger Druckmaschinen Aktiengesellschaft, as the ultimate parent company of the HEIDELBERG Group within the meaning of the statutory provisions of the MinStG, must apply this for the first time for the financial year beginning after December 31, 2023 from April 1, 2024 to March 31, 2025. The HEIDELBERG Group will make use of the exemption with regard to the recognition of deferred taxes in connection with the MinStG, which was the subject of the amendments to IAS 12 published in May 2023 (Pillar Two Model Rules). The financial year from April 1, 2023 to March 31, 2024 is not covered by the scope of the MinStG, meaning that Heidelberger Druckmaschinen Aktiengesellschaft is not subject to a minimum tax charge for the financial year from April 1, 2023 to March 31, 2024 at the reporting date. The HEIDELBERG Group expects

minor future minimum tax burdens from the application of the German Minimum Tax Act (MinStG) or corresponding foreign laws for the financial year from April 1, 2024 to March 31, 2025.

Current taxes were reduced in the reporting year by € 2 million (previous year: € 0 million) as a result of deferred tax assets for tax loss carryforwards that had not previously been taken into account. Current income taxes include net prior-period income of € 20 million (previous year: € 9 million).

Taxes on income can be derived from the net result before taxes as follows:

	2022/2023	2023/2024
Net result before taxes	112	55
Theoretical tax rate in percent	27.89	28.00
Theoretical tax income/expense	31	15
Change in theoretical tax income/expense due to:		
Differing tax rate	-5	-2
Tax loss carryforwards ¹⁾	4	6
Reduction due to tax-free income	-9	-4
Tax increase due to non-deductible expenses	18	21
Change in income tax liabilities for reassessment risks	-11	-22
Impairment/reversal of deferred tax assets on temporary differences	-10	3
Other (incl. taxes on previous years)	2	0
Taxes on income	20	16
Tax rate in percent	18.35	29.05

1) Write-downs and reversals of tax loss carryforwards, utilization of non-recognized tax loss carryforwards and non-recognition of current losses and interest carryforwards

bility cash-generating units amounted to € 47 million (previous year: € 47 million), € 77 million (previous year: € 77 million), € 0 million (previous year: € 0 million) and € 2 million (previous year: € 2 million) respectively.

When determining the carrying amounts of the segments or CGUs for the purposes of the impairment test for goodwill, the operating assets and operating liabilities are allocated, directly or indirectly, to a segment or a cash-generating unit on an appropriate and consistent basis. An appropriate and consistent basis for the Print Solutions and Packaging Solutions segments is a key based on sales revenue for the current financial year.

According to IAS 36, as part of the impairment test the recoverable amount of the cash-generating units is determined based on the higher of the fair value less costs to sell and the value in use. The fair value here reflects the best estimate of the price independent market participants would receive under standard market conditions for the sale of the cash-generating units at the end of the reporting period. The value in use is the present value of the estimated future cash flows expected from the cash-generating unit. The calculation of the value in use by HEIDELBERG on the basis of the discounted cash flow method is based on the planning authorized by the Management Board, which in turn is based on medium-term planning for the result of operating activities for a period of five (previous year: five) financial years. This planning process is based on past experience, the corporate strategy, external information sources and expectations of future market development. Key assumptions on which the calculation of the value in use by the management is based include forecasts in the planning period of the development of sales, the costs taking into account the effects of Company-wide earnings improvement measures (EBIT), the costs of capital and the growth rate.

The average decline in sales in the detailed planning period is around 1.9 percent p.a. (previous year: increase in sales around 2.6 percent p.a.) for the Print Solutions cash-generating unit, the average increase in sales around 4.9 percent p.a. (previous year: around 6.0 percent p.a.) for the Packaging Solutions cash-generating unit, and around 104.3 percent p.a. (previous year: around 121.0 percent p.a.) for the E-Mobility cash-generating unit. The sales trend is essentially based on the assumption of a further decline in demand for printing presses for conventional use. This is partially offset by forecast sales price increases in line with assumed inflation. They also result from sales growth for products and business models newly launched

Notes to the consolidated statement of financial position

18. Intangible assets

Goodwill includes amounts arising from the takeover of businesses (asset and share deals). For the purpose of impairment testing, assets are allocated to the segments or cash-generating units in accordance with IAS 36.80. These are the Print Solutions and Packaging Solutions segments (see note 38) and the E-Mobility business area. The carrying amounts of the goodwill allocated to the Print Solutions, Packaging Solutions and E-Mo-

on the market up to the reporting year, for which increased demand and market growth are forecast based on the current trend in incoming orders and our own expectations. Adjusted for anticipated cost developments, this results in EBIT growth up until the end of the planning period to a mid-single-digit percentage of sales for the Print Solutions cash-generating unit, a mid-single-digit percentage for the Packaging Solutions cash-generating unit and a low-double-digit percentage of sales for the E-Mobility cash-generating unit. Cash outflows for the Company's investment activities relate to investments on the basis of measures already commenced in the year under review and planned maintenance investments in respect of current and forecast wear and tear. The value in use model does not take into account any additional income from expansion investments. With regard to EBIT, the transition to the perpetual annuity is effected by taking into account for all segments/CGUs a growth rate of 1 percent (previous year: 1 percent) for EBITDA on the basis of the last planning year as well as sustained depreciation.

As a result, as in the previous year, there were no impairment requirements for the Print Solutions, Packaging Solutions or E-Mobility cash-generating units.

The calculated cash flows were discounted on the basis of market data using weighted average costs of capital (WACC) before taxes of 10.3 percent (previous year: 10.5 percent) for the Print Solutions cash-generating unit, 10.3 percent (previous year: 10.6 percent) for the Packaging Solutions cash-generating unit and 15.1 percent (previous year: 15.7 percent) for the E-Mobility cash-generating unit.

Sensitivity analyses were conducted as part of the impairment test in accordance with the requirements of IAS 36.134; no impairment requirements were identified.

Capitalized development costs mainly relate to developments with regard to sheetfed offset printing presses in the Packaging Solutions segment and workflow software. Non-capitalized development costs from all segments – including research expenses – amount to € 96 million in the reporting year (previous year: € 88 million).

19. Property, plant and equipment and investment property

In conjunction with the remeasurement of land reported under property, plant and equipment in the financial year 2022/2023 (first remeasurement in the financial year 2019/2020), increases in value of € 56 million less deferred taxes of € 0 million were recognized in "Other comprehensive income" and write-ups of € 1 million were recognized in profit or loss.

The revaluation surplus totaled € 160 million as of March 31, 2024 (previous year: € 160 million). If this land had still been measured in accordance with the cost model as of March 31, 2023, its carrying amount would have been € 18 million as of the end of the reporting period (previous year: € 18 million).

Most recently as of the measurement date of March 31, 2023, the fair value of land recognized in accordance with the IAS 16 revaluation model was nearly completely calculated by third-party, independent experts in line with internationally acknowledged measurement methods. No revaluations were carried out in the reporting year.

The carrying amounts of right-of-use assets from leases in which we are the lessee reported under property, plant and equipment developed as follows:

	As of 1-Apr-2022	Additions	Depreciation and amortization	Disposals	Other changes	As of 31-Mar-2023
Land and buildings	22	14	10	0	-1	25
Technical equipment and machinery	4	0	0	0	0	4
Other equipment, operating and office equipment	13	9	7	0	0	15
	39	23	17	0	-1	44

	As of 1-Apr-2023	Additions	Depreciation and amortization	Disposals	Other changes	As of 31-Mar-2024
Land and buildings	25	7	9	1	0	23
Technical equipment and machinery	4	2	0	-	-	6
Other equipment, operating and office equipment	15	15	8	0	0	22
	44	25	17	1	0	50

Please refer to note 28 for further information on the lease liabilities offsetting the right-of-use assets.

The carrying amounts of assets capitalized in non-current assets from operating leases in which we are the lessor are € 19 million (previous year: € 33 million). These assets are reported under technical equipment and machinery. These assets are printing presses leased to customers. The gross carrying amounts were € 38 million (previous year: € 59 million) and cumulative depreciation amounted to € 19 million (previous year: € 26 million). Depreciation of € 5 million (previous year: € 7 million) was recognized in the reporting year. Future lease income of € 8 million (previous year: € 12 million) is anticipated from operating leases. These undiscounted lease payments are due as follows:

	31-Mar-2023	31-Mar-2024
Up to 1 year	6	3
Between 1 and 2 years	4	2
Between 2 and 3 years	1	2
Between 3 and 4 years	1	0
Between 4 and 5 years	0	0
More than 5 years	0	-
	12	8

In connection with the refinancing of the HEIDELBERG Group (see note 28), property, plant and equipment and investment property were pledged as collateral by way of assignment and the creation of a collective land charge. The carrying amounts

of this collateral as of the end of the reporting period were € 148 million (previous year: € 490 million) and € 0 million (previous year: € 3 million).

For property, plant and equipment leased to customers of the HEIDELBERG Group in finance leases, corresponding receivables have been capitalized in the amount of the discounted future minimum lease payments. Leased items are therefore not reported under non-current assets.

The fair value of investment property (IAS 40: Investment Property) corresponds to the second level in the measurement hierarchy according to IFRS 13 and is € 12 million (previous year: € 10 million). Investment property with a fair value of € 6 million (previous year: € 5 million) was measured by non-Group independent experts in line with internationally acknowledged valuation methods. The other fair values were derived from current market prices of comparable real estate.

As in the previous year, only immaterial current income or expenses were incurred in connection with investment property in the reporting year.

20. Financial assets

Financial assets include other investments of € 0 million (previous year: € 0 million), investments using the equity method of € 9 million (previous year: € 12 million) and securities of € 0 million (previous year: € 3 million). Please see note 33 for information on securities and their fair value.

21. Receivables and other assets

	31-Mar-2023			31-Mar-2024		
	Current	Non-current	Total	Current	Non-current	Total
Receivables from sales financing	16	24	40	16	26	43
Trade receivables	290	-	290	252	-	252
Other receivables and other assets						
Other tax assets	15	0	15	12	-	12
Cash and cash equivalents of Heidelberg Pension-Trust e. V.	-	15	15	-	16	16
Loans	0	1	1	0	0	0
Derivative financial instruments	3	0	3	1	-	1
Contract assets	1	1	2	1	0	1
Prepaid expenses	10	0	10	11	0	12
Purchase price receivable for property in Wiesloch-Walldorf, Germany	5	-	5	5	-	5
Funding application	-	-	-	3	1	4
Cash investment	6	-	6	-	-	-
Litigation	-	-	-	4	-	4
Creditors with debit balances	8	-	8	7	-	7
Other assets	36	1	37	41	3	45
	83	17	100	85	20	105

Receivables from sales financing (not including lease receivables from finance leases) and trade receivables result from contracts with customers and amounted to € 330 million as of April 1, 2023 and € 294 million as of March 31, 2024.

In the reporting year, plan assets of € 2 million (previous year: € 1 million) are included in current other assets (see note 26).

In connection with the financing of the HEIDELBERG Group (see note 28) in the previous year, trade receivables, receivables from sales financing and other receivables and other assets were assigned as collateral by way of undisclosed assignment. The carrying amounts of this collateral as of the end of the previous year were € 47 million, € 1 million and € 2 million.

As part of the refinancing of the HEIDELBERG Group, no collateral was issued in the form of undisclosed assignments in the reporting year.

Receivables from sales financing

The fair value of receivables from sales financing essentially corresponds to the reported carrying amount. This fair value is based on expected cash flows and interest rates with matching maturities taking into account the customer-specific credit rating.

The derived market value of the collateral held for receivables from sales financing was € 42 million as of the end of the reporting period (previous year: € 39 million). This collateral is essentially reservations of title, with the amount of security varying from region to region.

Impairment on receivables from sales financing developed as follows in the reporting year:

	2022/2023			2023/2024		
	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses
As of the start of the financial year (IFRS 9)	1	1	3	1	1	1
Additions	0	0	0	0	0	1
Utilization	–	0	0	0	0	0
Reversals	–1	0	–1	0	0	0
Stage transfer	–	–	–	–	0	0
Change in scope of consolidation, currency adjustments, other changes	0	–	–1	0	–	0
As of the end of the financial year	1	1	1	1	0	2

In the year under review, receivables from sales financing with a prior carrying amount of € 0 million (previous year: € 0 million) were modified with the loss allowance being measured at the lifetime expected credit loss (stage 3). No net losses were recognized in profit or loss in the year under review as a result of these modifications (previous year: none). In the year under review, the modifications did not result in a change in the loss allowance from the lifetime expected credit loss (stage 3) to the 12-month expected credit loss (stage 1) (previous year: € 0 million). Modifications made in previous financial years also did not entail any material changes in the loss allowance from the lifetime expected credit loss to the 12-month expected credit loss.

As of the end of the reporting period, the gross carrying amounts are allocated to the credit risk classes as follows:

	2022/2023			2023/2024		
	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses	Stage 1 – 12-month expected credit losses	Stage 2 – lifetime expected credit losses	Stage 3 – lifetime expected credit losses
Gross carrying amounts						
Low risk	13	–	–	10	–	–
Medium risk	19	2	–	25	1	–
High risk	4	3	2	4	–	6
Total	37	4	2	39	1	6

Receivables from sales financing include lease receivables of € 0 million (previous year: € 1 million) from finance leases in which our financing companies act as lessors.

Credit risks arising from receivables from sales financing are concentrated within the print media industry on account of the sector in which we operate. A significant proportion of receivables from sales financing is due from customers located in emerging nations. In terms of value, the risk concentration attributable to Brazil in the reporting year was 64 percent

(previous year: 50 percent) of the emerging markets. With a total amount of € 24 million (previous year: € 17 million), Brazil thus accounts for 45 percent (previous year: 32 percent) of total receivables from sales financing.

Trade receivables

In accordance with the simplified approach for calculating write-downs on trade receivables, the following provision matrix was used to calculate the expected loss on receivables with impaired creditworthiness as of March 31, 2024:

	2022/2023			2023/2024		
	Default ratio	Gross carrying amounts	Expected loss	Default ratio	Gross carrying amounts	Expected loss
Receivables not past due	0.28%	223	1	0.31%	166	1
Receivables past due						
less than 30 days	0.94%	35	0	1.03%	40	0
between 30 and 60 days	3.14%	11	0	2.96%	12	0
between 60 and 90 days	5.48%	7	0	4.97%	6	0
between 90 and 180 days	6.56%	5	0	5.93%	12	1
more than 180 days	7.90%	4	0	8.81%	8	1
Total		284	2		244	3

The carrying amount of the trade receivables is primarily to be taken as an appropriate estimate of the fair value.

The expected credit losses on trade receivables with a gross carrying amount of € 244 million (previous year: € 284 million) as of the end of the reporting period are calculated on a collective basis.

The derived market value of the collateral held for receivables from machinery sales was € 114 million (previous year: € 144 million) as of the end of the reporting period. This collateral is essentially reservations of title, with the amount of security varying from region to region.

Total write-downs on trade receivables amounted to € 5 million (previous year: € 5 million). Of this, write-downs booked to allowance accounts developed as follows in the reporting year:

	2022/2023		2023/2024	
	Expected losses	Impairment	Expected losses	Impairment
As of the start of the financial year	2	19	2	16
Additions	1	3	2	2
Utilization	-	-3	-	-1
Reversals	-1	-1	-1	-2
Change in scope of consolidation, currency adjustments, other changes	0	-1	0	0
As of the end of the financial year	2	16	3	15

There were no significant modifications to trade receivables in the year under review.

There were no significant concentrations of risk in trade receivables in the reporting year.

Other receivables and other assets

The carrying amount of the other receivables and other financial assets (not including derivative financial instruments) is primarily to be taken as an appropriate estimate of the fair value.

The cash and cash equivalents of Heidelberg Pension-Trust e. V. in the amount of € 16 million (previous year: € 15 million) are held in trust by the latter (see note 26). These instruments serve to secure all pension obligations. They are currently sufficient to satisfy in full the pension obligations not already covered by the Pensions-Sicherungs-Verein (pension guarantee association) in the event of a corresponding claim while also providing a liquidity buffer for any delayed pension payments.

Specific allowances for impairment losses of € 1 million (previous year: € 1 million) and € 2 million (previous year: € 2 million) relate to loans (gross carrying amount: € 2 million;

previous year: € 2 million) and to other financial assets (gross carrying amount: € 28 million; previous year: € 21 million).

Of the impairment recognized on loans in the previous year, € 0 million was utilized (previous year: € 2 million) and € 0 million was reversed (previous year: none). No additions to impairment losses were required (previous year: € 0 million). Of the impairment recognized on other financial assets in the previous year, € 0 million (previous year: € 1 million) was utilized and € 0 million (previous year: € 0 million) was reversed. Additions of € 0 million were required (previous year: € 0 million). Further expected 12-month and lifetime credit losses on other financial assets are of minor significance for the Group.

Derivative financial instruments include asset cash flow hedges of € 0 million (previous year: € 2 million) and asset fair value hedges of € 1 million (previous year: € 1 million).

The sale of the Gallus Group anticipated for the fourth quarter of the financial year 2020/2021 was not completed. benpac holding ag failed to make the agreed purchase price payment of € 120 million as of the scheduled closing date of January 29, 2021, even though all the preconditions had been satisfied. As

a result, HEIDELBERG initiated DIS arbitration proceedings and asserted a claim for € 30 million against benpac holding ag. With the opening of bankruptcy proceedings against benpac holding ag due to lack of assets, on application of HEIDELBERG the DIS arbitration proceedings were suspended. The arbitration proceedings were then terminated. No seizable assets could be identified in the debt collection proceedings against Mr. Marco Corvi based on a personal acknowledgment of debt over € 50 million. A loss certificate was issued. From now on, the loss certificate serves as a new enforcement title for HEIDELBERG's claim. As in the previous year these claims against benpac holding ag and Marco Corvi did not meet the conditions for recognition of a receivable as of March 31, 2024.

22. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities break down as follows:

	31-Mar-2023		31-Mar-2024	
	Assets	Liabilities	Assets	Liabilities
Tax loss carryforwards	29	–	25	–
Assets:				
Intangible assets/ property, plant and equipment/ investment property/ financial assets	6	63	3	71
Inventories, receivables and other assets	10	2	9	1
Liabilities:				
Provisions	73	1	76	0
Liabilities	16	1	18	0
Gross amount	135	66	132	73
Offsetting	65	65	70	70
Carrying amount	70	1	61	3

The income taxes recognized in the consolidated statement of comprehensive income break down as follows:

	2022/2023			2023/2024		
	Before income taxes	Income taxes	After income taxes	Before income taxes	Income taxes	After income taxes
Remeasurement of defined benefit pension plans and similar obligations	133	-1	133	-17	0	-17
Revaluation of land	56	0	55	-	0	0
Currency translation	-14	-	-14	-7	-	-7
Fair value of other financial assets	1	0	0	0	0	0
Cash flow hedges	1	0	2	-3	0	-2
Total other comprehensive income	177	-1	176	-26	0	-27

23. Inventories

	31-Mar-2023	31-Mar-2024
Raw materials and supplies	145	143
Work and services in progress	257	224
Finished goods and goods for resale	230	215
Advance payments	11	7
	643	588

In order to adjust inventories to the net realizable value, write-downs of € 8 million were recognized in the year under review (previous year: € 5 million). This essentially relates to inventories with a reduced likelihood of marketability.

No inventories were pledged as collateral in connection with the refinancing of the HEIDELBERG Group (see note 28) (previous year: € 362 million).

24. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances; their carrying amount is to be taken as an appropriate estimate of the fair value. Restrictions on the disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 42 million (previous year: € 43 million). Bank balances are exclusively held for short-term cash management purposes. Cash and cash equivalents are held largely with banks with a high creditworthiness and an external investment-grade credit rating. Therefore, cash and cash equivalents are not subjected to any significant default risks.

25. Equity

Share capital/number of shares outstanding/treasury shares

The share capital of Heidelberger Druckmaschinen Aktiengesellschaft amounts to € 779,466,887.68 and is divided into 304,479,253 shares.

The shares are bearer shares and grant a pro rata amount of € 2.56 in the fully paid-in share capital of Heidelberger Druckmaschinen Aktiengesellschaft.

As of March 31, 2024, the Company holds 142,919 shares, as in the previous year. The amount of these shares allocated to share capital is € 366 thousand, as in the previous year, with a notional share of share capital of 0.05 percent as of March 31, 2024 (previous year: 0.05 percent).

The shares were acquired in March 2007. The pro rata cost of the acquisition was € 4,848 thousand. Additional pro rata transaction fees amounted to € 5 thousand. The pro rata cost of the acquisition was therefore € 4,853 thousand. These shares were acquired at the time for cancellation or for use in employee share participation programs.

The nominal amount of the treasury shares acquired reduces the reported share capital as a deduction item, whereas any additional acquisition costs of the treasury shares are offset against the freely available reserves.

Contingent capital

CONTINGENT CAPITAL 2023

The Annual General Meeting on July 26, 2023 authorized the Management Board, with the approval of the Supervisory Board, to issue warrants, convertible bonds and/or participating bonds including combinations of the above instruments (collectively referred to as “bonds”) up to a total nominal amount of € 200,000,000.00, dated or undated, on one or several occasions by July 25, 2028 and to grant or impose the bearers or creditors of the bonds options or conversion rights or conversion obligations by up to 30,447,925 bearer shares of the Company with a pro rata amount of share capital of up to € 77,946,688.00 in total, in accordance with the further conditions of the bonds. The bonds can also be issued against contributions in kind.

Shareholders’ preemption rights can be disapplied in accordance with the further conditions of this authorization.

To this end, the share capital of Heidelberger Druckmaschinen Aktiengesellschaft is contingently increased by up to € 77,946,688.00 by issuing up to 30,447,925 new no-par value bearer shares (Contingent Capital 2023); details of Contingent Capital 2023 can be found in Article 3 (3) of the Articles of Association.

In addition, the Annual General Meeting on July 26, 2023 resolved to cancel the authorization to issue bonds and the Conditional Capital 2019 resolved by the Annual General Meeting on July 25, 2019.

The resolutions became effective upon entry of the amendment of the Articles of Association in the commercial register of the Mannheim Local Court on August 23, 2023.

AUTHORIZED CAPITAL 2023

In accordance with the resolution of the Annual General Meeting on July 26, 2023 the Management Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the Company by up to € 155,893,376.00 on one or more occasions by issuing up to 60,895,850 new shares against cash or non-cash contributions by July 25, 2028 (Authorized Capital 2023).

Shareholders’ preemption rights can be disapplied in accordance with the further conditions of this authorization.

The Management Board is authorized, with the approval of the Supervisory Board, to determine the further content of share rights and the conditions for issuing shares.

In addition, the Annual General Meeting on July 26, 2023 cancelled the authorization granted to the Management Board on July 25, 2019 to increase the Company’s share capital by July 24, 2024 with the approval of the Supervisory Board, by issuing new no-par value shares against cash and/or non-cash contributions on one or more occasions by up to a total of € 185,609,612.80 (AUTHORIZED CAPITAL 2019) when the amendment to the Articles of Association regarding Authorized Capital 2023 came into effect, insofar as this had not yet been utilized.

The resolutions became effective on entry of the amendment of the Articles of Association in the commercial register of the Mannheim Local Court on August 23, 2023. Details on Authorized Capital 2023 can be found in Article 3 (4) of the Articles of Association.

Capital reserves

The capital reserves essentially include amounts from the capital increases in accordance with section 272 (2) no. 1 and no. 2 HGB, from the non-cash capital increase in the context of the Gallus transaction in the financial year 2014/2015, from the cash capital increase that took effect in March 2019, from simplified capital reductions in accordance with section 237 (5) of the Aktiengesetz (AktG – German Stock Corporation Act), expenses from the issuance of option rights to employees and virtual shares to Management Board members in line with IFRS 2: Share-based Payment, and the difference between the issue proceeds and the fair value of the liability component from convertible bonds (see “Contingent capital”).

Retained earnings

The retained earnings include the profits carried forward generated by consolidated subsidiaries in previous years and the effects of the remeasurement of net liabilities (assets) under defined benefit pension plans and the legal reserve in accordance with Section 150 AktG.

Other retained earnings

The other retained earnings include exchange rate effects, fair value changes outside profit or loss of financial instruments according to IFRS 9 and the revaluation of land recognized in accordance with IAS 16.

Appropriation of the net result of Heidelberg Druckmaschinen Aktiengesellschaft

The HGB net loss of the Company for the financial year 2023/2024 of € 66,814,006.78 will be offset against the loss carried forward from the previous year in full.

26. Provisions for pensions and similar obligations

The HEIDELBERG Group operates pension schemes – either directly or through premium payments to schemes financed by private institutions – for the majority of employees for the time after their retirement. The amount of benefit payments depends on the conditions in the respective countries. The amounts are generally based on the term of employment and the salary of the employees. Liabilities include both those arising from current pensions and vested pension rights for pensions payable in the future. Financing of pension payments expected following the start of benefit payments is distributed over the employee's full period of employment.

Notes on significant pension commitments

Heidelberg Druckmaschinen Aktiengesellschaft (based in Heidelberg, Germany), Heidelberg Druckmaschinen Vertrieb Deutschland GmbH, Heidelberg Postpress Deutschland GmbH and Heidelberg Manufacturing Deutschland GmbH (each based in Wiesloch, Germany) accounted for € 695 million (previous year: € 689 million) of the present value of the defined benefit obligation (DBO) and € 30 million (previous year: € 31 million) of plan assets.

In Germany there are no legal or regulatory minimum allocation obligations.

Until the financial year 2014/2015, benefit commitments essentially comprised retirement, disability and surviving dependents benefits (widows', widowers' and orphans' pension) plus an age bonus and death benefits.

The funded, defined benefit plans financed at Heidelberg Druckmaschinen Aktiengesellschaft and Heidelberg Druckmaschinen Vertrieb Deutschland GmbH were closed to new entrants on February 28, 2006 and switched to employer-financed direct insurance (defined contribution) with an insurer.

As of March 1, 2006 a defined contribution plan was introduced for key executives. This provides for interest on contributions based on salary and EBIT at rates based on the respective maximum permissible interest rate for life assurance companies

in Germany and the investment of the previous Contractual Trust Arrangement's (CTA) assets. This plan provides for a capital payout with the option of conversion into a pension for life. Furthermore, this group of persons has the option of deferred compensation to increase the employer-funded benefit scheme.

The employees of Heidelberg Druckmaschinen Aktiengesellschaft and Heidelberg Druckmaschinen Vertrieb Deutschland GmbH who joined the Company after March 1, 2006 were assigned to an employer-financed defined contribution policy offered by an insurance provider.

By way of agreement with the Group Works Council of February 27, 2015 Heidelberg Druckmaschinen Aktiengesellschaft and Heidelberg Druckmaschinen Vertrieb Deutschland GmbH introduced a new pension system effective from January 1, 2015 with greater incentives for private retirement provision. This agreement changed the defined benefit plan to a defined contribution plan, which also still includes retirement, disability and surviving dependents benefits (widows', widowers' and orphans' benefits). The new collective agreement on company pension plans dated June 30, 2020 applies to all current and future pension beneficiaries of Heidelberg Druckmaschinen Aktiengesellschaft, Heidelberg Druckmaschinen Vertrieb Deutschland GmbH and Heidelberg Manufacturing Deutschland GmbH, which was spun off effective April 1, 2015. The pension components vested in accordance with the old system were transferred in the form that a corresponding initial component was credited to the pension account of the respective employee as of April 1, 2015 for the pension commitments as of March 31, 2015 (transfer date). The amount of this initial component is based on the monthly pension achieved by March 31, 2015 multiplied by a flat-rate capitalization factor. The annual pension contribution is determined based on the employee's completed years of service on the basis of the respective eligible remuneration. In addition, for each active employee with a deferred compensation plan, the employer will provide a further annual contribution to the employee's pension account based on his/her supplementary benefit contribution and amounting to a quarter of the cumulative deferred compensation amount of the employee per financial year and capped at a maximum amount. The pension credit is paid out in three, five or 12 annual installments, or optionally the employee can choose 14 annual installments with an increased initial installment. Below a certain threshold, the payout takes the form of a one-

time capital payment. Alternatively, the beneficiary can access their pension credit as a pension for life. The beneficiaries are divided into two groups and treated differently in the valuation. For beneficiaries without an initial component an installment factor of 100 percent is assumed. For beneficiaries with an initial component, the installment payment is assumed to be 45 percent and the pension option 55 percent.

As part of a CTA at Heidelberger Druckmaschinen Aktiengesellschaft and Heidelberger Druckmaschinen Vertrieb Deutschland GmbH set up in March 2006, assets were transferred to a trustee, Heidelberg Pension-Trust e.V., Heidelberg, which is legally independent from the Company. The trust assets previously qualified as plan assets.

Heidelberger Druckmaschinen Aktiengesellschaft and Heidelberger Druckmaschinen Vertrieb Deutschland GmbH amended the trust agreement by way of an agreement with the trustee, Heidelberg Pension-Trust e.V., Heidelberg, dated March 17, 2020. Since then assets can be retransferred to the companies providing they do not fall below the minimum level of € 15.0 million as newly defined in the trust agreement (see note 21). Since then this retransfer is also possible if the corresponding pension obligations are not yet overfunded. The trust assets affected by the amendment to the agreement are no longer classified as plan assets ex nunc/prospectively from the time the amendment came into force on March 17, 2020.

With regard to the remaining trust assets, please refer to note 21. The retransferred funds may only be used for contractually defined measures to reduce financial liabilities and realign HEIDELBERG; if certain events occur, including breaches of these conditions on the use of funds, there is a contractual obligation to return part of the retransferred funds to the trustee.

The pension plans for Company employees in Germany were reorganized in the financial year 2020/2021. This entails merging the previous pension plans of Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberger Druckmaschinen Vertrieb Deutschland GmbH, Heidelberg Manufacturing Deutschland GmbH and Heidelberg Postpress Deutschland

GmbH, and the uniform indexation of Company pensions on the basis of the expected lower rate of inflation. The new regulations result in a reduction of expected future pension increases.

For details of the pension commitments for members of the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft, please refer to the remuneration report.

The **HEIDELBERG Group pension scheme** in the UK is a defined benefit plan. The HEIDELBERG Group pension scheme accounts for € 176 million (previous year: € 187 million) of the present value of the defined benefit obligation (DBO) and € 176 million (previous year: € 187 million) of plan assets. The defined benefit portion is based on final salary with a guaranteed pension level. The pension level is dependent on the length of employment and the respective salary before retiring. Pension payments are adjusted based on the development of the retail price index. This plan is subject to the statutory funding objective under the UK Pension Act 2004. The necessary financing is performed at least every three years by way of so-called technical assessments. These determine whether the statutory funding objective has been complied with. The defined benefit plan is managed by a trustee, the board of which is elected partly by the Company and partly by the members of the plan. The trustee is responsible for obtaining the assessment, the pension payments and investing the plan assets; if necessary, these functions are transferred to professional advisors. Following a payment of GBP 7 million in December 2022, a new Schedule of Contributions was agreed between the employer and the scheme stating that no more deficit reduction contributions were required by the employer. This is subject to review as part of the March 31, 2024 triennial assessment. The scheme's exceptional performance in navigating prevailing economic, geopolitical and market challenges has prompted the trustee to revise its long-term investment de-risking objectives and journey plan. The trustee aims to fully secure members' Scheme benefits with an insurance company within a revised approximately five-year timescale.

The **pension funds of the Swiss companies**, which manage pension assets as foundations independent of the Company

and are subject to Swiss legislation on occupational pensions, accounted for € 136 million (previous year: € 117 million) of the present value of the defined benefit obligation (DBO) and € 143 million (previous year: € 141 million) of plan assets. These obligations are based on retirement, disability and surviving dependents benefits. The retirement benefits are usually a pension. This is determined based on the individual pension credit saved by the employee by the time of retirement and the regulatory conversion rates. However, at the discretion of the employee, pension credit can also be drawn in the form of a lump sum payment. Disability and surviving dependents benefits are calculated from the pension credit projected at regulatory retirement age or are defined as a percentage of the pay insured. For each insured employee, the Swiss companies pay an annual employer's contribution to the respective pension fund. The amount of this is determined in the respective pension regulations as a percentage of the pay insured and can be adjusted by the pension fund board of trustees, which consists of equal numbers of employer and employee representatives. In the event of a severe deficit the pension fund board of trustees can resolve to impose recapitalization contributions, if there are no other measures to remedy the deficit. In such an event, the Swiss companies would be legally required to pay at least as much as the respective employee contributions.

The **Heidelberg Australia Superannuation Fund** in Australia comprises defined benefit and defined contribution plans. In the financial year, these pension plans were outsourced by transferring the assets and obligations to a public pension fund. The Heidelberg Australia Superannuation Fund was subsequently liquidated.

Notes on risks

In addition to the standard actuarial risks, the defined benefit obligations are exposed in particular to financial risks in connection with plan assets, which above all can comprise counterparty and market price risks.

The plan assets serve exclusively to satisfy defined benefit obligations. The funding of these defined benefit obligations with assets constitutes a reserve for future cash outflows in

the form of pension payments, which is based on the statutory regulations in place in some countries and is voluntary in others, such as Germany.

The ratio of the fair value of plan assets and the present value of the defined benefit obligations is referred to as the funding ratio of the respective pension plan. If the defined benefit obligations (DBO) exceed the plan assets, this is a plan deficit; the reverse is an excess.

However, it should be noted that both the defined benefit obligations and the plan assets fluctuate over time. This gives rise to the risk of a growing plan deficit. Depending on the statutory regulations in the respective countries, there is a legal obligation to reduce this deficit by contributing additional funding. Fluctuations can arise in the measurement of defined benefit obligations in that the underlying actuarial assumptions, such as discounting rates, the development of pensions and salaries or life expectancy, are subject to adjustments that can materially influence the amount of defined benefit obligations. The return on plan assets is assumed in the amount of discounting rates, which are also used in determining the defined benefit obligations and are based on corporate bonds rated AA. If the actual return on plan assets is less than the discounting rates applied the net liability under defined benefit plans increases. However, given the equity backing ratio it is assumed that the actual return can contribute to greater volatility in the fair value of plan assets in the medium and long term. Possible inflation risks, which could lead to a rise in defined benefit obligations, exist to the extent that some plans are based on final salary.

The material German and international pension plans in the HEIDELBERG Group are subject to actuarial risks such as investment risk, interest rate risk, longevity risk and risks of pay increases. The Swiss pension funds are also exposed to the risk that, in the event of a severe deficit, the effectiveness of recapitalization would be limited to the extent that this would have to be covered by future pension beneficiaries and the employer as it is legally prohibited to include current pensioners in the recapitalization.

The information on pensions is structured as follows:

- 1) Composition and development of the net carrying amounts
- 2) Development of net liability from defined benefit plans
- 3) Composition of plan assets
- 4) Cost of defined contribution plans
- 5) Sensitivity analysis
- 6) Forecast contributions to plan assets, future forecast pension payments and duration

1) The net carrying amounts broke down as follows at the end of the financial year:

	31-Mar-2023	31-Mar-2024
Provisions for pensions and similar obligations	683	688
Assets from defined benefit pension plans	1	2
Net carrying amounts at the end of the financial year	682	686

The assets from defined benefit pension plans are reported under non-current other assets.

2) The net liability under defined benefit plans developed as follows:

	Funded benefit obligations	Unfunded benefit obligations	Present value of the defined benefit obligations	Fair value of plan assets	Total
As of April 1, 2022	534	733	1,267	-425	842
Current service cost	2	5	7	-	7
Interest expense (+)/income (-)	10	15	25	-9	16
Past service cost/gains (-)/losses (+) from settlements and curtailments	-	-	-	-	-
Remeasurements:	-86	-116	-202	69	-133
Gains (-)/losses (+) from changes in demographic assumptions	0	0	0	-	0
Gains (-)/losses (+) from changes in financial assumptions	-99	-117	-216	-	-216
Gains (-)/losses from experience-based adjustments	14	1	15	-	15
Difference between interest income recognized in profit or loss and actual income from plan assets ¹⁾	-	-	-	69	69
Currency translation differences	-6	-1	-6	5	-1
Contributions:	2	2	4	-15	-11
Employers	-	-	-	-13	-13
Pension plan participants	2	2	4	-2	2
Payments made	-28	-32	-61	22	-39
Changes in the scope of consolidation, other changes	-	0	0	-	0
As of March 31, 2023	429	606	1,035	-353	682

1) This includes the effects of the asset ceiling of € 24 million, which are taken into account by deducting them from the fair value of the plan assets

	Funded benefit obligations	Unfunded benefit obligations	Present value of the defined benefit obligations	Fair value of plan assets	Total
As of April 1, 2023	429	606	1,035	-353	682
Current service cost	2	3	5	-	5
Interest expense (+)/income (-)	15	22	36	-13	23
Past service cost/gains (-)/losses (+) from settlements and curtailments	0	0	0	-	0
Remeasurements:	16	14	30	-13	17
Gains (-)/losses (+) from changes in demographic assumptions	-2	0	-2	-	-2
Gains (-)/losses (+) from changes in financial assumptions	-2	14	12	-	12
Gains (-)/losses from experience-based adjustments	20	0	20	-	20
Difference between interest income recognized in profit or loss and actual income from plan assets ¹⁾	-	-	-	-13	-13
Currency translation differences	7	-1	6	-7	-1
Contributions:	2	2	4	-5	0
Employers	-	-	-	-3	-3
Pension plan participants	2	2	4	-2	2
Payments made	-42	-33	-75	36	-39
Changes in the scope of consolidation, other changes	-	-	-	-	-
As of March 31, 2024	428	613	1,041	-355	686

1) This includes the effects of the asset ceiling of € 5 million, which are taken into account by deducting them from the fair value of the plan assets

The discount rate is the relevant actuarial assumption for calculating the present value of the defined benefit obligations:

	2022/2023		2023/2024	
	Domestic	Foreign	Domestic	Foreign
In percent				
Discount rate	3.70	3.84	3.50	3.46

The figures for international companies are average values weighted with the present value of the respective defined benefit obligation.

Both salary and pension trends have no significant influence on the calculation.

3) The fair value of plan assets breaks down by the following asset classes as follows:

	2022/2023	of which:		2023/2024	of which:	
		with a market price quoted on an active market	without a market price quoted on an active market		with a market price quoted on an active market	without a market price quoted on an active market
Cash and cash equivalents	12	12	0	18	17	0
Equity instruments	56	56	0	44	43	0
Debt instruments	165	155	10	161	152	9
Securities funds	101	61	41	96	60	37
Qualifying insurance policies	31	–	31	30	–	30
Other	12	12	1	11	9	2
	377	295	82	360	282	78

As in the previous year, the plan assets contain no financial instruments of companies of the HEIDELBERG Group or real estate or other assets used by companies of the HEIDELBERG Group.

4) The cost of defined contribution plans amounted to € 48 million in the reporting year (previous year: € 45 million) and essentially included contributions to statutory pension insurance.

5) The following table shows how the present value of material defined benefit obligations in Germany and abroad would have been affected by changes in the main actuarial assumptions:

	31-Mar-2023	Change in %	31-Mar-2024	Change in %
Present value of the material defined benefit obligations ¹⁾	1,000		1,008	
Present value of the material defined benefit obligations assuming that the discount rate were				
0.50 percentage points higher	940	–6.0%	954	–5.4%
0.50 percentage points lower	1,052	5.2%	1,068	6.0%
Increase in life expectancy per entitled beneficiary ²⁾	1,034	3.4%	1,045	3.7%

1) Present value of defined benefit obligations calculated on the basis of the “Actuarial assumptions” table

2) To simulate this increased life expectancy, the biometric probabilities for “age x” in the generation and periodic tables were replaced by the corresponding figures for “age x-1” in each case (age shift)

In the sensitivity analysis, one actuarial assumption was changed at a time while the other actuarial assumptions remained constant. In actual fact, there are dependencies between actuarial assumptions, particularly between the discount rate and forecast pay increases, as both are based to a certain degree on the forecast inflation rate. The sensitivity analysis does not take these dependencies into account. The sensitivity analysis is performed on the basis of the projected unit credit method, which was also used to calculate the defined benefit obligations.

6) The forecast contributions to plan assets are expected to amount to € 5 million in the financial year 2024/2025 (previous year: € 4 million). With regard to the material defined benefit obligations, undiscounted pension payments amounting to € 44 million (previous year: € 56 million) are anticipated for financial year 2024/2025. The weighted average duration of the material defined benefit obligations is as in the previous year 12 years.

27. Other provisions

	31-Mar-2023			31-Mar-2024		
	Current	Non-current	Total	Current	Non-current	Total
Staff obligations	64	19	83	64	8	73
Sales obligations	76	1	77	56	4	61
Other	55	36	91	51	24	75
	195	55	251	171	37	209

	As of 1-Apr-2023	Change in scope of consolidation, currency adjustments, reclassification	Utilization	Reversal	Addition	As of 31-Mar-2024
Staff obligations	83	0	51	1	42	73
Sales obligations	77	-2	31	18	35	61
Other	91	0	30	5	20	75
	251	-2	113	24	97	209

Additions include accrued interest and the effects of the change in discount rates of € 2 million (previous year: € -3 million). These relate to income of € 1 million (previous year: € 1 million) for staff obligations, € 0 million (previous year: € 0 million) for sales obligations, and € 1 million (previous year: € 2 million) for miscellaneous other provisions.

Staff provisions essentially relate to bonuses (€ 24 million; previous year: € 22 million) and the cost of early retirement payments and partial retirement programs (€ 21 million; previous year: € 33 million).

Sales provisions mainly relate to warranties, reciprocal liability and buyback obligations (€ 40 million; previous year: € 47 million). Utilization of these provisions in Germany is predominantly expected over a short- to medium-term horizon. The provisions for reinsurance and buyback obligations of € 0 million (previous year: € 0 million) relate entirely to financial guarantees generally issued to finance partners of our customers for sales financing. The maximum risk of default of these financial guarantees that can result in cash outflows in the subsequent financial year is € 8 million (previous year: € 11 million). Utilization of the provisions for reciprocal liability and buyback obligations is predominantly

expected over a short-term horizon. In connection with the finance guarantees for sales financing, there are claims against third parties for the transfer of machinery.

Miscellaneous other provisions predominantly include provisions for our former restructuring programs (essentially the cost of early retirement payments) of € 39 million (previous year: € 55 million), provisions for onerous contracts of € 1 million (previous year: € 2 million) and provisions for legal disputes of € 21 million (previous year: € 16 million). Utilization of these provisions is primarily expected over a short- to medium-term horizon.

As part of general business operations, HEIDELBERG is involved in judicial and extra-judicial legal disputes in different jurisdictions whose outcome cannot be predicted with certainty. For example, legal disputes may arise in connection with product liability cases and warranties. Provisions are recognized for risks resulting from legal disputes that are not already covered

by insurance, provided utilization is likely and the probable amount of the provision required can be reliably estimated. The assumptions required for this mean that the recognition and measurement of provisions for legal disputes is subject to uncertainty.

The provisions recognized as of the end of the reporting period for legal disputes predominantly relate to the categories described below:

The major legal disputes relate to product liability cases in connection with machinery whose production has already been discontinued and that were produced and sold by the former Linotype-Hell Aktiengesellschaft and its legal successors. In addition, there are legal disputes regarding warranty cases in connection with sales of machinery that could also lead to rescission. Provisions have been recognized at an appropriate amount for these; their amount is monitored on an ongoing basis and adjusted as necessary.

28. Financial liabilities

	31-Mar-2023				31-Mar-2024			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Amounts due to banks ¹⁾	34	9	–	43	15	2	–	17
Lease liabilities	19	27	6	53	21	30	5	55
Other	5	1	–	6	4	0	–	4
	58	38	6	102	40	32	5	76

1) Including deferred interest

Financial liabilities developed as follows:

	As of 1-Apr-2022	Cash changes		Non-cash changes			As of 31-Mar-2023
		Free cash flow ¹⁾	From financing activities	Change in scope of consolidation	Currency adjustments	Other	
Amounts due to banks	85	–3	–41	–	0	3	43
Lease liabilities	43	–2	–18	–1	0	31	53
Other	7	–	–1	–	0	0	6
	135	–5	–60	–1	0	34	102

1) Interest paid amounts to € 5 million.

	As of 1-Apr-2023	Cash changes		Non-cash changes			As of 31-Mar-2024
		Free cash flow ¹⁾	From financing activities	Change in scope of consolidation	Currency adjustments	Other	
Amounts due to banks	43	-2	-28	-	0	5	17
Lease liabilities	53	-2	-23	0	0	27	55
Other	6	-	-2	-	0	0	4
	102	-5	-53	0	0	32	76

1) Interest paid amounts to € 5 million.

Amounts due to banks

Amounts due to banks are shown in the table below:

	Type	Contract currency	Carrying amount as of 31-Mar-2023 in € millions	Remaining term in years	Effective interest rate in %	Carrying amount as of 31-Mar-2024 in € millions	Remaining term in years	Effective interest rate in %
Loans		€	37	up to 3	up to 3.60	12	up to 2	up to 5.85
Loans		Various	3	up to 1	up to 5.10	1	up to 1	up to 5.39
Other		Various	4	up to 1	up to 16.75	4	up to 1	up to 5.13
			43			17		

The stated effective interest rates largely match the agreed nominal interest rates.

The stated carrying amounts essentially correspond to the respective nominal values.

The HEIDELBERG Group was able to meet its financial obligations due at all times in the reporting year. The credit facilities not yet fully utilized in our Group of € 277 million (previous year: € 168 million) can be used as financing for general business purposes.

At the end of July 2023, the previous revolving credit facility was replaced by a new revolving credit facility with a term until 2027, the volume of which was increased to € 350 million. At the same time, almost all bank loans and development loans were repaid or redeemed.

An amortizing loan supported by the Italian state guarantee fund for small and medium-sized enterprises of € 5 million maturing in August 2026 was issued in August 2020. The fair value of this loan is € 3 million (previous year: € 4 million) compared to its carrying amount of € 3 million (previous year: € 4 million).

The financing agreement for the revolving credit facility contains standard financial covenants regarding the financial situation of the HEIDELBERG Group. One of the key performance indicators relates to the HEIDELBERG Group's equity adjusted for the changes from the revaluation of defined benefit pension commitments and similar obligations, the revaluation of land and currency translation effects. Two further key figures relate to the ratio of EBITDA to the net financial position and EBITDA to interest paid, each according to contract-specific definitions. All external minimum capital requirements to which the HEIDELBERG Group is subject were met in the year under review.

The restructuring of the financing also resulted in a change to the collateral concept. Unlike in the previous year, the collateral granted, consisting of land charges, now only relates to certain land at the Wiesloch-Walldorf site reported under property, plant and equipment (see Note 19).

The carrying amount of the other amounts due to banks and other financial liabilities is primarily to be taken as an appropriate estimate of the fair value.

Lease liabilities

Lease liabilities as per the statement of financial position are as follows:

	31-Mar-2023	31-Mar-2024
Current	19	21
Non-current	34	35
Lease liabilities	53	55

The maturity structure of the lease liabilities based on cash flows is as follows:

	31-Mar-2023	31-Mar-2024
Up to 1 year	20	21
Between 1 and 5 years	29	31
More than 5 years	9	8
Total	57	60

Some of the building leases contain prolongation and cancellation options. This guarantees the HEIDELBERG Group's flexibility in terms of the necessary volume of space and rent price structure. Possible future payments for optional rental periods that are not reasonably certain amount to € 11 million.

Furthermore, there are future payments from residual value guarantees and leases that have been contractually agreed but that have not yet begun. However, these are immaterial in the view of the HEIDELBERG Group.

As of March 31, 2024 there were lease obligations from short-term leases of € 0 million (previous year: € 0 million).

29. Contract liabilities

Contract liabilities essentially comprise advance payments on orders and prepayments for future maintenance and services and amounted to € 207 million (previous year: € 263 million). These amounts are reversed to profit or loss over the term of the agreement. The contract liabilities in place as of April 1, 2023 resulted in net sales of € 244 million (previous year: € 265 million).

30. Trade payables

Trade payables are usually secured by reservation of title until payment has been completed. The carrying amount of the trade payables is to be taken as an appropriate estimate of the fair value.

31. Other liabilities

	31-Mar-2023				31-Mar-2024			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Accruals (staff)	52	–	–	52	62	–	–	62
From derivative financial instruments	1	–	–	1	6	–	–	6
From other taxes	32	–	–	32	23	–	–	23
For social security contributions	5	–	–	5	6	–	–	6
Prepaid expenses	3	2	7	12	4	2	10	15
Debtors with credit balances	6	–	–	6	9	–	–	9
Other	13	0	0	13	17	0	–	17
	112	2	7	120	125	2	10	137

Derivative financial instruments

Derivative financial instruments include negative fair values from cash flow hedges of € 1 million (previous year: € 0 million) and from fair value hedges of € 0 million (previous year: € 1 million). In addition, derivatives from agreements to purchase electricity amounting to € 5 million (previous year: none) are included in the reporting year.

Prepaid expenses

Deferred income includes taxable investment subsidies of € 12 million (previous year: € 8 million), tax-free investment allowances of € 0 million (previous year: € 0 million) and other deferred income of € 3 million (previous year: € 3 million).

Miscellaneous other liabilities

Recognized liabilities essentially comprise the undiscounted contractual cash flows. The carrying amount of the remaining miscellaneous other financial liabilities is primarily to be taken as an appropriate estimate of the fair value.

32. Income tax liabilities

Income tax liabilities include uncertain tax positions of € 22 million (previous year: € 44 million). As in previous years, these mainly relate to the risks of reassessment.

33. Disclosures on financial instruments

Carrying amounts of financial instruments

The carrying amounts of financial instruments can be transitioned to the measurement categories of IFRS 9:

Assets		Carrying amounts			Carrying amounts		
Items in statement of financial position	IFRS 9 Measure- ment category ¹⁾	31-Mar-2023			31-Mar-2024		
		Current	Non-current	Total	Current	Non-current	Total
Financial assets							
Other investments	FVTPL	–	–	–	–	0	0
Investments using the equity method	n.a.	–	12	12	–	9	9
Securities	FVOCI	–	3	3	–	0	0
		–	15	15	–	10	10
Receivables from sales financing							
Receivables from sales financing not including finance leases	AC	16	24	39	16	26	42
Receivables from finance leases	n.a.	0	0	1	0	0	0
		16	24	40	16	26	43
Trade receivables	AC	290	–	290	252	–	252
Other receivables and other assets							
Derivative financial instruments hedge-accounting	n.a.	3	0	3	1	–	1
Miscellaneous financial assets	FVTPL	–	15	15	–	16	16
Miscellaneous financial assets	AC	26	1	27	25	2	27
		29	16	45	26	18	43
Miscellaneous other assets		54	2	56	59	3	62
		83	17	100	85	20	105
Cash and cash equivalents	AC	153	–	153	153	–	153

- 1) Notes on abbreviations for IFRS 9 measurement categories:
FVOCI: financial assets at fair value through other comprehensive income
AC: financial assets/liabilities at amortized cost
FVTPL: financial assets at fair value through profit or loss
n.a.: no IFRS 9 measurement category

Equity and liabilities

Items in statement of financial position	IFRS 9 Measure- ment category ¹⁾	Carrying amounts			Carrying amounts		
		31-Mar-2023			31-Mar-2024		
		Current	Non- current	Total	Current	Non- current	Total
Financial liabilities							
Amounts due to banks	FLaC	34	9	43	15	2	17
Lease liabilities	n.a.	19	34	53	21	35	55
Other financial liabilities	FLaC	5	1	6	4	0	4
		58	44	102	40	36	76
Trade payables	FLaC	225	–	225	227	–	227
Other liabilities							
Derivative financial instruments hedge-accounting	n.a.	1	–	1	1	–	1
Derivative financial instruments without hedge-accounting	FVTPL	–	–	–	5	–	5
Miscellaneous financial liabilities	FLaC	13	0	13	17	0	17
		14	0	14	23	0	23
Miscellaneous other liabilities		98	9	107	103	12	114
		112	9	120	125	12	137

1) IFRS 9 measurement categories:
FLaC: financial liabilities at amortized cost
n.a.: no IFRS 9 measurement category

Please refer to the combined management report for a description of the methods, processes, responsibilities and objectives of the risk management system.

Liquidity risk from non-derivative financial liabilities

The following table shows the contractually agreed, undiscounted cash flows of non-derivative financial liabilities. Where necessary, foreign currencies were translated at closing rates. Financial liabilities repayable on demand are always assigned to the earliest time band. Utilization of the syndicated credit facility is on a short-term basis. The period of utilization is normally not more than three months. These loans have therefore been assigned to the “Up to 1 year” column, although the agreements on which they are based run until the end of July 2027.

	31-Mar-2023	31-Mar-2024
Up to 1 year	296	284
Between 1 and 5 years	40	33
More than 5 years	9	8
	345	326

Net gains and losses

The net gains and losses are assigned to the IFRS 9 measurement categories as follows:

	2022/2023	2023/2024
Financial liabilities at amortized cost	–6	–2
Financial assets and liabilities at fair value through profit or loss	0	–5
Financial investments in equity instruments at fair value through other comprehensive income	1	0
Financial assets at amortized cost	–2	–3

Net gains and losses include € 4 million (previous year: € 3 million) of interest income and € 11 million (previous year: € 8 million) of interest expenses for financial assets and financial liabilities measured at amortized cost.

In the year under review, the derecognition of financial assets measured at amortized cost gave rise to no gains (previous year: none) and to losses of € 1 million (previous year: € 1 million).

In the year under review securities with a fair value of € 3 million were sold for business policy reasons (previous year: none). The sale resulted in a gain of € 1 million, which was reclassified to retained earnings with no effect on profit or loss.

Derivative financial instruments currencies

The Corporate Treasury department of Heidelberger Druckmaschinen Aktiengesellschaft is responsible for all hedging and financing activities of Heidelberger Druckmaschinen Aktiengesellschaft and our subsidiaries. In this connection, it is also responsible for the cash pooling operations of our Group as a whole. Within the Corporate Treasury department, we ensure that there is a functional separation of the trading, processing and risk control activities, and that this is regularly reviewed by our Internal Audit department.

The prerequisite for an adequate risk management system is a well-founded basis of data. The Corporate Treasury department

of Heidelberger Druckmaschinen Aktiengesellschaft operates a Group-wide financial reporting system – the Treasury Information System. This system is used to identify interest rate, currency and liquidity risks within the Group and to derive appropriate action plans and strategies with which to manage these risks on a central basis in line with guidelines issued by the Management Board. HEIDELBERG operates a monthly, annualized consolidated liquidity planning system on a rollover basis, which makes it possible to manage current and future liquidity needs in a timely manner.

The HEIDELBERG Group is exposed to market price risks in the form of exchange rate fluctuations. In general, derivative financial instruments are used to limit these risks. Corresponding contracts with third-party banks are mainly concluded through Heidelberger Druckmaschinen Aktiengesellschaft. The credit ratings of these business partners are reviewed regularly. The risk control activities include an ongoing market evaluation of contracted transactions.

In hedge accounting, the derivative financial instruments designated as a hedge of these currency risks are shown as follows:

	Nominal volumes		Fair values	
	31-Mar-2023	31-Mar-2024	31-Mar-2023	31-Mar-2024
Currency hedging				
Cash flow hedge				
Forward exchange transactions	104	73	2	0
of which: assets	74	25	2	0
of which: liabilities	30	49	0	-1
Fair value hedge				
Forward exchange transactions	157	122	0	0
of which: assets	64	73	1	1
of which: liabilities	94	49	-1	0

The derivative financial instruments designated as hedges are reported in the statement of financial position under other receivables and other assets/other liabilities.

The nominal volumes result from the total of all the purchase and sale amounts of the underlying hedged items. For information on the calculation of fair values, see the “Fair values of securities and derivative financial instruments” section of this note.

The positive and negative fair values of the derivative financial instruments designated as hedging instruments are offset by opposing value developments in the hedged items. All derivative financial instruments are carried as assets or liabilities at their corresponding fair values.

The following table shows the contractually agreed, undiscounted incoming and outgoing payments for derivative financial instruments. Where necessary, foreign currencies were translated at closing rates.

	31-Mar-2023				31-Mar-2024			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total undis-counted cash flows	Up to 1 year	Between 1 and 5 years	More than 5 years	Total undis-counted cash flows
Derivative financial liabilities								
Outgoing payments	-124	-	-	-124	-97	-	-	-97
Associated incoming payments	122	-	-	122	95	-	-	95
Derivative financial assets								
Outgoing payments	-137	0	-	-138	-97	-	-	-97
Associated incoming payments	139	0	-	140	99	-	-	99

Currency hedging

HEDGING STRATEGY

Currency risks arise as a result of exchange rate fluctuations in connection with net risk positions in foreign currency. These occur for receivables and liabilities, anticipated cash flows and onerous contracts. The highly probable underlying transactions to be hedged are always fully designated. The extent of the risk hedged is equal to the nominal volume shown in the table in the previous section. Only forward exchange transactions are used as hedging instruments at this time. Hedge effectiveness is calculated using the critical terms match method. Only the spot component of the hedging transaction is designated. Only discontinued hedged items can lead to ineffectiveness in this respect.

The forward exchange transactions outstanding as of the end of the reporting period of € 195 million primarily hedge highly likely currency risks expected from purchase volumes of our subsidiaries over the next 12 months. Accordingly, the remaining term of these derivatives at the end of the reporting period was up to one year. As of the end of the reporting period, a net volume of € 19 million from hedges relates to the Swiss franc and a net volume of € 19 million relates to the British pound. The average hedging rate for these transactions was CHF 0.94/EUR and GBP 0.85/EUR.

CASH FLOW HEDGES

The underlying transactions hedged against currency risks as part of cash flow hedges and recognized in the cash flow hedge reserve relate exclusively to active hedges amounting to € 0 million (previous year: € 2 million) as of the end of the reporting period.

In connection with the hedging of currency risks, the non-designated portion of cash flow hedges resulted in an income of € 0 million (previous year: € 1 million expense) in the reporting year, which was reported in the financial result.

As of the end of the reporting period, hedges resulted in total assets of € 0 million (previous year: € 2 million) and liabilities of € 1 million (previous year: € 0 million). The change in value of the designated portion of the hedge was recognized outside profit and loss and will be offset against the acquisition costs of the hedged non-financial assets in the following 12 months and recognized in profit or loss in the result from operating activities as soon as the hedged underlying transaction is recognized in profit or loss. No cash flow hedges were terminated early and no expenses were transferred from the hedge reserve to the financial result because the forecast purchasing volumes of our subsidiaries were no longer considered highly likely (previous year: none).

The reserve for cash flow hedges developed as follows in relation to the hedging of currency risks:

	2022/2023	2023/2024
As of April 1	0	1
Effective portion of changes in value	-1	3
Offsetting with acquisition costs of non-financial assets and reclassification to the income statement due to the recognition of the hedged item	2	-5
Reclassification to the income statement due to non-occurrence of expected cash flows	-	-
Tax effect from the change in reserves	0	0
As of March 31	1	-1

FAIR VALUE HEDGE

This is essentially the exchange rate hedge for loan receivables and liabilities in foreign currencies within the Group. The net results on the fair value of hedges of € 2 million (previous year: € 2 million) and the translation of hedged items at closing rates of € 2 million (previous year: € 1 million) are reported in the consolidated income statement.

In connection with the hedging of currency risks, the non-designated portion of fair value hedges resulted in income of € 1 million (previous year: € 0 million) in the reporting year, which was reported in the financial result.

Sensitivity analysis

In order to clearly show the effects of currency risks on the consolidated income statement and the equity, the impact of hypothetical changes in exchange rates is shown below in the form of sensitivity analyses. It is assumed here that the position at the end of the reporting period is representative for the financial year.

Recognized **currency risks** as defined by IFRS 7 are caused by monetary financial instruments not in the functional currency. The portfolio of primary monetary financial instruments is mainly held directly in the functional currency or transferred to the functional currency through the use of derivatives. It is therefore assumed in this analysis that changes in exchange rates have no influence on income or equity with regard to this portfolio.

The impact of the translation of the subsidiaries' financial statements into the Group currency (translation risk) is not taken into account either. Accordingly, the analysis includes those derivative financial instruments that were concluded in order to hedge highly probable future cash flows in a foreign currency (cash flow hedge). Assuming a 10 percent increase in the value of the euro against all currencies in which hedges are held, the hedge reserve would have been € 1 million lower (previous year: € 4 million higher) as of the end of the reporting period and the financial result would have been € 0 million lower (previous year: € 0 million higher). Assuming a 10 percent decrease in the value of the euro, the hedge reserve would have been € 1 million higher (previous year: € 5 million lower) and the financial result would have been € 0 million higher (previous year: € 0 million lower).

Risk of default

The HEIDELBERG Group is exposed to default risks to the extent that counterparties do not fulfill their contractual obligations arising from derivative financial instruments. In order to control this risk, default risks and changes in credit ratings are continually monitored. There is a theoretical risk of default (credit risk) for the existing derivative financial instruments in the amount of the asset fair values as of the end of the respective reporting period. However, no actual default of payments from these derivatives is expected at present.

Energy derivative financial instruments

Energy derivative financial instruments include price and supply agreements for electricity purchases for which the own-use exception does not apply. These are not part of a hedging relationship and are allocated to the "at fair value through profit or loss" measurement category as a derivative in accordance with IFRS 9.

A sensitivity analysis was used to simulate the fluctuation in the electricity price as at March 31, 2024. If the electricity price had been 30 percent higher (lower), earnings before income taxes would have been around € 1 million higher (lower). There is no effect on other comprehensive income.

Fair values of securities, Cash and cash equivalents of Heidelberg Pension-Trust e.V. and derivative financial instruments

Financial assets and financial liabilities are allocated to the three levels of the fair value hierarchy as set out in IFRS 13 depending on the availability of observable market data.

The individual levels are defined as follows:

Level 1: Financial instruments traded on active markets whose quoted prices can be used to measure fair value without adjustment.

Level 2: Measurement on the basis of measurement procedures whose inputs are derived from observable market data, either directly or indirectly.

Level 3: Measurement on the basis of measurement procedures whose inputs are not derived from observable market data.

Securities are classified as financial assets at fair value through other comprehensive income in the amount of € 0 million (previous year: € 3 million) and are recognized at fair value as a matter of principle. This classification was chosen in accor-

dance with the strategic orientation of these financial investments. The underlying quoted prices for the measurement of securities correspond to level 1 of the fair value hierarchy set out in IFRS 13, as only quoted prices observed on active markets are used in measurement.

Cash and cash equivalents of Heidelberg Pension-Trust e. V. measured at fair value through profit and loss are mainly allocated to the second level of the fair value hierarchy according to IFRS 13 and mainly include shares in a cash market fund. Their valuation is derived from observable market data, as the shares are not traded on an active market.

The fair values of derivative financial instruments used to hedge currency risks correspond to changes in value arising from a notional revaluation taking into consideration market parameters applicable at the end of the reporting period. The

fair values are calculated using standardized measurement procedures (discounted cash flow and option pricing models). This corresponds to level 2 of the fair value hierarchy set out in IFRS 13, as only input data observable on the market, such as exchange rates, exchange rate volatilities and interest rates, is used.

The fair value of derivatives not designated as hedging instruments for electricity procurement is determined on the basis of directly or indirectly derived market data, in particular expected electricity prices. They are therefore classified in Level 2 of the fair value hierarchy in accordance with IFRS 13.

The financial assets and financial liabilities recognized at fair value were assigned to the IFRS 13 fair value hierarchy as follows as of March 31, 2024:

	31-Mar-2023				31-Mar-2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Other investments	–	–	0	0	–	–	0	0
Securities	3	0	–	3	0	–	–	0
Cash and cash equivalents of Heidelberg Pension-Trust e. V.	–	15	–	15	0	15	–	16
Derivative financial assets	–	3	–	3	–	1	–	1
Assets carried at fair value	3	17	0	21	1	16	0	18
Derivative financial liabilities	–	1	–	1	–	6	–	6
Liabilities carried at fair value	–	1	–	1	–	6	–	6

In the reporting year, there were no reclassifications between the first and second level of the fair value hierarchy.

Offsetting financial assets and financial liabilities

For Germany, the following table shows the carrying amounts of the recognized derivative financial instruments subject to master netting agreements and the offsetting between trade receivables and payables (for information on offsetting financial assets and financial liabilities, please refer to the section entitled “Financial instruments” in note 6):

	Gross amount	Offsetting implemented	Reported net amount	Amounts not offset	Net amount
31-Mar-2023					
Derivative financial instruments (assets)	3	–	3	–1	2
Trade receivables	292	–1	290	–	290
Derivative financial instruments (liabilities)	1	–	1	–1	–
Trade payables	226	–1	225	–	225
31-Mar-2024					
Derivative financial instruments (assets)	1	–	1	–1	–
Trade receivables	255	–3	252	–	252
Derivative financial instruments (liabilities)	6	–	6	–1	5
Trade payables	230	–3	227	–	227

34. Guarantees and contingent liabilities

Contingent liabilities from sureties and guarantees, amounting to € 8 million as of March 31, 2024 (previous year: € 4 million).

The contingent liabilities in connection with legal disputes are immaterial.

35. Other financial liabilities

Other financial liabilities break down as follows:

	31-Mar-2023				31-Mar-2024			
	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	Up to 1 year	Between 1 and 5 years	More than 5 years	Total
Investments and other purchasing commitments	32	15	–	48	19	31	–	50

The figures shown are nominal values.

In the reporting year, other financial liabilities relate to investments and other purchasing commitments. These include financial liabilities in connection with orders of property, plant and equipment totaling € 19 million (previous year: € 8 million), orders for intangible assets in the amount of € 1 million (previous year: € 0 million) and liabilities for the purchase of raw materials, consumables and supplies amounting to € 29 million (previous year: € 40 million).

Additional information

36. Earnings per share in accordance with IAS 33

	2022/2023	2023/2024
Net result after taxes (€ million)	91	39
Number of shares in thousands (weighted average)	304,336	304,336
Basic earnings per share (€)	0.30	0.13
Diluted earnings per share (€)	0.30	0.13

The basic earnings per share are calculated by dividing the net result after taxes by the weighted average number of the shares outstanding in the reporting year of 304,336 thousand (previous year: 304,336 thousand). The weighted number of shares outstanding was influenced by the holdings of treasury shares. As in the previous year, there were still 142,919 treasury shares as of March 31, 2024.

As in the previous year, there was no dilution of earnings per share in the reporting year.

37. Information on the consolidated statement of cash flows

The consolidated statement of cash flows shows the changes in the cash and cash equivalents of the HEIDELBERG Group during the financial year as a result of cash inflows and outflows. Cash flows are broken down into operating, investing and financing activities (IAS 7). The changes in statement of financial position items shown in the consolidated statement of cash flows cannot be derived directly from the consolidated statement of financial position as the effects of currency translation and changes in the scope of consolidation do not affect cash and have therefore been eliminated.

€ 19 million (previous year: € 24 million) of investments in intangible assets, property, plant and equipment and investment property relate to intangible assets, € 46 million (previous year: € 54 million) to property, plant and equipment. Investments do not include additions from leases of € 25 million (previous year: € 23 million).

Income of € 0 million (previous year: € 0 million) from the disposal of intangible assets, property, plant and equipment and investment property relates to intangible assets and € 22 million (previous year: € 105 million) to property, plant and equipment.

The cash outflows for leases in which HEIDELBERG is the lessee amounted to € 23 million (previous year: € 18 million). Payments from leases for short-term or low-value assets are shown entirely under operating activities. The payments from all other leases in which Heidelberg is the lessee are divided into the principal component and the interest component in the consolidated statement of cash flows. The principal portion of lease installments is reported under financing activities. The interest portion of lease installments is shown under operating activities. Payments received from operating and finance leases in which HEIDELBERG is the lessor are reported under changes in cash from operating activities.

Cash and cash equivalents include cash and cash equivalents only (€ 153 million; previous year: € 153 million). For foreign exchange restrictions please see note 24.

38. Information on segment reporting

	Print Solutions		Packaging Solutions		Technology Solutions		HEIDELBERG Group	
	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024
External sales	1,254	1,146	1,158	1,239	22	10	2,435	2,395
EBITDA	115	86	111	100	-16	-18	209	168
Adjusted EBITDA ¹⁾ (segment result)	95	88	96	102	-16	-18	175	172
Non-cash expenses	119	94	101	109	4	1	224	205

1) Adjusted result of operating activities before interest, taxes, depreciation and amortization

In the HEIDELBERG Group, the segments are defined in accordance with the business management of our target markets and their respective customer requirements. The segments are based on internal reporting in line with the **management approach**, whereby the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft is deemed to be the chief operating decision makers in accordance with IFRS 8.

The HEIDELBERG Group's structure is broken down in line with the internal organizational and reporting structure into the segments Print Solutions, Packaging Solutions and Technology Solutions. Print Solutions comprises the client categories Digital, Commercial, Industrial and Print Others. The client categories Folding Carton, Label and Packaging Others together form the Packaging Solutions client segment. The Technology Solutions segment combines the businesses of Zaikio, E-Mobility and Printed Electronics.

Geographically, we distinguish between EMEA, Asia Pacific and Americas.

Transfer prices for internal Group sales are determined using a market-driven approach, based on the principle of dealing at arm's length.

Notes on segment data

Segment performance is measured on the basis of adjusted EBITDA – the result of operating activities before interest, taxes and depreciation and amortization – adjusted for positive and negative special items. Adjustments include changes to legal

regulations, such as significant changes to IFRS accounting standards, extraordinary impairments, results from legal disputes and from acquisitions and divestments (M&A), external events (e.g. geopolitical conflicts or comparable special situations) and restructuring measures.

In the year under review and the previous year, the HEIDELBERG Group did not generate more than 10 percent of (net) sales with any one customer.

Inter-segment sales are non-existent.

The segment result is transitioned to the net result before taxes as follows:

	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024
Adjusted EBITDA (segment result)	175	172
EBITDA Adjustments	34	-4
EBITDA	209	168
Depreciation and amortization	79	76
EBIT (result of operating activities)	131	91
Financial income	10	7
Financial expenses	30	43
Financial result	-19	-36
Net result before taxes	112	55

INFORMATION BY REGION

Net sales by region according to the domicile of the customer were as follows:

	Print Solutions		Packaging Solutions		Technology Solutions		HEIDELBERG Group	
	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024	1-Apr-2022 to 31-Mar-2023	1-Apr-2023 to 31-Mar-2024
EMEA¹⁾								
Germany	170	179	121	123	20	8	311	310
Other EMEA region	521	468	406	435	1	1	929	904
	691	646	527	559	22	10	1,240	1,215
Asia-Pacific								
China	114	75	191	222	0	0	304	296
Other Asia-Pacific region	139	129	177	167	–	0	316	296
	252	204	368	388	0	0	620	593
Americas²⁾								
United States	203	185	183	198	0	0	386	383
Other Americas region	108	111	80	94	–	0	188	205
	311	296	263	292	0	0	574	588
	1,254	1,146	1,158	1,239	22	10	2,435	2,395

1) Including former Eastern Europe; previous years were adjusted

2) North America and South America were combined into Americas; previous years were adjusted

Of the non-current assets, which comprise intangible assets, property, plant and equipment and investment property, € 679 million (previous year: € 678 million) relate to Germany and € 213 million (previous year: € 224 million) to other countries.

39. Capital management

In the context of implementing the holistic management approach, it is the task of capital management to provide the best possible support in the attainment of the HEIDELBERG Group's goals. The focus here is on ensuring liquidity and creditworthiness of the HEIDELBERG Group, reducing the commitment of capital as well as strengthening the equity. In the year under review, the equity of the HEIDELBERG Group increased from € 514 million to € 527 million. In relation to total assets, the equity ratio is higher than the previous year's level at 24.9 percent (previous year: 23.1 percent).

As a result of the positive free cash flow in the year under review, the net financial position was up year-on-year at € 77 million (previous year: € 51 million). The net financial position is calculated as the net amount of cash and cash equivalents less financial liabilities.

HEIDELBERG is not subject to any capital requirements arising from its Articles of Association.

As of March 31, 2024, the financing of the HEIDELBERG Group essentially consists of a promotional loan for SMEs in Italy of € 5 million maturing in August 2026 from the state guarantee fund and a revolving credit facility with a banking syndicate totaling around € 350 million maturing in July 2027.

The financing agreement for the revolving credit facility contains standard financial covenants regarding the financial situation of the HEIDELBERG Group.

The present financing structure with a maturity profile up to 2027 provides HEIDELBERG with a stable financing base. For further details regarding the financing instruments, please refer to note 28.

40. Declaration of compliance in accordance with section 161 AktG

The Management Board and the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft issued the declaration of compliance in accordance with section 161 AktG and made it permanently accessible to the shareholders on the website WWW.HEIDELBERG.COM under About Us > Company > Corporate Governance. Earlier declarations of compliance are also permanently available here.

41. Executive bodies of the Company

The basic characteristics of the compensation system and amounts of compensation for the members of the Management Board and Supervisory Board are presented below.

Additional and further information on the structure and design of the compensation system can also be found in the remuneration report in the Supervisory Board and Corporate Governance section of this Annual Report.

The individual members of the Supervisory Board and the Management Board are listed in the separate overview presented at the end of the financial section under further information.

Members of the Management Board: The overall structure and amount of compensation of the Management Board are determined at the recommendation of the Personnel Matters Committee by the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft and reviewed at regular intervals.

The compensation of the Management Board consists of fixed annual compensation paid in equal installments at the end of each month, one-year variable compensation and multi-year variable compensation, which is calculated on the achievement of certain multi-year goals using defined parameters.

The total compensation in accordance with HGB amounts to € 4,269 thousand (previous year: € 3,499 thousand), comprising the fixed compensation including fringe benefits and pension contributions of € 1,934 thousand (previous year: € 1,913 thousand), one-year variable compensation of € 935 thousand (previous year: € 762 thousand) and multi-year variable compensation of € 1,400 thousand (previous year: € 824 thousand), which was granted in full on the basis of shares in the reporting year.

The total compensation according to IFRS of € 3,592 thousand (previous year: € 3,256 thousand) relates to short-term benefits of € 2,869 thousand (previous year: € 2,543 thousand), post-employment benefits of € 0 thousand (previous year: € 131 thousand), income from other long-term benefits of € 0 thousand (previous year: expense of € 96 thousand) and share-based payments of € 723 thousand (previous year: € 678 thousand).

€ 723 thousand (previous year: € 331 thousand) of this relates to cash-settled share-based compensation. In the reporting year, the total remuneration in accordance with IFRS does not

include any share-based payments that are fulfilled by equity instruments (previous year: € 347 thousand)

The multi-year variable remuneration is allocated in annual tranches.

Starting with **financial year 2023/2024**, the annual award of the LTI (LTI target) amounts to 100 percent of fixed compensation and takes the form of virtual shares in Heidelberger Druckmaschinen Aktiengesellschaft (Heidelberg shares) awarded to plan participants at the award date. These are referred to as performance share units (PSUs) and, subject to the fulfillment of certain conditions, establish a claim partly to cash payment. The number of PSUs as of the award date, rounded to two decimal places in line with commercial practice, is calculated by dividing the LTI target by the share price as of the award date. The share price to be used is the arithmetic average of closing prices for Heidelberg's shares in XETRA trading on the Frankfurt Stock Exchange over the last 60 trading days immediately preceding the award date.

The LTI is always awarded for one LTI financial year, which is the financial year of Heidelberger Druckmaschinen Aktiengesellschaft. Claims under the LTI are earned pro rata temporis over the term of the one-year LTI financial year, whereas the performance period over which the plan participant's performance is measured is four years.

At the end of the four-year performance period, the number of virtual shares is calculated based on the target achievement of four key performance indicators (KPIs). The targets for the benchmarks for multi-year variable compensation as well as the respective thresholds of the multi-year variable compensation and the maximum overfulfillment are all defined at the beginning of the relevant four-year period.

In conjunction with the LTI allocation in financial year 2023/2024, the Supervisory Board defined the performance targets of EBT with a weighting of 30 percent, the ratio of net working capital (NWC) to sales revenue with a weighting of 25 percent, relative total shareholder return (RTSR) with a weighting of 25 percent and sustainability targets (ESG) with a weighting of 20 percent. Thresholds and caps have also been defined for all KPIs. The threshold must be achieved for each KPI, otherwise the target achievement for this KPI is 0 percent. In the event of overfulfillment of the target, the maximum target achievement is 200 percent; achievement between values is determined by linear interpolation.

The RTSR target criterion is derived from the ratio of the performance of Heidelberg shares to the performance of the DAXsubsector Industrial Machinery index as well as the MSCI-Europe Capital Goods index which are weighted at equal measure.

The starting values for measuring performance are the arithmetic mean of the closing prices of Heidelberg's shares and the two benchmark indices during the 60 trading days immediately prior to the award date. The final values for the performance measurement are again the arithmetic average closing prices of the Heidelberg share and the two benchmark indices during the 60 trading days immediately prior to the allocation date. If the Company distributes gross dividends during the performance period, it is assumed that all dividends distributed during the performance period are reinvested.

On the allocation date after the end of the performance period, the target achievement of the KPIs is ascertained, weighted accordingly and then summarized to produce the overall degree of target achievement. The provisional number of PSUs as of the allocation date, rounded to two decimal places in line with commercial practice, is calculated by multiplying the number of PSUs on the award date by the overall degree of target achievement. Subject to any adjustments on the basis of members joining or leaving during the year or LTI maximum compensation being exceeded, the value of the LTI is calculated by multiplying the number of PSUs as of the allocation date by the share price as of the allocation date. In turn, the share price as of the allocation date is the arithmetic average of closing prices for Heidelberg's shares in XETRA trading on the Frankfurt Stock Exchange over the last 60 trading days immediately preceding the allocation date.

If the requirements of the Share Ownership Guideline are met, the calculated value of the LTI is paid out in full in cash (cash-settled share-based remuneration). The multi-year variable remuneration is paid out at the end of the month in which the Annual General Meeting – after the end of the last financial year of the four-year period – passes a resolution on the appropriation of earnings.

In the event of a member joining or leaving within an ongoing LTI financial year, that member has a pro rata temporis claim to any multi-year variable compensation determined after the end of the performance period.

Preemption rights are measured using a Monte Carlo simulation. Furthermore, in determining the average share prices at the end of the performance period, the dividends are taken into account in conjunction with the total shareholder return and the cap on the total amount.

The fair value as at March 31, 2024 for the performance period 2024 to 2027 is € 0.922 for those virtual shares that are allocated to the “EBIT margin, NWC ratio and ESG” measures. The virtual shares allocated to the “RTSR” performance indicator are valued at € 0.359.

The net asset value of the cash-settled LTI component is € 723 thousand as of March 31, 2024.

The underlying measurement parameters used to calculate the fair values as of March 31, 2024, are as follows:

Baseline value for HDM shares: € 1.7423; baseline value DAXsubsector Industrial Machinery index: 750.7718; baseline value MSCI-Europe Capital Goods index: 587.4943; closing price of HDM share € 1.040; closing price for DAXsubsector Industrial Machinery index: 817.42; closing price for MSCI-Europe Capital Goods index: 774.69; end of performance period: March 31, 2027; payment date/maturity: July 31, 2027.

Risk-free continuous zero interest rates: end of performance period: 2.47 percent and payout date: 2.42 percent; interest rates based on the yield curve for German government bonds as of March 31, 2024; dividend payments as the arithmetic mean, based on publicly available estimates for the years 2024, 2025 and 2026; historic volatility based on closing prices for Heidelberger Druckmaschinen Aktiengesellschaft shares: 51.44 percent; for the DAXsubsector Industrial Machinery index: 24.91 percent and for the MSCI Europe Capital Goods index: 23.75 percent; the historical correlation based on closing prices for Heidelberger Druckmaschinen Aktiengesellschaft to the DAXsubsector Industrial Machinery index is: 0.6035 and to the MSCI-Europe Capital Goods index: 0.5470. The historical correlation between the two benchmark indices is 0.8121.

The LTI (LTI target amount) awarded in **financial year 2022/2023**, which was based on the 2021 remuneration system, also corresponded to 100 percent of the fixed remuneration, was also based on the allocation of virtual shares of Heidelberger Druckmaschinen AG (Heidelberg shares), the

so-called performance share units (PSUs), and has been recognized as share-based payment in accordance with IFRS 2. The system for determining the number of PSUs at the grant date or at the later allocation date corresponds to that of the LTI for financial year 2023/2024; in this respect, please refer to the relevant explanations.

The LTI was granted for an LTI financial year that corresponds to the financial year of Heidelberger Druckmaschinen AG. The entitlements from the LTI are earned pro rata temporis over the term of the one-year LTI financial year, while the performance period within which the plan participant's performance is measured is three years.

As part of the LTI allocation for the financial year 2022/2023, the Supervisory Board set the performance targets EBT with a weighting of 40 percent, relative total shareholder return (RTSR) with a weighting of 40 percent and sustainability targets (ESG) with a weighting of 20 percent. Threshold values and upper limits have also been defined for the EBT and RTSR KPIs. The threshold value must be reached for each KPI, otherwise the target achievement for this KPI is 0 percent. If the target value is exceeded, the maximum target achievement is 200 percent; linear interpolation is applied between the values. The target achievement of the sustainability targets is also set between 0 and 200 percent.

The RTSR target criterion is derived from the ratio of the performance of Heidelberg shares to the performance of the SDAX. Target achievement is calculated using the following formula:

$$\text{KPI} - \text{target achievement} = \max. (\min. (4 \times \text{RTSR} - 3; 2); 0)$$

The starting values for measuring performance are the arithmetic mean of the closing prices of Heidelberg's shares and the SDAX over the 60 trading days before the start of the three-year performance period. In turn, the final values for measuring performance are the arithmetic mean of the closing prices of Heidelberg's shares and the SDAX over the 60 trading days immediately preceding the end of the three-year performance period. If the Company pays dividends during the performance period, these dividends are translated in terms of the share prices immediately preceding the end of the performance period.

Half of the value of the LTI is paid out in cash (cash-settled share-based remuneration), the other half is settled in shares of Heidelberger Druckmaschinen AG (equity-settled share-based remuneration). The Heidelberg shares issued are subject to a

holding period of 12 months beginning on the day after the allocation date and ending on the release date.

The multi-year variable compensation is paid out at the end of the month in which the Annual General Meeting – after the end of the final financial year of the three-year period – resolves on the appropriation of the net result.

Preemption rights are measured using a Monte Carlo simulation. Furthermore, in determining the average share prices at the end of the performance period, the dividends are taken into account in conjunction with the total shareholder return and the cap on the total amount.

The fair value of the virtual shares relating to the EBT and ESG benchmarks for the 2023 to 2025 performance period is € 1.027 as of March 31, 2024. The virtual shares relating to the RTSR benchmark are measured at € 0.005.

The net asset value of the cash-settled LTI component is € 56 thousand as of March 31, 2024.

Baseline value for HDM shares: € 2.5862; baseline value for SDAX: 14,706.87; closing price of HDM shares € 1.040; closing value for SDAX: 14,294.62; end of the performance period: March 31, 2025; payment date/maturity: July 31, 2025.

Risk-free continuous zero interest rates: end of performance period: 3.22 percent and payout date: 3.03 percent; interest rates based on the yield curve for German government bonds as of March 31, 2024; dividend payments as the arithmetic mean, based on publicly available estimates for the years 2024, 2025 and 2026; historic volatility based on closing prices for Heidelberger Druckmaschinen Aktiengesellschaft shares: 35.42 percent and for the SDAX 15.14 percent; historic correlation on the basis of closing prices for Heidelberger Druckmaschinen Aktiengesellschaft and the SDAX: 0.6197.

As part of the Management Board members' share investment obligation, the Company is entitled to invest 20% of the annual variable remuneration in Heidelberg shares until the portfolio corresponds to the value of a current fixed remuneration (minimum value). The Company has so far paid out the relevant remuneration components in full in cash and therefore recognizes them as a liability or provision. The expense for variable remuneration recognized for this in the financial year 2023/2024, which is included in expenses for short-term employee benefits, amounts to € 67 thousand (previous year: € 112 thousand).

As of March 31, 2024 Heidelberger Druckmaschinen Aktiengesellschaft recognized provisions and liabilities for remuneration of active members of the Management Board from short-term employee benefits of € 1,425 thousand (previous year: € 916 thousand) and from share-based payments of € 779 thousand (previous year: € 174 thousand).

Former members of the Management Board and their surviving dependents

The total cash compensation (= total compensation) amounted to € 2,573 thousand (previous year: € 4,132 thousand); of this figure, € 579 thousand (previous year: € 575 thousand) related to obligations to former members of the Management Board and their surviving dependents of Linotype-Hell Aktiengesellschaft, which were assumed in financial year 1997/1998 under the provisions of universal succession. As in the previous year, no share options were held as of the end of the reporting period. The pension obligations (defined benefit obligations in accordance with IFRS) amounted to € 43,831 thousand (previous year: € 43,702 thousand); € 4,757 thousand (previous year: € 5,034 thousand) of which relating to pension obligations of the former Linotype-Hell Aktiengesellschaft which were assumed in financial year 1997/1998 under the provisions of universal succession.

Members of the Supervisory Board:

Each member of the Supervisory Board receives fixed annual compensation of € 40,000. The Chair of the Supervisory Board receives three times this amount, the Deputy Chair twice this amount. The members of the Management Committee, the Audit Committee and the Committee on Arranging Personnel Matters of the Management Board receive additional compensation for work on these committees. Each committee member receives compensation of € 1,500 per meeting for participation in a meeting of one of these committees. The Chair of the Audit Committee receives compensation of € 4,500 per

meeting; the Chair of the Management Committee and the Chair of the Committee on Arranging Personnel Matters of the Management Board receive compensation of € 2,500 per meeting. The members of the Supervisory Board also receive an attendance fee of € 500 per meeting for attending a meeting of the Supervisory Board or of one of its committees. Furthermore, the expenses incurred by members of the Supervisory Board and VAT payable on them are reimbursed. In order to reinforce the Supervisory Board's role as a controlling body, compensation does not include a variable, performance-based component. The members of the union and the Works Council have declared that they will transfer their Supervisory Board compensation to the Hans Böckler Foundation in accordance with the guidelines of IG Metall.

For the year under review, fixed annual compensation plus an attendance fee of € 500 per meeting day and compensation for sitting on the Management Committee, the Audit Committee and the Committee on Arranging Personnel Matters were granted to the members of the supervisory board, totaling € 800 thousand (previous year: € 809 thousand). This compensation does not include VAT. No loans or advances were granted to members of the Supervisory Board in the reporting period; the HEIDELBERG Group has not undertaken any contingent liabilities for Supervisory Board members.

42. Related party transactions

Business relations exist between numerous companies and Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries in the course of ordinary business. This comprises the affiliated companies not included in the consolidated financial statements, one joint venture and three associated companies, which are regarded as related companies of the HEIDELBERG Group. Related parties include members of the Management Board and the Supervisory Board.

Transactions were performed with these related parties, which impacted as follows:

Figures in € thousands	2022/2023	2023/2024
Liabilities	3,016	2,935
Non-consolidated subsidiaries	3,012	2,932
Joint ventures	2	–
Associated companies	2	3
Receivables	1,117	598
Non-consolidated subsidiaries	1,059	453
Joint ventures	2	–
Associated companies	56	145
Expenses	3,307	5,296
Non-consolidated subsidiaries	3,273	5,262
Joint ventures	–	–
Associated companies	35	34
Income	11,882	9,856
Non-consolidated subsidiaries	4,552	9,380
Joint ventures	78	32
Associated companies	7,252	444

No remuneration for consulting services (previous year: € 18 thousand) was received by a company controlled by a member of the Supervisory Board from Heidelberger Druckmaschinen Aktiengesellschaft.

Write-downs of € 0 thousand (previous year: € 532 thousand) were recognized on receivables from these related companies in the reporting year. The expenses mainly include losses from profit transfers. The income of the non-consolidated subsidiaries mainly include revenues from the sale of goods. Income of € 7 million was realized in the previous year from the contribution of technological expertise to the associated company HeiMaster Technology (Tianjin) Co., Ltd.

With companies controlled by a member of the Supervisory Board (Mrs. Li Li, Chief Executive Officer of Masterwork Group Co. Ltd., Tianjin, China) there were trade relationships which impacted as follows:

Figures in € thousands	2022/2023	2023/2024
Liabilities	3,878	1,148
Receivables	94	196
Expenses	38,787	29,308
Net sales	313	1,064

No write-downs (previous year: none) were recognized on receivables from these companies in the reporting year.

All transactions were concluded at standard market terms and did not differ from trade relationships with other companies.

43. Exemption under sections 264 (3) and 264b of the German Commercial Code

The following subsidiaries exercised the exemption provisions of sections 264 (3) and 264b of the German Commercial Code (Handelsgesetzbuch – HGB) with regard to the preparation and disclosure of financial statements in the period under review:

- Amperfied GmbH, Walldorf
- Gallus Druckmaschinen GmbH, Langgöns-Oberkleen
- Heidelberg Boxmeer Beteiligungs-GmbH, Wiesloch
- Heidelberg China-Holding GmbH, Wiesloch
- Heidelberg Consumables Holding GmbH, Wiesloch
- Heidelberger Druckmaschinen Intellectual Property AG & Co. KG, Wiesloch
- Heidelberger Druckmaschinen Vertrieb Deutschland GmbH, Wiesloch
- Heidelberg Manufacturing Deutschland GmbH, Wiesloch
- Heidelberg Postpress Deutschland GmbH, Wiesloch
- Heidelberg Web Carton Converting GmbH, Weiden in der Oberpfalz
- Heidelberger Druckmaschinen Subscription GmbH, Wiesloch
- Heidelberger Druckmaschinen 1. Verwaltungs-GmbH, Wiesloch
- Heidelberger Druckmaschinen 2. Verwaltungs-GmbH, Wiesloch

44. Auditor's fees

In the reporting year, the following expenses were incurred for services by the auditor KPMG (previous year: PwC):

Figures in € thousands	2022/2023	2023/2024
Fees for		
Audits of financial statements	917	1,038
Other assurance services	187	138
Other services	-	47
	1,105	1,223

The fee for auditing services provided by KPMG AG Wirtschaftsprüfungsgesellschaft related to the audit of the annual and consolidated financial statements of Heidelberger Druckmaschinen AG together with the combined management report and various audits of the annual financial statements of its German subsidiaries. Other assurance services related to the audit of non-financial reporting and other statutory or contractually agreed assurance services.

Other services related to consulting services in connection with quality assurance measures.

45. Events after the end of the reporting period

On April 19, the Supervisory Board and Dr. Ludwin Monz agreed that Dr. Ludwin Monz would step down from his functions as CEO and Chief Human Resources Officer of Heidelberger Druckmaschinen Aktiengesellschaft by mutual agreement with effect from June 30, 2024.

At its meeting on April 19, 2024 the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft appointed Mr. Jürgen Otto as Chairman of the Management Board with effect from July 1, 2024. It also appointed Dr. David Schmedding, previously Head of Sales, as a new member of the Management Board with effect from July 1, 2024.

As of July 1, 2024 the members of the Management Board are therefore Mr. Jürgen Otto as Chief Executive Officer, Mrs. Tania von der Goltz as Chief Financial Officer and Dr. David Schmedding as Chief Sales and Service Officer.

Heidelberg, June 5, 2024

Heidelberger Druckmaschinen Aktiengesellschaft

The Management Board



Dr. Ludwin Monz



Tania von der Goltz

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 net assets, financial position and results of operations of the Group, and the Group management report, which has been combined with the management report of Heidelberger Druckmaschinen Aktiengesellschaft, 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.

Heidelberg, June 5, 2024

Heidelberger Druckmaschinen Aktiengesellschaft

The Management Board



Dr. Ludwin Monz



Tania von der Goltz

Independent Auditor's Report

To Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of March 31, 2024, and the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows for the financial year from April 1, 2023, to March 31, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the management report of Heidelberger Druckmaschinen Aktiengesellschaft and the Group (combined management report) for the financial year from April 1, 2023, to March 31, 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as of March 31, 2024, and of its financial performance for the financial year from April 1, 2023, to March 31, 2024, and

- the accompanying combined management report as a whole provides an appropriate 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 those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 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 Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 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 entities 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 evidence we have obtained is sufficient and appropriate to provide a basis for our 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 April 1,

2023, to March 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, we do not provide a separate opinion on these matters.

Recoverability of goodwill in the Print Solutions and Packaging Solutions segments

Please refer to Note 6 in the notes to the consolidated financial statements for information on the accounting policies applied and the assumptions made, and Note 7 for information on the estimates and accounting judgments associated with the measurement of goodwill. Disclosures on the amount of goodwill can be found in Note 18 in the notes to the consolidated financial statements and disclosures on the economic development of the Print Solutions and Packaging Solutions segments in the combined management report under “Segment reporting”.

THE FINANCIAL STATEMENT RISK

Goodwill amounted to EUR 127 million as of March 31, 2024, and, at 24% of group equity, has a significant impact on the net assets. Of the EUR 127 million, EUR 47 million is attributable to the cash-generating unit Print Solutions and EUR 77 million to the cash-generating unit Packaging Solutions, which correspond to the Print Solutions and Packaging Solutions segments, respectively.

The recoverability of goodwill is tested annually at the level of the Print Solutions and Packaging Solutions segments, irrespective of any indication of impairment. If any indications (impairment triggers) arise during the year, an event-driven impairment test (goodwill impairment test) is also carried out during the year. For goodwill impairment testing, the carrying amount is compared with the recoverable amount of the respective operating segment. If the carrying amount exceeds the recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of fair value less costs to sell and value in use of the operating segment. The Company generally determines the recoverable amount using the value in use based on the discounted cash flow method. The reporting date for impairment testing is March 31, 2024.

Impairment testing of goodwill is complex and based on a number of assumptions requiring judgment. This includes forecasts relating to revenue development as well as costs, taking into account the effects of company-wide measures to improve earnings for the next five years, the assumed long-term growth rate and the discount rates applied.

As of the reporting date, the carrying amount of the Group's equity was higher than the market price of the Company. In the course of annual impairment testing as of March 31, 2024, there was no requirement to recognize an impairment loss. The Company's sensitivity analyses showed that a possible change in key underlying assumptions would not lead to impairment.

There is the risk for the consolidated financial statements that an existing need to recognize impairment losses is not identified. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

First, we gained an understanding of the Company's process for assessing the recoverability of goodwill through explanations from the investment controlling and an appraisal of the documentation. In doing so, we intensively examined the Company's procedure for determining the recoverable amount of the cash-generating units.

With the involvement of our valuation specialists, we assessed (among other things) the appropriateness of the key assumptions and the calculation method of the Print Solutions and Packaging Solutions segments for the impairment testing. To this end, we discussed the expected business and earnings performance as well as the assumed long-term growth rates with the staff responsible for planning. We also reconciled this information with the detailed planning for financial year 2024/2025 prepared by management and presented to the Supervisory Board as well as the multi-year planning for financial years 2025/2026 to 2028/2029. In addition, we evaluated the consistency of assumptions with external market assessments.

We also confirmed the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analyzing deviations. We compared the assumptions and data underlying the discount rate with our own assumptions and publicly available data.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analyzed deviations.

In order to take forecast uncertainty into account, we examined the impact of potential changes in the discount rate, long-term revenue growth, the sustainable EBITDA margin and sustainable reinvestment on the recoverable amount by calculating alternative scenarios and comparing these with the values stated by the Company (sensitivity analysis).

In addition, we critically reviewed the Company's reasoning for the total recoverable amount significantly exceeding the market value of the Company.

Finally, we assessed whether the disclosures in the notes regarding recoverability of goodwill are appropriate.

OUR OBSERVATIONS

The calculation method used for the impairment testing of goodwill in the Print Solutions and Packaging Solutions segments as of March 31, 2024, is appropriate and in line with the accounting policies to be applied.

The Company's assumptions and data used for measurement are appropriate.

The related disclosures in the notes are appropriate.

Other information

The Management Board and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Company's and Group's separate combined non-financial report, which is referred to in the combined management report, and
- the combined corporate governance statement for the Company and the Group referred to in the combined management report, and
- information extraneous to combined management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

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, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Management Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The Management Board is responsible for the preparation of 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, the Management Board 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., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility 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, the Management Board 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, the Management Board 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 of 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 this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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 controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) 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 these systems.
- Evaluate the appropriateness of accounting policies made by the Management Board and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of the Management Board'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. Our conclusions are based on 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 as a whole give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS, as adopted by the EU, and the additional provisions of German commercial law pursuant to Section 315e paragraph 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 performance of the group audit. We remain solely responsible for our 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 Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board 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 prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 also 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 eliminate 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 Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the “ESEF documents”) contained in the electronic file “hdm-2024-03-31-de.zip” (SHA256-Hashwert: 5f42c057932af069b76c4e0398256bc55bae8d5597127b7220108b19584e6ca3) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above 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 assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from April 1, 2023, to March 31, 2024, contained in the “Report on the Audit of the Consolidated Financial Statements and the Combined Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's Management Board is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's Management Board is responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance 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.

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. We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available, containing the ESEF documents meets the requirements of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor at the Annual General Meeting on July 26, 2023. We were engaged by the Supervisory Board on July 26, 2023. We have been the group auditor of Heidelberger Druckmaschinen Aktiengesellschaft without interruption since financial year 2023/2024.

We declare that the 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 (long-form audit report).

Other matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Michael Mokler.

Mannheim, June 5, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature] Mokler	[signature] Prof. Schütte-Biastoch
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Financial section

151	Further information (Part of the notes to the consolidated financial statements)
152	List of shareholdings
155	Executive bodies of the Company – Supervisory Board
157	Executive bodies of the Company – Management Board

List of shareholdings

List of shareholdings as per section 285 no. 11 and no. 11a and b and section 313 (2) in conjunction with section 315 a (1) HGB

Figures in € millions					
Name	Country / Domicile		Shareholding in percent	Equity	Net result after taxes
Affiliated companies included in the consolidated financial statements					
Germany					
Amperfiel GmbH ¹⁾	GER	Walldorf	100.00	44	– 86
Gallus Druckmaschinen GmbH ²⁾	GER	Langgöns-Oberkleen	100.00	2	0
Heidelberg Boxmeer Beteiligungs-GmbH ²⁾	GER	Wiesloch	100.00	127	27
Heidelberg China-Holding GmbH ²⁾	GER	Wiesloch	100.00	135	21
Heidelberg Consumables Holding GmbH ²⁾	GER	Wiesloch	100.00	0	– 1
Heidelberg Manufacturing Deutschland GmbH ²⁾	GER	Wiesloch	100.00	43	– 2
Heidelberg Postpress Deutschland GmbH ²⁾	GER	Wiesloch	100.00	10	0
Heidelberg Print Finance International GmbH ²⁾	GER	Wiesloch	100.00	35	1
Heidelberg Web Carton Converting GmbH	GER	Weiden	100.00	7	4
Heidelberger Druckmaschinen 1. Verwaltungs-GmbH ³⁾	GER	Walldorf	100.00	0	0
Heidelberger Druckmaschinen 2. Verwaltungs-GmbH	GER	Walldorf	100.00	0	0
Heidelberger Druckmaschinen Intellectual Property AG & Co. KG	GER	Wiesloch	100.00	106	5
Heidelberger Druckmaschinen Subscription GmbH ²⁾	GER	Wiesloch	100.00	0	0
Heidelberger Druckmaschinen Vertrieb Deutschland GmbH ²⁾	GER	Wiesloch	100.00	11	16
Zaikio GmbH ⁴⁾	GER	Mainz	100.00	– 4	1
Outside Germany ⁵⁾					
Baumfolder Corporation	USA	Sidney, Ohio	100.00	– 1	0
Gallus Ferd. Rüesch AG	SUI	St. Gallen	100.00	23	– 6
Gallus Holding AG	SUI	St. Gallen	100.00	38	26
Heidelberg Americas, Inc.	USA	Kennesaw, Georgia	100.00	128	– 4
Heidelberg Asia Pte. Ltd.	SGP	Singapore	100.00	3	1
Heidelberg Baltic Finland OÜ	EST	Tallinn	100.00	6	1
Heidelberg Benelux BV	NED	Haarlem	100.00	53	20
Heidelberg Benelux NV	BEL	Brussels	100.00	11	2
Heidelberg Boxmeer B.V.	NED	Boxmeer	100.00	32	9
Heidelberg Canada Graphic Equipment Ltd.	CAN	Mississauga	100.00	13	2
Heidelberg China Ltd.	CHN	Hong Kong	100.00	8	0
Heidelberg CZ & SK s.r.o. ⁶⁾	CZE	Prague	100.00	3	1
Heidelberg do Brasil Sistemas Graficos e Servicos Ltda.	BRA	São Paulo	100.00	12	4
Heidelberg France S.A.S.	FRA	Roissy-en-France	100.00	19	2
Heidelberg Grafik Ticaret Servis Limited Sirketi	TUR	Istanbul	100.00	5	0
Heidelberg Graphic Equipment (Shanghai) Co. Ltd.	CHN	Shanghai	100.00	225	31
Heidelberg Graphic Equipment Ireland Ltd.	IRL	Dublin	100.00	2	0
Heidelberg Graphic Equipment Ltd. – Heidelberg Australia –	AUS	Mulgrave, Melbourne	100.00	11	5
Heidelberg Graphic Equipment Ltd. – Heidelberg New Zealand –	NZL	Auckland	100.00	2	0

Figures in € millions					
Name	Country / Domicile		Shareholding in percent	Equity	Net result after taxes
Heidelberg Graphic Equipment Ltd. – Heidelberg UK –	GBR	Uxbridge	100.00	31	5
Heidelberg Graphic Systems Southern Africa (Pty) Ltd.	RSA	Johannesburg	100.00	1	0
Heidelberg Graphics (Beijing) Co. Ltd.	CHN	Beijing	100.00	21	8
Heidelberg Graphics (Thailand) Ltd.	THA	Bangkok	100.00	6	1
Heidelberg Graphics (Tianjin) Co. Ltd.	CHN	Tianjin	100.00	5	0
Heidelberg Graphics Taiwan Ltd.	TPE	New Taipei City	100.00	2	0
Heidelberg Group Trustees Ltd.	GBR	Uxbridge	100.00	0	0
Heidelberg Hong Kong Ltd.	CHN	Hong Kong	100.00	10	0
Heidelberg India Private Ltd.	IND	Chennai	100.00	3	0
Heidelberg International Ltd. A / S	DEN	Hvidovre	100.00	55	4
Heidelberg International Trading (Shanghai) Co. Ltd.	CHN	Shanghai	100.00	0	0
Heidelberg Italia S.r.L.	ITA	Bollate	100.00	26	5
Heidelberg Japan K.K.	JPN	Tokyo	100.00	12	1
Heidelberg Korea Ltd.	KOR	Seoul	100.00	3	1
Heidelberg Magyarország Kft.	HUN	Kalasch	100.00	6	1
Heidelberg Malaysia Sdn Bhd	MAS	Petaling Jaya	100.00	–6	0
Heidelberg Mexico, S. de R.L. de C.V.	MEX	Mexico City	100.00	23	3
Heidelberg Philippines, Inc.	PHI	Makati City	100.00	4	0
Heidelberg Polska Sp z o.o.	POL	Warsaw	100.00	13	1
Heidelberg Print Finance Korea Ltd.	KOR	Seoul	100.00	16	0
Heidelberg Schweiz AG	SUI	Bern	100.00	8	2
Heidelberg Slovensko s.r.o. ⁴⁾	SVK	Bratislava	100.00	0	0
Heidelberg Spain S.L.U.	ESP	Cornella de Llobregat	100.00	11	2
Heidelberg Sverige AB	SWE	Limhamn	100.00	3	0
Heidelberg USA, Inc.	USA	Kennesaw, Georgia	100.00	73	12
Heidelberger Druckmaschinen Austria Vertriebs-GmbH	AUT	Vienna	100.00	12	4
P.T. Heidelberg Indonesia	INA	Jakarta	100.00	11	3
Press Parts Outlet GmbH	AUT	Vienna	100.00	2	0

1) Previous year's figures

2) Before profit transfer

3) Name change on April 18, 2024 to Heidelberger Druckmaschinen Sales & Service Management GmbH

4) In liquidation

5) Disclosure in accordance with IFRS

6) Formerly Heidelberg Praha spol s.r.o.

7) In insolvency

8) Formerly HeiMaster Technology (Tianjin) Co., Ltd.

Figures in € millions					
Name	Country / Domicile		Shareholding in percent	Equity	Net result after taxes
Affiliated companies not included in the consolidated financial statements owing to immateriality for the net assets, financial positions and result of operations					
Germany					
Heidelberg Catering Services GmbH ²⁾	GER	Wiesloch	100.00	0	- 2
Heidelberger Druckmaschinen Vermögensverwaltungsgesellschaft mbH	GER	Walldorf	100.00	0	0
Menschick Trockensysteme GmbH	GER	Renningen	100.00	0	0
Outside Germany ⁵⁾					
Heidelberg Druckmaschinen Ukraine GmbH	UKR	Kyiv	100.00	0	0
Heidelberg Hellas A.E.E.	GRE	Metamorfosis	100.00	5	0
Joint ventures accounted for using the equity method					
Outside Germany ⁵⁾					
Heidelberg Middle East FZ Co.	UAE	Dubai	50.00	1	0
Associated companies accounted for using the equity method					
Germany					
Flotteladen GmbH ^{1) 7)}	GER	Allensbach	25.10	1	0
Outside Germany ⁵⁾					
Haidebao Changrong (Heidelberg & Masterwork) Technology (Tianjin) Co., Ltd. ⁸⁾	CHN	Tianjin	40.00	- 3	- 4
Associated companies not accounted for using the equity method owing to immateriality for the net assets, financial position and results of operations					
Germany					
InnovationLab GmbH ¹⁾	GER	Heidelberg	20.00	1	- 1

1) Previous year's figures

2) Before profit transfer

3) Name change on April 18, 2024 to Heidelberger Druckmaschinen Sales & Service Management GmbH

4) In liquidation

5) Disclosure in accordance with IFRS

6) Formerly Heidelberg Praha spol s.r.o.

7) In insolvency

8) Formerly HeiMaster Technology (Tianjin) Co., Ltd.

The Supervisory Board

Dr. Martin Sonnenschein

Independent consultant,
Berlin
Chair of the Supervisory Board
a) SupplyOn AG
b) Futurice Oy, Helsinki, Finland

Ralph Arns*

Chair of the Central Works Council,
Heidelberg/Wiesloch-Walldorf
Deputy Chair of the Supervisory Board

Dr. Bernhard Buck*

(until July 26, 2023)
Deputy Chair of the Executive Spokespersons Committee,
Wiesloch-Walldorf

Gerald Dörr*

Deputy Chair of the Central Works Council,
Heidelberg/Wiesloch-Walldorf

Mirko Geiger*

First Senior Representative of IG Metall,
Heidelberg
a) ABB AG (until March 28, 2024)

Dipl.-Ing. Dr. h.c. Oliver Jung

CEO Festo SE & Co. KG,
Esslingen (until end of 2023)
a) Leistritz AG
b) Voith Management GmbH (Shareholders' committee)
J&J Marquardt KG (Advisory Board)

Li Li

Chair of Masterwork Group Co., Ltd.,
Tianjin, People's Republic of China

Dr. Fritz Oesterle

Consultant for private equity companies and family offices,
Stuttgart
a) Volksbank am Württemberg eG (Chair)
LBBW Landesbank Baden-Württemberg
b) CEPD N.V., Amsterdam, the Netherlands
(Chair of the Board of Directors (non-executive))

Petra Otte*

Trade union secretary of IG Metall,
Baden-Württemberg,
Stuttgart
a) Audi AG

Ferdinand Rüesch

Entrepreneur and Vice President Global Key Accounts of
Gallus Ferd. Rüesch AG,
St. Gallen, Switzerland
b) Ferd. Rüesch AG, Switzerland (Chair of the Administration Board)

Ina Schlie

Diplom-Volkswirtin (degree in economics) and supervisory
board member,
Heidelberg
a) q.beyond AG
CMBlu Energy AG

Beate Schmitt*

Full-time member of the Works Council,
Heidelberg/Wiesloch-Walldorf

Holger Steuerwald*

(since July 26, 2023)
Head of Supply Chain Management,
Spokesperson for senior executives,
Heidelberg/Wiesloch-Walldorf

* Employee representative

a) Membership in other statutory supervisory boards

b) Membership in comparable German and foreign control bodies of business enterprises

Committees of the Supervisory Board

Management Committee

Dr. Martin Sonnenschein (Chair)
Ralph Arns
Gerald Dörr
Mirko Geiger
Oliver Jung
Ferdinand Rüesch

Personnel Matters Committee mediation committee under article 27 paragraph 3 of the Codetermination Act

Dr. Martin Sonnenschein (Chair)
Ralph Arns
Gerald Dörr
Ferdinand Rüesch

Personnel Matters Committee

Dr. Martin Sonnenschein (Chair)
Ralph Arns
Gerald Dörr
Dr. Fritz Oesterle
Ferdinand Rüesch
Beate Schmitt

Audit Committee

Ina Schlie (Chair)
Ralph Arns
Mirko Geiger
Oliver Jung
Beate Schmitt
Dr. Martin Sonnenschein

Nomination Committee

Dr. Martin Sonnenschein (Chair)
Oliver Jung
Ferdinand Rüesch

Strategy Committee

Dr. Martin Sonnenschein (Chair)
Ralph Arns
Mirko Geiger
Oliver Jung
Li Li
Dr. Fritz Oesterle
Ferdinand Rüesch
Ina Schlie

The Management Board

Dr. Ludwin Monz

Chief Executive Officer and labor director

*** Heidelberg Americas, Inc., USA
(Chairman of the Board of Directors)
Heidelberg USA, Inc., USA
(Chairman of the Board of Directors)*

Tania von der Goltz

Chief Financial Officer

** Carl Zeiss Meditec AG

** Heidelberg Americas, Inc., USA
Heidelberg USA, Inc., USA
Veonet Vision GmbH (Member of the Advisory Board)*

* Membership in statutory supervisory boards

** Membership in comparable German and foreign control bodies of business enterprises

04

Supervisory Board and Corporate Governance

160 Report of the Supervisory Board

**166 Remuneration report –
Management Board and Supervisory Board**

**184 Independent auditor's report
on the remuneration report**

186 Corporate Governance Declaration

198 Compliance

202 Financial calendar

203 Publishing information

Report of the Supervisory Board

Dear Shareholders,

Before I explain the work of the Supervisory Board and its committees in financial year 2023/2024, allow me to briefly discuss the significant issues of the past financial year.

The challenging environment, characterized by geopolitical conflicts and restrained macroeconomic development, had a significant impact on the mechanical engineering sector and our business activities. Unstable framework conditions and change have been a constant in recent years. At the same time, internal projects and plans had to be implemented with determination. This included, for example, pushing ahead with the value creation program, establishing new innovative products, such as the Boardmaster, on the market, and preparing for the drupa trade fair.

The results for the 2023/2024 financial year are good in view of the operational improvement achieved despite all the adversity. This is particularly evident in the free cash flow, which improved significantly without any special items. This figure is particularly important as an indicator of a company's financial strength and reflects the consolidation of our Company.

We would like to express our appreciation and thanks to the Management Board and employees for this.

Close cooperation between Management Board and Supervisory Board

The Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft again performed its duties in accordance with the law, the Articles of Association and its Rules of Procedure in full in the financial year 2023/2024. The Supervisory Board has continuously monitored the work of the Management Board and provided advice on strategically important issues and significant individual measures. The Supervisory Board assured the legality, expediency and compliance of the work of the Management Board at all times.

The Management Board has informed the Supervisory Board regularly, promptly and comprehensively, verbally or in writing, about all matters relevant to the Company and the Group, thereby fulfilling its duty to provide information. The



DR. MARTIN SONNENSCHN
Chairman of the Supervisory Board

Management Board kept the Supervisory Board informed on an ongoing basis and in detail about the Company's business development and financial position, including the corresponding risks and opportunities. Furthermore, the Supervisory Board was informed of the planning and of deviations in business performance from the prepared plans and targets as well as the reasons for this. Corporate strategy, sustainability strategy, risk management and compliance were also among the regular reporting topics. The Chair of the Supervisory Board and the Chair of the Audit Committee were also in continuous contact with the Management Board outside meetings and discussed significant current issues and developments at the Company with them. Significant findings were reported at the latest at the following Supervisory Board meeting or committee meeting.

The Supervisory Board discussed and dealt with all the above topics in depth. The members of the Supervisory Board had sufficient opportunity to scrutinize the information and resolution proposals they received from the Management Board and to make and discuss suggestions with them at the meetings of the Supervisory Board as a whole and of the committees. The Supervisory Board granted its approval for individual transactions to the extent required by law, and the Articles of Association or the Rules of Procedure. In the 2023/2024 financial year, this related in particular to the approval of the provision of collateral for the conclusion of a new syndicated revolving credit facility.

Meetings of the Supervisory Board, participation and key topics

The meetings of the Supervisory Board and its committees are generally held as in-person meetings with the option of joining via video conference in justified cases (hybrid meetings held in person). Meetings are only held purely as a video conference in isolated cases – for example, when the meetings are short or are convened at short notice.

The Supervisory Board held five ordinary meetings in the reporting year. The meetings were hybrid meetings held in person.

The average attendance rate at the meetings of the Supervisory Board and its committees was around 99 percent in the financial year 2023/2024. The following table shows the individual breakdown of meeting participation:

	Meeting participation
Full Supervisory Board	
Dr. Martin Sonnenschein (Chair)	5/5
Ralph Arns*	5/5
Dr. Bernhard Buck* (until July 26, 2023)	2/2
Gerald Dörr*	5/5
Mirko Geiger*	5/5
Oliver Jung	5/5
Li Li	5/5
Dr. Fritz Oesterle	5/5
Petra Otte*	5/5
Ferdinand Rüesch	5/5
Ina Schlie	5/5
Beate Schmitt*	5/5
Holger Steuerwald* (since July 26, 2023)	3/3

	Meeting participation
Audit Committee	
Ina Schlie (Chair)	5/5
Ralph Arns*	5/5
Mirko Geiger*	5/5
Oliver Jung	5/5
Beate Schmitt*	5/5
Dr. Martin Sonnenschein	5/5

	Meeting participation
Personnel Matters Committee	
Dr. Martin Sonnenschein (Chair)	6/6
Ralph Arns*	6/6
Gerald Dörr*	6/6
Dr. Fritz Oesterle	5/6
Ferdinand Rüesch	6/6
Beate Schmitt*	6/6

	Meeting participation
Nomination Committee	
Dr. Martin Sonnenschein (Chair)	4/4
Oliver Jung	4/4
Ferdinand Rüesch	4/4

	Meeting participation
Strategy Committee	
Dr. Martin Sonnenschein (Chair)	3/3
Ralph Arns*	3/3
Mirko Geiger*	3/3
Oliver Jung	3/3
Li Li	0/3**
Dr. Fritz Oesterle	3/3
Ferdinand Rüesch	3/3
Ina Schlie	3/3

* Employee representatives

** Ms. Li was unable to attend the meetings of the Strategy Committee. The Chair of the Supervisory Board, Dr. Sonnenschein, discussed the strategy topics in detail with Ms. Li at a separate appointment prior to the meeting and learned an opinion of Ms. Li.

The Supervisory Board also regularly held parts of its meetings without the Management Board.

The Supervisory Board's deliberations focused on the business activities, development and strategy of Heidelberger Druckmaschinen Aktiengesellschaft and the HEIDELBERG Group. The business and financial situation of the Company, including the development of orders, sales, earnings and employment, financing and liquidity planning and the equity situation, were the subject of every ordinary Supervisory Board meeting in the reporting year. The Supervisory Board also received regular reports on the value creation program and dealt with these. Another regular component of the ordinary meetings were the reports from the committees with the detailed content presented below and their discussion.

In addition to these recurring focal points, the following topics should be highlighted for the reporting year:

At the balance sheet meeting on June 6, 2023, the Supervisory Board focused on the annual financial statements of Heidelberger Druckmaschinen Aktiengesellschaft and the HEIDELBERG Group as at March 31, 2023, the combined management report, the non-financial report and the corresponding audit reports by the auditor. In addition, the Supervisory Board adopted the report of the Supervisory Board and the corporate governance declaration and approved the remuneration report for the 2022/2023 financial year.

At the recommendation of the Personnel Committee, the Supervisory Board determined the remuneration of the members of the Management Board for the 2022/2023 financial year based on their ascertained target achievement and dealt with the performance criteria for the following performance period. The Supervisory Board also resolved to adjust the remuneration system for the Management Board and to submit this to the Annual General Meeting for approval.

The Supervisory Board dealt extensively with the follow-up and discussion of the results of the Strategy Committee meeting on June 5, 2023. Another topic was the upcoming refinancing of the syndicated revolving credit facility. Finally, the Supervisory Board approved the agenda and proposed resolutions for the Annual General Meeting 2023.

The first meeting on July 26, 2023, was used to make preparations for the Annual General Meeting. Following the Annual General Meeting, the Chair of the Supervisory Board was confirmed at a second meeting, the Deputy Chair of the Supervisory Board was elected and the committees were reappointed. Following the election by the Annual General

Meeting, the Supervisory Board resolved to appoint KPMG AG Wirtschaftsprüfungsgesellschaft as auditors of the financial statements and consolidated financial statements for the 2023/2024 financial year and issued the corresponding audit assignment. The Supervisory Board also received a report on the successful completion of the refinancing and an update on information security issues.

The current situation regarding information security was presented in detail at the Supervisory Board meeting on November 23, 2023. Another focus was on considerations regarding the future restructuring of the Group under company law to increase the strategic and financial capacity to act (Project Smile).

The Supervisory Board approved the annual declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG). This can be accessed at all times on Heidelberger Druckmaschinen Aktiengesellschaft's website. The Supervisory Board also discussed the evaluation of the self-assessment of its work and that of its committees in accordance with recommendation D.12 of the German Corporate Governance Code (DCGK) and the updated qualification matrix and was informed about further training opportunities for Supervisory Board members.

The focus of the last Supervisory Board meeting of the reporting year on March 20, 2024, was on the follow-up to the Strategy Committee meeting on March 19, 2024, as well as planning for the coming financial year and the multi-year plan. The Supervisory Board once again discussed the restructuring under company law in the form of bundling the domestic and foreign sales and service units (SSUs) into a sales and service holding company.

In the 2023/2024 financial year, subsequent to the discussion at the meetings, the Supervisory Board passed circulating resolutions on the setting of targets for the Management Board, the adjustment of the Management Board employment contracts to the new remuneration system for the Management Board and the refinancing of the syndicated revolving credit facility.

Work in the committees

The Supervisory Board of the Company has set up six permanent committees to support it in its work:

- Mediation Committee
- Audit Committee
- Personnel Matters Committee
- Management Committee
- Nomination Committee
- Strategy Committee

The Supervisory Board's six committees prepare decisions for the Supervisory Board as a whole and pass resolutions on matters delegated to them for a decision. Further details can be found in the Rules of Procedure of the Supervisory Board at www.heidelberg.com > About Us > Corporate Governance.

The chairs of the respective committees reported to the Supervisory Board regularly and comprehensively on their deliberations at the meetings of the Supervisory Board. The composition of the committees in the 2023/2024 financial year is shown at the end of the financial section of this Annual Report.

The Audit Committee held five regular meetings in the reporting year. All meetings were held as hybrid meetings in person. Representatives for the auditor took part in the meetings in addition to the members of the Management Board. The Audit Committee also regularly spoke with the auditor without the Management Board in attendance. The Chair of the Audit Committee also regularly exchanged information with the auditors between the meetings. In addition, the heads of the relevant Group functions were on hand to deliver reports and answer questions concerning individual items of the agenda.

Together with the auditor, the Audit Committee also addressed the annual and consolidated financial statements, the combined management report and the sustainability reporting, and it discussed with the auditor the assessment of the audit risk, the audit strategy and audit planning as well as the results of the audit of the annual and consolidated financial statements. The Audit Committee also intensively studied new regulatory developments and their implementation within the Company, particularly with regard to sustainability reporting.

The committee monitored the selection, independence, qualifications and efficiency of the auditor as well as the services performed by the auditor, and addressed the review of the quality of the audit of the financial statements. The auditor declared to the Audit Committee that there were no circumstances that could give rise to grounds for impartiality. The Audit Committee obtained the necessary declaration of independence from the auditor, reviewed its qualifications and entered into a fee agreement with it.

The Audit Committee discussed the quarterly statements and the half-year financial report with the Management Board prior to their publication. It reviewed the Company's net assets, financial position and results of operations as well as the outlook and risk assessment. The Audit Committee was also presented with relevant accounting issues such as the inherent value of goodwill and other assets, the valuation of

investments and dividends and capital measures at subsidiaries. The effects and measures of the value creation program were presented. Information was also provided on the mandatory EMIR audit in accordance with Section 32 of the German Securities Trading Act (WpHG).

At several meetings, the Audit Committee discussed the status and ongoing development of the internal control system, the risk management system and the work of Internal Audit. The Audit Committee also dealt with compliance in the Company and was informed about the further development of the compliance management system and the data protection management system. The implementation of the necessary measures in relation to the German Supply Chain Due Diligence Act (LkSG) was also reported on.

The Strategy Committee met three times in the reporting year. The meetings were hybrid meetings held in person. The Strategy Committee dealt with developments in the printing industry, the market and competitive situation and potential growth markets. The strategic initiatives derived from this for the individual segments in the core business area as well as for the development of new business areas were presented and discussed. The restructuring under company law in the form of bundling the domestic and foreign sales and services units (SSUs) in a sales and service holding company was explained and discussed. Another focus was on the value creation program.

The Personnel Committee met six times in the 2023/2024 reporting year. Five of these were hybrid meetings held in person and one was held as a video conference. Its work focused on the achievement of the goals for variable remuneration in 2022/2023 and the proposals for the variable remuneration of the Management Board for the following performance period as well as corresponding resolution recommendations for the Supervisory Board. The Personnel Committee also dealt with a revision of the remuneration system for the Management Board and decided to recommend an adjustment to the Supervisory Board. Following the approval of the remuneration system by the Annual General Meeting, the Personnel Committee prepared the corresponding adjustment of the Management Board employment contracts. The remuneration report for the 2022/23 financial year, the raising of the age limit for the Management Board and succession planning were also discussed.

In the reporting year, the Nomination Committee met once in person and three times in the form of a video conference and dealt with the proposals for election to the Supervisory Board by the Annual General Meeting on July 25, 2024. It reviewed and confirmed the skills profile, including the objectives, and defined the requirement profiles for the nominations on this

basis, taking into account the implementation matrix. In view of the above, the Nomination Committee dealt with the search for and selection of candidates, using external support. The Nomination Committee also reviewed the remuneration of the Supervisory Board.

The Executive Committee did not meet in the reporting year.

The Mediation Committee in accordance with section 27 (3) of the German Codetermination Act did not need to convene in the reporting year.

Audit of the annual and consolidated financial statements

On July 26, 2023, the Annual General Meeting appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Mannheim, Germany, as auditors of the financial statements and consolidated financial statements.

This company audited the single-entity financial statements for the financial year 2023/2024 in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG) as well as the consolidated financial statements and the combined management report of Heidelberger Druckmaschinen Aktiengesellschaft and the HEIDELBERG Group in accordance with IFRSs as applicable in the European Union (EU) and the supplementary provisions of the German Commercial Code (HGB) pursuant to Section 315e (1) HGB, as prepared by the Management Board on May 5, 2024, and issued each with unqualified opinions.

The auditor responsible for the audit was Michael Mokler, who held this function for the first time. The single-entity financial statements, the consolidated financial statements, the combined management report of the Company and the HEIDELBERG Group, and the separate combined non-financial report were submitted to all of the members of the Supervisory Board immediately after their preparation. The reports of the auditor were also distributed to all of the members of the Supervisory Board in good time. At the meeting of the Audit Committee on June 3, 2024, the auditor responsible presented the results of the audit and the Audit Committee discussed the single-entity and consolidated financial statements, the combined management report for the Company and the HEIDELBERG Group, and the audit documentation in the presence of the auditor in order to prepare discussion thereof by the full Supervisory Board. The auditor likewise discussed the key audit matters in the annual and consolidated financial statements, which included the measurement of equity investments and the recoverability of goodwill. The auditor

answered all questions in full. The auditor was also represented at the Supervisory Board meeting on June 5, 2024, by the two auditors who signed the audit opinions. During the meeting of the full Supervisory Board, they reported on the results of their audit and on the fact that there are no significant weaknesses in the internal controlling and risk management system with regard to the (Group) accounting process. They were available to the members of the Supervisory Board to answer questions and answered all of these questions in full. The auditor also informed the meeting about the services provided in addition to the audit of the financial statements and confirmed that there were no circumstances giving rise to concerns over its impartiality. The audit report does not include any comments or indications of any inaccuracies in the declaration of compliance with the German Corporate Governance Code. The Chair of the Audit Committee reported to the Supervisory Board on the key content and results of the Audit Committee's review and the Audit Committee's recommendations for the Supervisory Board's resolution, including the approval of the annual financial statements and consolidated financial statements. In line with the Audit Committee's proposal, the Supervisory Board then concurred with the audit findings. On the basis of its own examination of the single-entity financial statements, the consolidated financial statements, the combined management report of Heidelberger Druckmaschinen Aktiengesellschaft and the HEIDELBERG Group, the Supervisory Board came to the conclusion that it had no reservations. The Supervisory Board approved the single-entity financial statements of Heidelberger Druckmaschinen Aktiengesellschaft for the year ended March 31, 2024, as prepared by the Management Board and the consolidated financial statements of the HEIDELBERG Group for the year ended March 31, 2024. The single-entity financial statements were therefore adopted.

The Supervisory Board also examined the separate combined non-financial report for the financial year 2023/2024. These were audited by the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, on the basis of a voluntary content review in a limited assurance engagement approved by the Supervisory Board. The Supervisory Board discussed the separate combined non-financial report with the auditors and came to the conclusion that it had no reservations. The separate combined non-financial report will be published on the Company's website on June 11, 2024.

Conflicts of interest

Every Supervisory Board member discloses potential conflicts of interest in accordance with the German Corporate Governance Code.

The members of the Management Board and the Supervisory Board did not experience any conflicts of interest in the period under review that would have required disclosure in accordance with the German Corporate Governance Code.

Basic and advanced training

The members of the Supervisory Board are responsible for the training and further education measures required for their duties and are supported by the Company as required. In the 2023/2024 financial year, new regulatory developments were regularly presented at the meetings, particularly with regard to new reporting standards. Further education opportunities for Supervisory Board members were presented at meetings of the Supervisory Board and the Audit Committee. In January 2024, the Supervisory Board was offered a half-day training course on ESG regulatory requirements by the Corporate Sustainability department in cooperation with an external service provider. As part of their induction, new members of the Supervisory Board can meet with the members of the Management Board to discuss current topics in the respective Management Board divisions in order to obtain an overview of the relevant topics at the Company.

Corporate governance

The Supervisory Board continuously addressed the standards of good corporate governance in the course of financial year 2023/2024. Information on corporate governance at the Company and related activities by the Supervisory Board can also be found in the corporate governance declaration. This can be found on our website at www.heidelberg.com under Company > About Us > Corporate Governance > Corporate Governance Declaration.

Personnel changes in the Supervisory Board and the Management Board

Due to the reelection of Ferdinand Rüesch to the Supervisory Board, its composition on the shareholder side remained unchanged. At the end of the Annual General Meeting on July 26, 2023, the term of office of the previous employee representatives on the Supervisory Board ended and the term of office of the employee representatives elected on June 21, 2023 began. There was one change here. Holger Steuerwald was newly elected to the Supervisory Board as a representative of senior executives. Dr. Bernhard Buck resigned from the Supervisory Board.

The Supervisory Board especially wishes to thank the member of the Supervisory Board who has now stepped down for his work.

The Supervisory Board will continue to monitor the Company's interests and its long-term development and work towards its well-being.

Thank you from the Supervisory Board

The Supervisory Board would like to thank the members of the Management Board, all the employees of the HEIDELBERG Group around the world and their representatives on the Supervisory Board, the members of the Works Councils and the Representative Committee for their commitment in the financial year 2023/2024 and their achievements in a challenging environment.

The Supervisory Board would like to conclude by thanking you, the shareholders, for the confidence you have placed in the Company and in the shares of Heidelberg Druckmaschinen Aktiengesellschaft.

Heidelberg, June 5, 2024

On behalf of the Supervisory Board



Dr. Martin Sonnenschein
Chair of the Supervisory Board

Remuneration Report – Management Board and Supervisory Board

I. Preamble

II. Review of the financial year 2023/2024

III. Management Board remuneration in the financial year 2023/2024

1. Principles of Management Board remuneration

- 1.1. Principles for determining Management Board remuneration
- 1.2. Suitability of Management Board remuneration and standard conditions
- 1.3. Components of Management Board remuneration
- 1.4. Determination and structure of target remuneration

2. Application of the remuneration system in the financial year 2023/2024

- 2.1. Non-performance-related compensation components
- 2.2. Performance-related compensation components
- 2.3. Share Ownership Guideline
- 2.4. Malus/clawback
- 2.5. Early termination benefits
- 2.6. Compliance with maximum compensation

3. Compensation paid and owed in the financial year 2023/2024

- 3.1. Remuneration of current Management Board members
- 3.2. Remuneration of former Management Board members

IV. Supervisory Board remuneration in the financial year 2023/2024

1. Principles of Supervisory Board remuneration

2. Compensation paid and owed in the financial year 2023/2024

V. Comparative presentation of remuneration and earnings performance

VI. Independent auditor's report

Remuneration Report – Management Board and Supervisory Board

I. Preamble

The remuneration report of Heidelberger Druckmaschinen Aktiengesellschaft (HEIDELBERG) has been jointly prepared by the Management Board and the Supervisory Board. It summarizes the key elements of the remuneration system for the members of the Management Board and Supervisory Board. The remuneration report was prepared in accordance with section 162 of the German Stock Corporation Act (AktG). In addition to these statutory requirements, the remuneration report takes into account the recommendations of the German Corporate Governance Code (GCGC) as amended April 28, 2022.

This remuneration report illustrates the application of the respective remuneration system for the Management Board and the Supervisory Board in the financial year and explains how the remuneration promotes the long-term development of the Company. In addition, the compensation paid and owed to current and former members of the Management Board and Supervisory Board of HEIDELBERG in the financial year 2023/2024 is disclosed individually. In some cases, rounding may result in discrepancies concerning the totals and percentages contained in this report.

The remuneration reports are published on the Company's website at https://www.heidelberg.com/global/de/about_heidelberg/company/executive_bodies/management_board/remuneration/remuneration.jsp. The remuneration report 2023/2024 has been formally and substantively audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and will be presented to the Annual General Meeting on July 25, 2024 for approval in accordance with the provisions of section 120a (4) AktG.

II. Review of the financial year 2023/2024

In the course of fulfilling its duty to continuously review the Management Board remuneration system, the Supervisory Board approved a revised remuneration system for the members of the Management Board of Heidelberger Druckmaschinen AG (2023+ remuneration system) in June 2023, which further developed and updated the content of the 2021 remuneration system taking into account the requirements of section 87a (1) German Stock Corporations Act (AktG) and based on observable market practice.

The 2023+ remuneration system was submitted to the Annual General Meeting on July 26, 2023 for resolution in accordance with section 120a (1) AktG and approved with 98.47 percent votes in favor and from that day on has applied and will continue to apply to all new, amended or extended Management Board contracts. In addition, all existing Management Board contracts were retroactively adjusted to the amended 2023+ remuneration system with effect from April 1, 2023 following approval by the Annual General Meeting, which is why the new remuneration system was applied for the first time in the past 2023/2024 financial year.

With the aim of creating a closer alignment with the business strategy and at the same time implementing the feedback received from investors and voting right consultants, the 2023+ remuneration system places a particular focus on the following aspects:

- Elimination of the Supervisory Board's discretionary freedom, including the possibility of granting special remuneration and bonuses
- Linking short-term and long-term variable remuneration to additional strategic performance targets derived directly from HEIDELBERG's business strategy and value creation program
- Even greater relevance of the shareholder perspective and increased retention effect of share price-based remuneration by extending the performance period for long-term variable remuneration to four years.

Say on pay

The remuneration report on the remuneration of the Management Board and the Supervisory Board to be prepared in accordance with section 162 AktG was presented to the Annual General Meeting on July 26, 2023 for its approval. The Annual General Meeting approved it with 78.31 percent of the votes cast.

The Supervisory Board and Management Board were prompted by the result of the vote to review the reporting on the remuneration system of the Management Board once again in order to ensure an even more transparent and even more comprehensible description of the key issues.

In particular, the transparent disclosure of the performance targets for variable remuneration components was discussed as part of the investor dialogue. The Management Board and the Supervisory Board intend to have transparent reporting that also incorporates the disclosure of target and actual figures for the financial and non-financial performance targets of the variable remuneration components. For competitive reasons, it is still considered proper to disclose these ex-post in the remuneration report.

Business performance

In a challenging environment, HEIDELBERG succeeded in achieving its targets for the financial year 2023/2024 despite difficult economic and geopolitical conditions and a decline

in incoming orders (see the comments in HEIDELBERG’s 2023/2024 combined management report). The overall target achievement level of 133.5 percent of the short-term, one-year variable remuneration reflects the achievement of the financial and non-financial performance targets set and illustrates the existing pay-for-performance correlation of the variable remuneration.

III. Management Board remuneration in the financial year 2023/2024

1. Principles of Management Board remuneration

1.1. Principles for determining Management Board remuneration

The applicable remuneration system for the Management Board in the financial year 2023/2024 makes a significant contribution to the implementation of HEIDELBERG’s strategic objectives. It incentivizes the long-term development of the Company and introduces effective incentives for its value-adding prosperity.

In designing and defining the structure and amount of the remuneration for the individual Management Board members, the Supervisory Board applies the following principles in particular:

Corporate strategy By selecting strategically relevant benchmarks, the remuneration makes a significant contribution to promoting the corporate strategy and thereby supports a long-term and sustainable performance of the Company	Pay for performance The remuneration ensures that outstanding performance by the Management Board is rewarded accordingly and that a failure to meet targets results in a substantial reduction in the remuneration	Suitability and standard conditions The amount and structure of the remuneration are consistent with standard market conditions (horizontal proportionality) and reflect the size, complexity and economic position of the Company
Sustainability Remuneration ensures that environmental, social and governance aspects are appropriately taken into account by integrating ESG criteria into short-term and long-term variable remuneration	Shareholder interests The personal investment and long-term variable compensation components ensure that shareholder interests are taken into account to an appropriate extent	Vertical proportionality The remuneration takes into account the general remuneration structure within the Company in order to ensure proportionality within the Company (vertical proportionality)

1.2. Suitability of Management Board remuneration and standard conditions

The Supervisory Board ensures that the Management Board remuneration is commensurate with the responsibilities and tasks of the Management Board members and the situation of the Company, and that it does not exceed the standard remuneration without good cause.

In addition to taking into account the industry, size, complexity and economic performance of the Company, the review of the suitability of Management Board remuneration ensures that it is consistent with other companies (horizontal comparability) and with the remuneration structure within the Company itself (vertical comparability).

Horizontal comparability is determined by reference to a peer group. This involves comparing the total remuneration at companies that are comparable in terms of industry, size, character, complexity, international activity, earnings power and economic performance. As part of the review of horizontal practice carried out in the financial year 2023/2024, a benchmark comparison was made with the SDAX with regard to the structure and amount of total remuneration entitlements.

In addition to horizontal comparability, the Supervisory Board takes account of the remuneration situation at the level of management below the Management Board and the workforce as a whole when defining the Management Board remuneration (vertical comparability). In determining the fixed annual compensation for the Management Board, it ensures that there is an appropriate gap to the average remuneration of the employees at the next highest level of management and the workforce as a whole.

1.3. Components of Management Board remuneration

In the financial year 2023/2024, Management Board remuneration is composed of performance-related and non-performance-related components.

The non-performance-related components consist of fixed annual compensation, fringe benefits and a pension contribution.

The performance-based remuneration components consist of a short-term variable remuneration component (short-term, one-year variable remuneration or short-term incentive (STI)) and a long-term variable remuneration component (long-term, multi-year variable remuneration or long-term incentive (LTI)).

The following table shows the remuneration components and the contribution they make to promoting the long-term development of the Company and the corporate strategy:

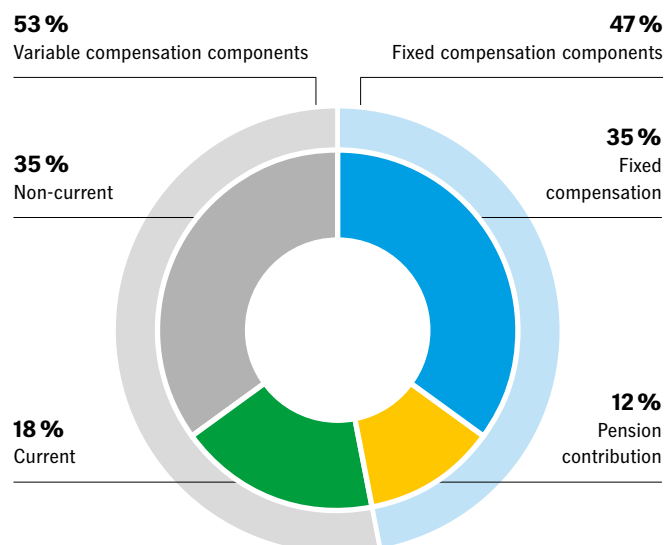
Remuneration component	Structure	Strategic purpose
Non-performance-related compensation components		
Fixed compensation	• Fixed annual compensation • Paid in 12 equal installments	Ensuring competitive capability with attractive, competitive remuneration, thus attracting and retaining qualified Management Board members
Fringe benefits	For example: • Insurance contributions • Company car for professional and private use, expenses for the maintenance of two households	
Pension contribution	Payment of a cash contribution earmarked for private retirement provision in the amount of 35 percent of the fixed compensation	
Performance-related compensation components		
Short-term, variable compensation component – STI		
Plan type	Annual bonus	Incentivizing operational success and annual profitability in line with the business strategy and sustainable management
Performance targets	• 60 percent financial performance criteria • 20 percent strategic milestones • 20 percent sustainability targets	
Cap	Maximum 100 percent of fixed compensation	
Long-term, variable compensation component – LTI		
Plan type	Performance share plan	Incentivizing long-term profitable earnings power and a long-term increase in the shareholder return taking into account the sustainable and long-term development of the Company
Performance period	4 years	
Performance targets	• 30 percent EBIT margin • 25 percent net working capital in relation to sales revenues • 25 percent relative total shareholder return • 20 percent sustainability targets	
Payment	• 100 percent in cash after the end of the performance period	
Cap	Limitation to a maximum of 200 percent of the LTI target amount	
Other contractual components		
Share Ownership Guideline	• Investment in shares of the Company in the amount of 100 percent of the current fixed remuneration • Annual increase due to 20 percent of the performance-related variable remuneration	Increased alignment between the interests of the Management Board and shareholders
Malus/clawback mechanisms	Option for the reduction/repayment of variable compensation components	Incentivizing proper conduct
Maximum compensation	• € 3.6 million for Chief Executive Officer • € 2.4 million for ordinary members of the Management Board	Maximum compensation is in line with regulatory provisions

1.4. Determination and structure of target remuneration

Target remuneration is defined by the Supervisory Board at the recommendation of the Personnel Matters Committee. This includes setting the amount of the remuneration components and determining the overall structure and ratio of the individual components to each other. Once determined, the target remuneration is reviewed at regular intervals. This ensures that the variable remuneration components outweigh the fixed remuneration components. Within the variable remuneration components, the share of long-term variable target remuneration always outweighs the share of short-term variable target remuneration.

Assuming 100 percent target achievement for performance-based remuneration, total target remuneration (not including fringe benefits, including pension contribution) is structured as follows as a matter of principle:

Structure of target compensation



The Supervisory Board has defined the following total target compensation (including fringe benefits and pension contribution) for the members of the Management Board for the financial year 2023/2024. The amount shown for the variable compensation is based on target achievement of 100 percent.

Target compensation

Figures in € thousands

	Dr. Ludwin Monz Chief Executive Officer since April 1, 2022		Tania von der Goltz Chief Financial Officer since January 1, 2023	
	2023/2024	2022/2023	2023/2024	2022/2023
Fixed compensation	900	900	500	125
Fringe benefits	6	6	38	8
Pension contribution	315	315	175	44
Total fixed compensation	1,221	1,221	713	177
Short-term variable compensation	450	450	250	63
Long-term variable remuneration ¹⁾	900	900	500	125
Total variable compensation	1,350	1,350	750	188
Total target compensation	2,571	2,571	1,463	364

1) Duration: 4 years

2. Application of the remuneration system in the financial year 2023/2024

2.1. Non-performance-related compensation components

2.1.1. Fixed compensation

Fixed compensation is paid in 12 equal monthly installments. The fixed compensation of the Chief Executive Officer in relation to the remuneration of an ordinary member of the Management Board takes into account the structure, assigned duties and departmental weighting within the Management Board.

2.1.2. Fringe benefits

Generally speaking, the contractually agreed fringe benefits can include benefits such as insurance contributions, the private use of a Company car as a benefit in kind, and expenses for the maintenance of two households, as well as flights and taxes, in accordance with local conditions. In the financial year 2023/2024, fringe benefits primarily consisted of the value of the private use of a Company car according to the fiscal guidelines.

In addition, the Management Board members are covered by HEIDELBERG's D&O insurance policy with a corresponding deductible in accordance with section 93 (2) AktG that is required to be paid by the respective Management Board member.

The value of the fringe benefits for ordinary members of the Management Board is limited to 15 percent and for CEOs to 20 percent of a one-year fixed remuneration (based on the relevant euro amounts when determining the specific remuneration).

2.1.3. Pension contribution

The members of the Management Board receive a taxable pension contribution in cash in the amount of 35 percent of their fixed compensation (gross) for each financial year. The pension contribution is available for personal use but must be used for pension investment. The pension contribution is paid out against proof of intended purpose. No further pension contributions are granted once the respective member of the Management Board reaches the relevant statutory standard retirement age. The amount set aside for this in the financial year 2023/2024 is € 490 thousand.

2.2. Performance-related compensation components

2.2.1. Short-term variable compensation component

The short-term variable remuneration component (short-term, one-year variable remuneration or short-term incentive (STI)) is granted each year in the form of an annual bonus. The STI provides members of the Management Board with uniform incentives intended to incentivize the operational performance of the Company in the financial year in particular and the achievement of its corporate strategy, also in respect of sustainability targets. The financial targets are derived from the annual budget, which in turn is determined on the basis of multi-year long-term strategic planning. There are also uniform incentives for sustainable action in the form of sustainability targets that do not have a direct financial impact but that serve to promote the achievement of the Company's long-term strategy.

2.2.1.1. System and weighting of performance targets

The STI target is 50 percent of fixed compensation (gross) and is paid out in this amount if the ascertained total of weighted financial and non-financial performance target achievement (key performance indicators (KPIs)) (overall target achievement) amounts to 100 percent. The maximum overall target achievement is 200 percent, which can lead to a maximum payout of 100 percent of fixed compensation. The assessment period is the respective financial year for which the STI is pledged.

The EBITDA margin, calculated as the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) to total sales, free cash flow and net sales, each with a weighting of 20 percent, were defined as financial KPIs for determining the overall target achievement in financial year 2023/2024.

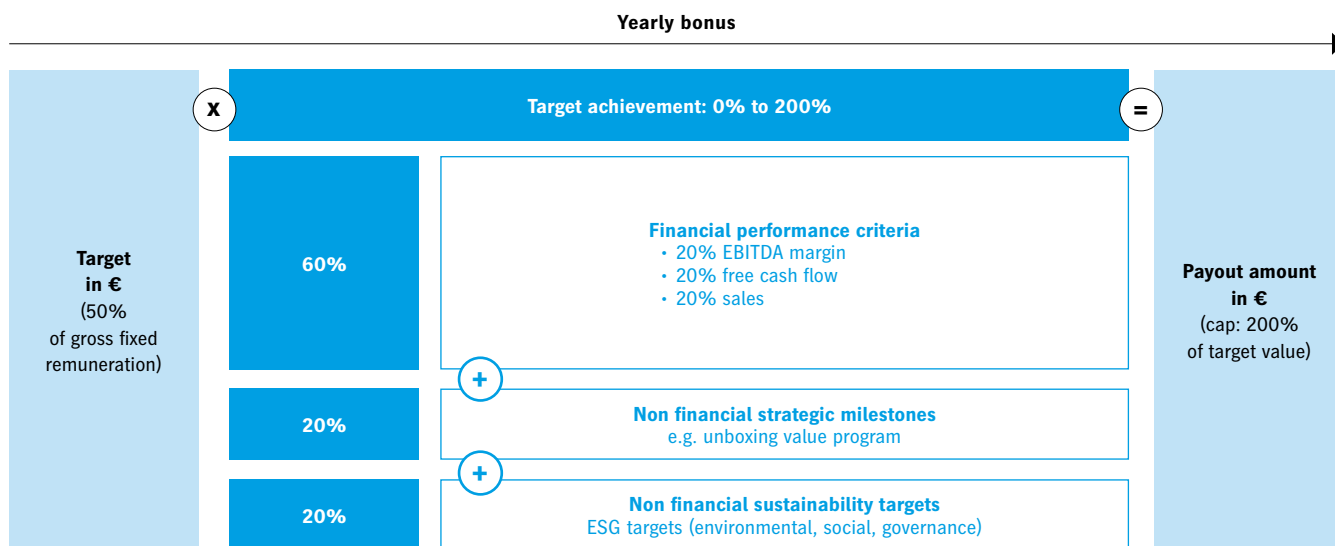
All financial KPIs were taken from HEIDELBERG's consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and were additionally adjusted for exchange rate fluctuations.

In addition, non-financial strategic business objectives with a weighting of 20 percent and non-financial sustainability objectives (environmental/social/governance, ESG) with a weighting of 20 percent were defined in the financial year 2023/2024.

The Supervisory Board determines the target achievement of the financial and non-financial KPIs after the end of the

financial year at its balance sheet meeting. This is based on the figures from the Audit Committee's findings.

The system of variable, short-term compensation is as follows in the financial year 2023/2024:



1) All financial performance criteria are taken from the consolidated financial statements prepared in accordance with IFRS regulations; the performance targets "EBITDA margin" and "sales" are also adjusted for exchange rate fluctuations. The Supervisory Board is entitled to exclude unforeseeable special factors when determining individual performance criteria in order to take into account the objective of an undistorted measurement of management performance.

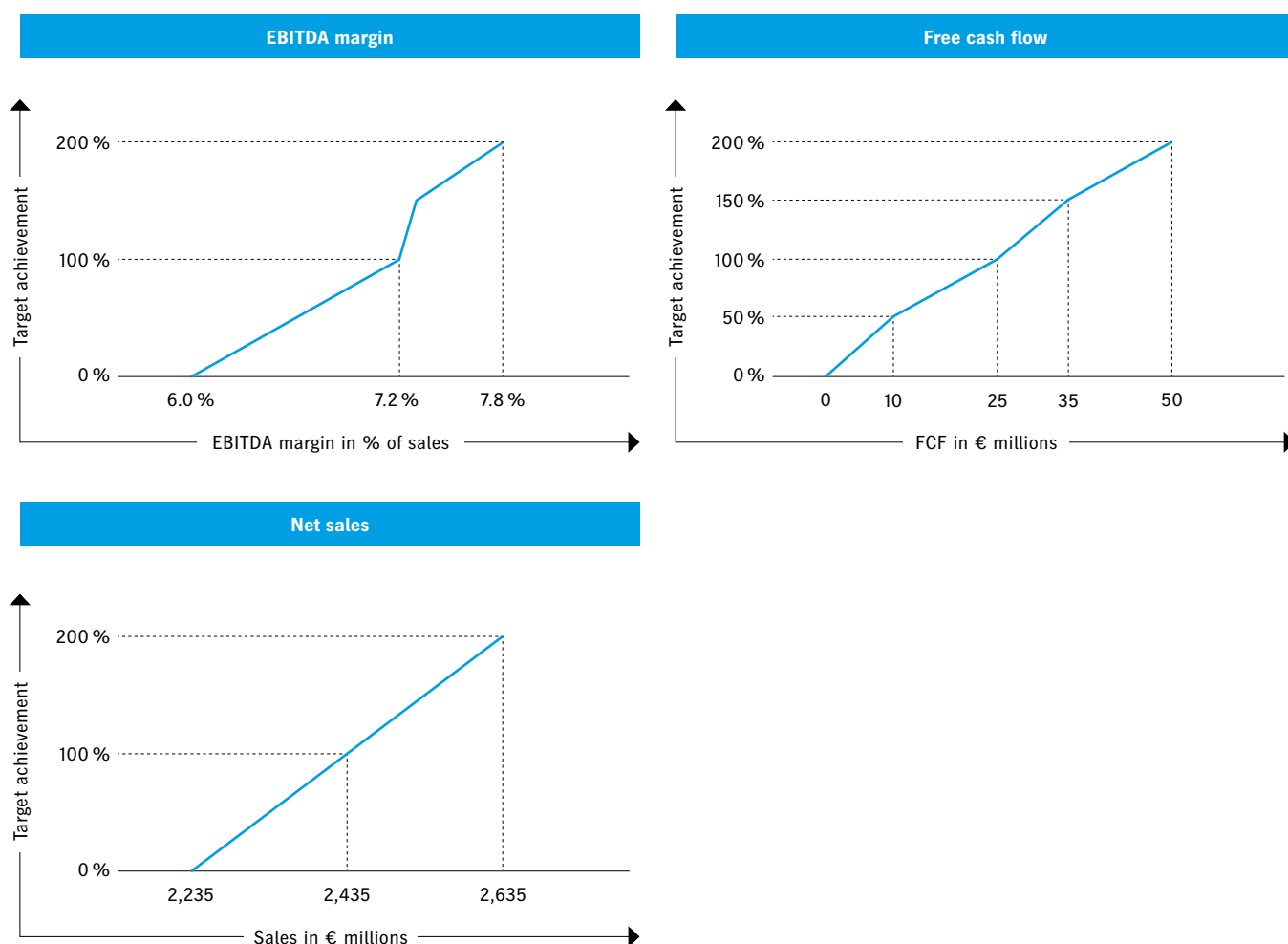
2.2.1.2. Financial performance targets in the financial year 2023/2024

The financial KPIs EBITDA margin, free cash flow and net sales are assigned a target (100 percent target achievement), a lower threshold (0 percent target achievement) and a cap (200 percent target achievement) as well as a low and an upper intermediate target (50 percent and 150 percent). Failure to achieve the threshold results in a target achievement of 0 percent for the respective KPI. Outperforming KPIs can result in a maximum target achievement of 200 percent. If actual performance lies between the threshold and the target or between the target and the cap, the degree of target achievement is determined by linear interpolation. The target and the thresholds are resolved by the Supervisory Board at the proposal of the Personnel Matters Committee for the respective financial year. These targets and thresholds may not be subsequently changed.

In order to establish comparability with the initial figures in line with the capital market information, the Supervisory Board decided to adjust the financial EBITDA margin KPI for short-term variable remuneration in this financial year for two non-recurring effects from legal disputes.

This relates to expenses of € 11 million from product liability cases for machines whose production has already been discontinued and which were produced and sold by the former Linotype-Hell Aktiengesellschaft and its legal successors, as well as income of € 7 million from a legal dispute with a customer in the field of printed electronics. On balance, this results in a positive adjustment effect in the operating result of € 4 million.

The target achievement curves for the financial KPIs are shown below for the financial year 2023/2024:



The thresholds and targets for the financial KPIs EBITDA margin, free cash flow and net sales set for financial year 2023/2024 and their target achievement are as follows:

Short-term variable compensation
Achievement of financial
performance targets 2023/2024

Target achievement

Figures in € millions	0 %	50 %	100 %	150 %	200 %	Actual figure	Target achievement
EBITDA margin	6.0 %	6.6 %	7.2 %	7.3 %	7.8 %	7.27 %	135 %
Free cash flow	0	10	25	35	50	56	200 %
Net sales	2,235	2,335	2,435	2,535	2,635	2,451	107.5 %

1) After adjustment of the financial performance criteria EBITDA margin and sales for exchange rate fluctuations and elimination of the special effects described within the EBITDA margin

2.2.1.3 Non-financial strategic performance targets in the financial year 2023/2024

The financial targets are also supplemented by non-financial strategic performance targets, which are derived from the focal areas of the corporate strategy and defined by the Supervisory Board for each financial year. These focal areas include, in particular, business development and market exploitation, the implementation of portfolio measures and any measures for optimization and value creation.

As with the financial KPIs, measurable targets are also defined for each individually weighted non-financial strategic KPI, which can lead to target achievement from 0 percent (floor) to 200 percent (cap) at defined intervals. These targets are set based on long-term strategic planning and taking into account the values achieved for the previous year. The achievement of

strategic milestones is assessed on the basis of objective assessment criteria defined ex ante. The resulting target achievement is measured by the degree of successful implementation. The individual targets and their achievement are each calculated separately and are included in the overall target achievement according to their individual weighting.

For competitive reasons, we are not disclosing below the specific non-financial strategic performance targets set by the Supervisory Board in the financial year 2023/2024, as the concepts developed and submitted to the Supervisory Board will have a significant influence on HEIDELBERG's future business strategy.

The achievement of the non-financial strategic performance targets was determined as follows in the financial year 2023/2024.

Short-term variable compensation

Achievement of non-financial strategic targets 2023/2024

Strategic performance targets	Weighting	Target achievement
Strategic objective I	5 %	100 %
Strategic objective II	5 %	100 %
Strategic objective III	10 %	100 %

2.2.1.4. Non-financial sustainability objectives in the financial year 2023/2024

For each financial year, the Supervisory Board defines sustainability targets relating to non-financial KPIs such as employee targets, customer targets, environmental targets, diversity targets, transformation targets for digitalization and the establishment of new business models or integrity targets. Among other things, the selected ESG targets support HEIDELBERG's climate strategy, which aims to achieve climate neutrality at the sites by 2030.

As with the financial KPIs, measurable targets are also defined for each non-financial sustainability KPI, which can lead to target achievement from 0 percent (floor) to 200 percent (cap) at defined intervals. These targets are set based on long-term strategic planning and taking into account the values achieved for the previous year. The individual targets and their achievement are each calculated separately and are included in the overall target achievement according to their individual weighting.

For the financial year 2023/2024, the Supervisory Board determined the following target achievements with regard to the non-financial sustainability objectives set:

Short-term variable compensation

Achievement of non-financial sustainability objectives 2023/2024

Sustainability targets	Weighting	Target achievement
Concept for CO ₂ efficiency potential with a focus on Scope 3	10 %	150 %
Draft of a new remuneration and target assessment system for managers	10 %	100 %

2.2.1.5. Total target achievement in the financial year 2023/2024

Target achievement and the payouts for each member of the Management Board were calculated as follows based on the

respective actual figures and target achievement of financial and non-financial KPIs:

Short-term variable compensation

Total target achievement 2023/2024

Financial and non-financial targets	Target achievement	Weighting	Weighted target achievement
EBITDA margin	135 %	20 %	27 %
Free cash flow	200 %	20 %	40 %
Net sales	107.5 %	20 %	21.5 %
Strategic milestones – strategic objective I	100 %	5 %	5 %
Strategic milestones – strategic objective II	100 %	5 %	5 %
Strategic milestones – strategic objective III	100 %	10 %	10 %
Sustainability target – concept for efficiency potential with a focus on scope 3	150 %	10 %	15 %
Sustainability target – draft of a new remuneration and target assessment system for managers	100 %	10 %	10 %
	Total target achievement		133.5 %
Figures in € thousands	Target amount	Total target achievement	Payment amount
Dr. Ludwin Monz	450	133.5 %	601
Tania von der Goltz	250	133.5 %	334

2.2.2. Long-term, variable compensation component

The long-term variable remuneration component (long-term, multi-year variable remuneration – LTI) is allocated in annual tranches in the form of virtual shares. The LTI reflects the long-term strategy and provides the members of the Management Board with uniform incentives for achieving key goals in line with long-term strategic planning. The LTI also takes into account the development in HEIDELBERG's share price, thus ensuring that the interests of the members of the Management Board are consistent with those of the shareholders. With its four-year term, the LTI is intended to incentivize sustainable

and long-term corporate development and to promote the retention of members of the Management Board.

2.2.2.1. System and weighting of performance targets

The annual allocation of the LTI (LTI target) is 100 percent of fixed compensation (gross). The achievement of financial and non-financial performance targets is measured over a period of four financial years (performance period), which serves as the basis for calculating the LTI payment amount. The payout amount calculated in this way is paid out in full in cash at the end of the performance period or in the following financial year.

At the start of the LTI performance period, the LTI target is converted into virtual HEIDELBERG shares and performance targets are defined for measuring target achievement. For this purpose, the arithmetic mean of the closing price of the Company's shares over the 60 trading days immediately preceding the start of the performance period is calculated. The LTI target, divided by the share price calculated in this manner to two decimal places in line with commercial practice, results in the number of virtual shares.

At the end of the performance period, the final number of virtual shares is calculated based on the target achievement of three key performance indicators (KPIs). A target achievement of 100 percent is equivalent to the number of virtual shares allocated at the outset. Maximum target achievement (cap) amounts to 200 percent at most, and can result in a doubling of the virtual shares allocated. Failure to achieve the targets results in a zero payout.

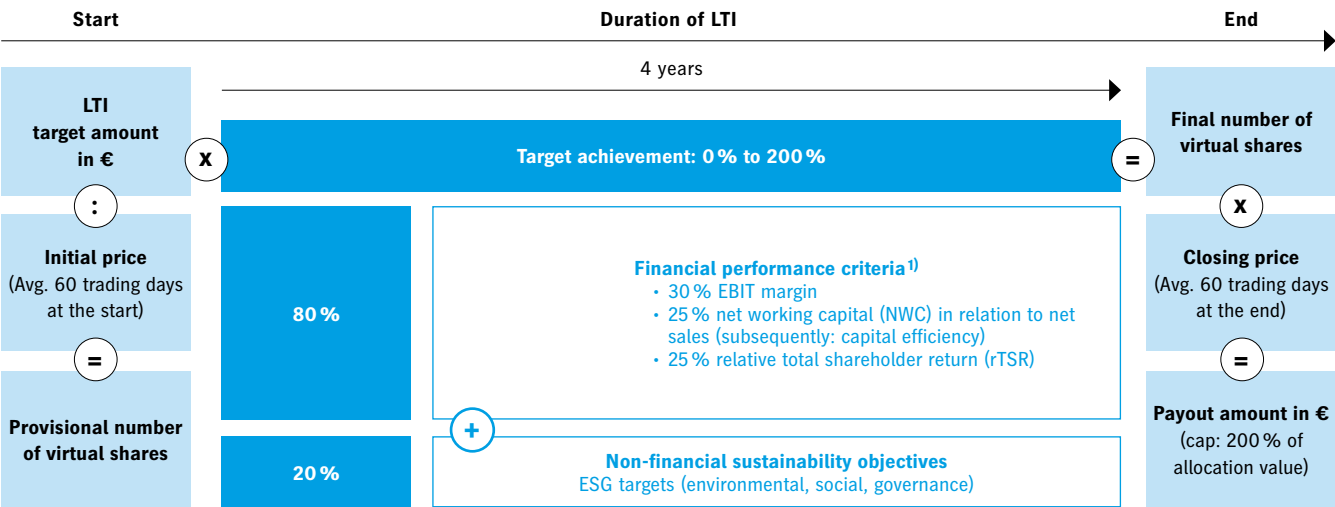
For the LTI allocation in the financial year 2023/2024, the Supervisory Board has set the EBIT margin financial performance targets, defined as the ratio of earnings before interest and taxes (EBIT) to total net sales, with a weighting of 30 percent, net working capital (NWC) in relation to net sales with a weighting of 25 percent and relative total shareholder return (relative TSR) with a weighting of 25 percent. These targets are supplemented by non-financial sustainability objectives with a weighting of 20 percent.

The specific target values of the financial and non-financial performance targets are determined by the Supervisory Board as part of the annual allocation before the start of each LTI tranche. Performance targets are intended to incentivize long-term profitable earnings power in line with the corporate strategy while also ensuring a focus on the interests of shareholders and other stakeholders.

The Supervisory Board determines target achievement at its accounts meeting following the end of the financial year. Overall target achievement is measured over a four-year period and calculated as the arithmetic average of annual target achievement. The final number of virtual shares, also rounded to two decimal places in line with commercial practice, is derived from the ascertained results of the respective target achievement for the KPIs. The cap of 200 percent applicable to the LTI is taken into account.

Based on the arithmetic mean of the closing price of the Company's shares over the 60 trading days immediately preceding the end of the performance period, the final number of these virtual shares is converted into euros and paid out as gross remuneration. Any obligations to buy shares are taken into account.

The system of the multi-year variable remuneration allocated in financial year 2023/2024 is as follows:



1) With the exception of the rTSR, all financial performance criteria are taken from the consolidated financial statements prepared in accordance with IFRS regulations; the performance targets "EBIT margin" and "net working capital (NWC) in relation to sales" are also adjusted for exchange rate fluctuations. The Supervisory Board is entitled to exclude unforeseeable special factors when determining individual performance criteria in order to take into account the objective of an undistorted measurement of management performance

2.2.2.2. Financial performance targets and sustainability targets in the financial year 2023/2024

The Supervisory Board defines a target (100 percent target achievement), a threshold (0 percent target achievement) and a cap (200 percent target achievement) as well as low and upper intermediate targets (50 percent and 150 percent) for each KPI at the start of the performance period. The threshold must be achieved for each KPI – otherwise, the target achievement for this KPI is 0 percent. In the event of outperformance, the maximum target achievement is 200 percent (cap); achievement between values is determined by linear interpolation.

The target **EBIT margin** is set by the Supervisory Board for each of the four performance years at the beginning of the performance period. The EBIT margin is a key financial performance indicator for HEIDELBERG and reflects the Company's profitability in relation to total sales. The final determination of target achievement for the EBIT margin performance criterion is based on the average value of annual target achievement.

As a further financial KPI, the LTI is based on net working capital (NWC) in percent of net sales. This figure is an indicator of the Company's internal financing power and is a relevant control parameter, particularly in HEIDELBERG's value creation process. The target value is set by the Supervisory Board for each of the four performance years at the beginning of the performance period. The final determination of target achievement is based on the average value of the annual target achievement.

Finally, the third financial KPI is based on the **relative total shareholder return (relative TSR)**, which takes into account the share price performance of the HEIDELBERG share plus theoretically reinvested gross dividends during the four-year performance period in relation to other share price developments. A combination of the two equally weighted indices, DAXsubsector Industrial Machinery and MSCI Europe Capital Goods, is used as a peer group in order to take into account reference values of national and international listed companies with a comparable business segment. To calculate target achievement, the arithmetic mean of the closing prices (with up to four decimal places) for the HEIDELBERG share and the two indices over the last 60 stock exchange trading days before the start of the performance period and over the last 60 stock

exchange trading days before the end of the performance period is determined and compared. The 100 percent target value for the relative TSR requires an outperformance of up to one percentage point compared to the defined peer group. Defined ranges for over- and under-performance are set by the Supervisory Board at the beginning of the performance period and are based on the prevailing market practice.

The non-financial targets include **sustainability objectives** (environmental/social/governance, ESG). Here, too, targets and ranges for over- and underperformance are defined by the Supervisory Board. At the beginning of the performance period, the Supervisory Board sets targets relating to non-financial KPIs such as environmental targets, employee targets, efficiency targets and other sustainability objectives that can be set by the Supervisory Board. The sustainability objectives selected by the Supervisory Board are always in line with the strategic orientation and differ from the sustainability objectives defined as part of the STI.

2.3. Share Ownership Guideline

For the duration of their appointment to the Management Board, the members of the Management Board must build up and hold a portfolio of shares in the Company. The portfolio and the necessary share investment are valued at the time when the variable remuneration is paid out. The portfolio must be built up to match the amount of current gross fixed compensation (minimum value). Shares in the Company already held are counted towards this value.

The Company is entitled to invest 20 percent of the STI (before deduction of taxes and contributions) in the form of shares in the Company. The Company commissions a bank or financial services provider to execute the transaction, i.e. to acquire the shares in the name and for the account of the Management Board member, and bears the associated processing and custody costs. The Company's entitlement to invest elements of the STI to build up the share investment portfolio in the form of shares ends when the member leaves office.

Shares can only be sold from the share investment portfolio during their term in office if the above minimum value is demonstrably complied with and statutory and regulatory restrictions do not prohibit the sale.

At the end of the financial year 2023/2024, the members of the Management Board held the following number of shares:

Share Ownership Guideline¹⁾			
	Target		Status quo
	in € thousands	in € thousands	in %
Dr. Ludwin Monz	900	70	8%
Tania von der Goltz	500	10	2%

1) The purchase of shares in Heidelberger Druckmaschinen AG to fulfill the Share Ownership Guideline is made from the amount paid out as variable remuneration.

2.4. Malus/clawback

The Company has the right to claim back payments made to members of the Management Board under the STI and/or LTI, or to delay or cancel pending payments not yet made, if it emerges that the payout was wholly or partially unwarranted because targets were not actually achieved or not achieved to the extent assumed when the payment was calculated.

Furthermore, the Company can claim back variable remuneration already paid out if the member of the Management Board was significantly involved in or responsible for conduct that led to significant losses for the Company or regulatory sanctions, or has severely violated relevant external or internal regulations concerning suitability and conduct. The claim to repayment can be triggered by misconduct on the part of the member of the Management Board regarding compliance and appropriate conduct or a miscalculation of variable remuneration. Moreover, a claim to repayment of variable remuneration already paid out can arise if it emerges after the end of the performance period that a target was not achieved (bonus-malus).

Furthermore, a payout can be canceled in full or in part if, after determination but before payout, a material deterioration in the situation of the Company is found to have occurred.

If the appointment of a member of the Management Board is revoked for cause in the course of a financial year in accordance with section 84 (4) AktG, the Supervisory Board can decide at its own discretion whether any claim to the payment of variable remuneration components for the current, past or future financial years will be canceled.

Furthermore, in the event of the actions of the Management Board not being formally approved by the Annual General

Meeting or for cause, including in particular ongoing internal or external investigations, the Supervisory Board has the option of delaying the payment of these components after deliberation.

Remuneration can be canceled in full if there is cause for which a member of the Management Board is responsible that entitles or would have entitled the Supervisory Board to revoke their appointment or to cancel their Management Board contract for cause as referred to by section 626 of the German Civil Code (BGB).

As of the reporting date, there are no cases that would have required the reduction or repayment of variable compensation components for the financial year 2023/2024.

2.5. Early termination benefits

If the appointment of a member of the Management Board is revoked and there is cause as referred to by section 626 BGB, their contract also ends as of the date that the revocation of their appointment becomes effective. In such an event, no further payments will be made to the member of the Management Board from the date that the revocation becomes effective.

In the event of the early termination of a Management Board contract, outstanding variable remuneration components relating to the period before contract termination and earned pro rata temporis will be paid out according to the originally agreed targets, comparative parameters and the periods established in the remuneration system.

Payments to a member of the Management Board in the event of early termination of work on the Management Board must not exceed the value of two years' remuneration (severance cap) and must not constitute compensation for more than the remaining term of the member's contract. In the event of a post-contractual non-compete clause, the severance payment counts towards the compensation.

2.6. Compliance with maximum compensation

The remuneration system sets out maximum compensation in accordance with section 87a (1) sentence 2 no. 1 AktG. The annual maximum compensation is € 3.6 million for the Chief Executive Officer and € 2.4 million for each ordinary member of the Management Board. The Supervisory Board ensures that the defined maximum compensation is complied with.

Maximum compensation refers to all remuneration components pledged in the financial year within the meaning of

section 87 of the German Stock Corporation Act (AktG). In the financial year 2023/2024, no statement can yet be made on compliance with the maximum compensation, as the actual compensation to be compared with the maximum compensation can only be determined at the end of the four-year performance period of the first LTI granted under the new remuneration system.

3. Compensation paid and owed in the financial year 2023/2024

3.1. Remuneration of current Management Board members

The following table shows the compensation paid and owed to the current members of the Management Board in the financial year 2023/2024 in accordance with section 162 (1) sentence 1 AktG. The short-term and long-term variable compensation components are reported as of the end of the financial year in which the one-year or four-year performance period ends. In addition to the performance of the underlying activity, the inclusion of the respective amount implies that the variable compensation components have been vested and that all conditions precedent or subsequent have been fulfilled

or no longer apply. This enables the reporting of the variable compensation components payable for the respective period and a comparison with the Company's performance in the corresponding financial year for which target achievement is calculated (pay for performance).

Regarding the LTI tranche allocated for financial year 2022/2023 on the basis of a relevant price of € 2.5862 per share and taking into account new members during the year, the "target number" of virtual shares for payment in shares is 198,167.20 for the two active members of the Management Board. Of these shares, 174,000.47 relate to Dr. Ludwin Monz and 24,166.73 to Tania von der Goltz. The relevant three-year performance period will end as of March 31, 2025.

3.2. Remuneration of former Management Board members

Former members of the Management Board were granted and owed pension benefits of € 2,474 thousand in the financial year 2023/2024, of which € 14 thousand was attributable to Dr. Gerold Linzbach.

Compensation paid and owed

	Dr. Ludwin Monz Chief Executive Officer				Tania von der Goltz Chief Financial Officer			
	2023/2024		2022/2023		2023/2024		2022/2023	
	in € thousands	in %	in € thousands	in %	in € thousands	in %	in € thousands	in %
Fixed compensation	900	49 %	900	53 %	500	48 %	125	51 %
Fringe benefits	6	1 %	6	0 %	38	3 %	8	3 %
Pension contribution	315	17 %	315	18 %	175	17 %	44	18 %
Total fixed compensation	1,221	67 %	1,221	71 %	713	68 %	177	72 %
Short-term variable compensation								
STI 2023/2024	601	33 %	-	-	334	32 %	-	-
STI 2022/2023	-	-	490	29 %	-	-	68	28 %
Long-term variable remuneration ¹⁾								
Tranche 2023/2024 – 2026/2027	-	-	-	-	-	-	-	-
Tranche 2022/2023 – 2024/2025	-	-	-	-	-	-	-	-
Total variable compensation	601	33 %	490	29 %	334	32 %	68	28 %
Total compensation in accordance with section 162 AktG	1,822	100 %	1,711	100 %	1,047	100 %	245	100 %

1) Due to Dr. Monz and Ms. von der Goltz joining the Company in the financial year 2022/2023, no payment will yet be made from the long-term variable remuneration.

IV. Supervisory Board remuneration in the financial year 2023/2024

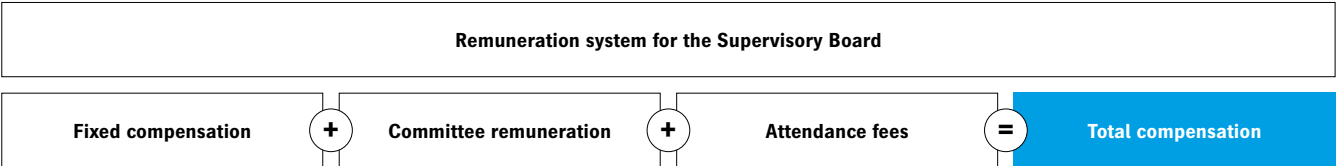
1. Principles of Supervisory Board remuneration

The remuneration system for HEIDELBERG’s Supervisory Board was approved by the Annual General Meeting on July 23, 2021, with 99.09 percent of the votes cast.

The remuneration of the members of the Supervisory Board is governed by Article 16 of the Articles of Association and reflects the responsibility and activities of the members of the

Supervisory Board. By monitoring the management activity of the Management Board in line with its duties, the Supervisory Board contributes to the promotion of the corporate strategy and the long-term development of the Company. The remuneration system for the Supervisory Board also complies with the recommendations and suggestions of the GCGC.

Supervisory Board remuneration is composed of fixed compensation and attendance fees for the meetings of certain committees (committee remuneration) as well as attendance fees for meetings of the full Supervisory Board.



Each member of the Supervisory Board receives fixed annual compensation of € 40,000. The Chair of the Supervisory Board receives three times this amount, the Deputy Chair twice this amount.

The members of the Management Committee, the Audit Committee and the Committee on Arranging Personnel Matters of the Management Board receive additional compensation for work on these committees. Each committee member receives compensation of € 1,500 per meeting for participation in a meeting of one of these committees. The Chair of the Audit Committee receives compensation of € 4,500 per meeting; the Chair of the Management Committee and the Chair of the Committee on Arranging Personnel Matters of the Management Board receive compensation of € 2,500 per meeting.

The members of the Supervisory Board also receive an attendance fee of € 500 per meeting for attending a meeting of the Supervisory Board. For the meetings of the Management Committee, the Audit Committee or the Committee on Arranging Personnel Matters of the Management Board, the members of the corresponding committee also receive an attendance fee of € 500 if the committee meeting does not take place on the day of the Supervisory Board meeting. Furthermore, the expenses incurred by members of the Supervisory Board and any VAT payable on them are reimbursed.

In order to reinforce the Supervisory Board’s role as a controlling body, compensation does not include a variable, performance-based component. The members of the union and of the Works Council have declared that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines of IG Metall.

Supervisory Board remuneration

Fixed compensation		
Chair	Deputy Chair	Member
€ 120,000	€ 80,000	€ 40,000
Committee remuneration (per meeting)		
Committee	Chair	Member
Audit Committee	€ 4,500	€ 1,500
Management Committee	€ 2,500	€ 1,500
Personnel Matters Committee	€ 2,500	€ 1,500
Attendance fees		
Full Supervisory Board	Audit Committee, Management Committee, Personnel Matters Committee ¹⁾	
€ 500	€ 500	

1) If the committee meeting does not take place on the day of the Supervisory Board meeting

2. Compensation paid and owed in the financial year 2023/2024

The following table shows the compensation paid and owed to the individual members of the Supervisory Board in the financial year 2023/2024. The total compensation is broken down into fixed compensation, committee remuneration and attendance fees.

Supervisory Board remuneration

Figures in € thousand	Fixed compensation		Committee remuneration		Attendance fees		Total compensation	
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023
Dr. Martin Sonnenschein (Chair)	120	120	23	24	10	10	153	154
Ralph Arns (Deputy Chair)	80	80	17	18	8	9	105	107
Dr. Bernhard Buck (until July 26, 2023)	13	40	0	0	2	5	15	45
Gerald Dörr	40	40	8	9	7	7	55	56
Mirko Geiger	40	40	8	12	5	8	53	60
Oliver Jung	40	40	8	12	7	9	55	61
Li Li	40	40	0	0	4	4	44	44
Dr. Fritz Oesterle	40	40	8	6	6	6	54	52
Petra Otte	40	40	0	0	3	5	43	45
Ferdinand Rüesch	40	40	9	9	9	7	58	56
Ina Schlie	40	40	22	23	6	7	68	70
Beate Schmitt	40	40	16	15	9	8	65	63
Holger Steuerwald (since July 26, 2023)	30	0	0	0	2	0	32	0
Total	603	600	119	128	78	85	800	813

V. Comparative presentation of remuneration and earnings performance

The following table presents the annual change in the remuneration of the Management Board and Supervisory Board members, the average remuneration of the Company's employees and the Company's earnings performance over the last three financial years in accordance with section 162 (1) sentence 2 no. 2 AktG.

The presentation of the Company's earnings performance is based on the net profit/loss of the Company in accordance with the German Commercial Code (HGB) and Group EBITDA/EBT

in accordance with IFRS. These are key performance indicators that reflect the earnings power of the Company's business activity.

The presentation of the remuneration of the Company's employees (FTEs) is based on the workforce of Heidelberger Druckmaschinen Aktiengesellschaft. Average employee remuneration is calculated by dividing IFRS staff costs by the average number of employees of the Company (FTEs).

Comparative presentation							
	2023/2024	2022/2023	Change 2023/ 2024 – 2022/2023	2021/2022	Change 2022/ 2023 – 2021/2022	2020/2021	Change 2021/ 2022 – 2020/2021
	in € thousands	in € thousands	in %	in € thousands	in %	in € thousands	in %
Earnings performance							
Net profit/loss of the Company (HGB)	66,814	–60,122	209 %	–10,792	–457 %	119,256	–109 %
EBITDA of the Group (IFRS)	167,788	209,471	–20 %	160,160	31 %	95,473	68 %
Group EBT (IFRS)	54,871	111,677	–51 %	50,800	120 %	–23,367	317 %
Employees							
Avg. employee remuneration	82	85	–3 %	83	2 %	93	–10 %
Management Board							
Dr. Ludwin Monz (since April 1, 2022)	1,822	1,711	6 %	–	n/a	–	n/a
Tania von der Goltz (since January 1, 2023) ¹⁾	1,047	245	327 %	–	n/a	–	n/a
Former Management Board members							
Dr. Gerold Linzbach (until November 13, 2016)	14	22	–36 %	22	0 %	22	0 %
Supervisory Board							
Dr. Martin Sonnenschein	153	154	0 %	163	–6 %	165	–1 %
Ralph Arns	105	107	–1 %	113	–5 %	115	–1 %
Dr. Bernhard Buck (until July 26, 2023)	15	45	–67 %	34	34 %	–	n/a
Gerald Dörr	55	56	0 %	64	–12 %	65	–2 %
Mirko Geiger	53	60	–10 %	58	4 %	64	–9 %
Oliver Jung	55	61	–10 %	57	8 %	73	–22 %
Li Li	44	44	0 %	44	0 %	44	1 %
Dr. Fritz Oesterle	54	52	4 %	47	11 %	–	n/a
Petra Otte	43	45	–4 %	44	2 %	44	1 %
Ferdinand Rüesch	58	56	4 %	64	–12 %	65	–2 %
Ina Schlie	68	70	–1 %	69	2 %	43	59 %
Beate Schmitt	65	63	5 %	69	–9 %	65	7 %
Holger Steuerwald (since July 26, 2023)	32	–	n/a	–	n/a	–	n/a

1) Due to the arrival of Ms. von der Goltz on January 1, 2023, the amount of remuneration is only comparable with the previous financial year 2022/2023 to a limited extent.

VI. Report on the audit

Independent Auditor's Report

To Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg

Report on the audit of the remuneration report

We have audited the attached remuneration report of Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg, for the financial year from April 1, 2023, to March 31, 2024, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of Management and the Supervisory Board

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

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts, including the related disclosures, in the remuneration report. The procedures selected depend on the auditor's professional judgement. This includes an assessment of the risks of material misstatement, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor considers the internal control system relevant for the preparation of the remuneration report, including the related disclosures. The objective is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the Supervisory Board, as well as evaluating the overall presentation of the remuneration report, including the related disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from April 1, 2023, to March 31, 2024, including the related disclosures, complies, in all material respects, with the financial reporting requirements of Section 162 AktG.

Other matter – formal examination of the remuneration report

The substantive audit of the remuneration report described in this independent auditor's report includes the formal examination of the remuneration report required by Section 162 (3) AktG, including issuing an assurance report on this examination. As we have issued an unqualified opinion on the substantive audit of the remuneration report, this opinion includes the conclusion that the disclosures pursuant to Section 162 (1) and (2) AktG have been made, in all material respects, in the remuneration report.

Limitation of liability

The terms governing this engagement, in fulfillment of which we performed the services detailed above for Heidelberger Druckmaschinen Aktiengesellschaft, are set out in the General Engagement Terms for German Public Auditors and Public Audit Firms as amended on January 1, 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Mannheim, June 5, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Mokler	Prof. Dr. Schütte-Biastoch
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Corporate Governance Declaration

The Corporate Governance Declaration in accordance with sections 289f and 315d of the German Commercial Code (HGB) has been combined for Heidelberger Druckmaschinen Aktiengesellschaft and the HEIDELBERG Group. Unless expressly indicated otherwise below, the information shown and statements made apply to both Heidelberger Druckmaschinen Aktiengesellschaft and the HEIDELBERG Group. In this declaration on the management of the Company, the Management Board and the Supervisory Board also report on corporate governance. The Corporate Governance Declaration is also available on our website at www.heidelberg.com under About us > Company > Corporate Governance > Corporate Governance Declaration.

This Corporate Governance Declaration contains the declaration of compliance in accordance with section 161 of the German Stock Corporation Act (AktG), relevant information about corporate governance practices, descriptions of the working procedures of the Management Board and the Supervisory Board, and the composition and working procedures of the committees, and information on the targets for the proportion of women and the Company's diversity concept.

1. Basic information

Our actions are characterized by the principles of responsible corporate management and monitoring (corporate governance). Corporate governance enjoys a high priority at Heidelberger Druckmaschinen Aktiengesellschaft. It is the foundation for the trust of shareholders, customers, investors, employees, the financial markets and the public in our Company.

As Heidelberger Druckmaschinen Aktiengesellschaft is a listed company (German securities code number (WKN) 731400, ISIN DE0007314007) domiciled in Germany and entered in the commercial register of the Mannheim Local Court under HRB 330004, corporate governance and the requirements for its corporate management are regulated primarily by the German Stock Corporation Act (AktG), the German Codetermination Act (MitbestG), the suggestions, recommendations and principles of the German Corporate Governance Code (in its most recent version), the Articles of Association of Heidelberger Druckmaschinen Aktiengesellschaft, and the Rules of Procedure for the Supervisory Board and the Management

Board. The Rules of Procedure for the Management Board and the Supervisory Board in their most recent version can be found on the website of Heidelberger Druckmaschinen Aktiengesellschaft (www.heidelberg.com) under About us > Corporate Governance > Articles of Association and Rules of Procedure.

The recommendations, suggestions and principles of the Code were also complied with in the financial year 2023/2024, with only one exception. Ensuring effective management and control in an evolving corporate structure remains the priority. It is regularly checked to ensure that laws and mandatory regulations are complied with and that recognized standards and recommendations are followed in addition to the Company's values, Code of Conduct and corporate guidelines (Compliance).

2. Current declaration of compliance

The Management Board and the Supervisory Board addressed the recommendations of the German Corporate Governance Code in the financial year 2023/2024. The consultations resulted in the adoption of the annual declaration of compliance on November 23, 2023:

"The Management Board and Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft hereby issue the following declaration of compliance in accordance with section 161 AktG:

Declaration of compliance with the German Corporate Governance Code as amended on April 28, 2022

Since issuing its last declaration of compliance on November 24, 2022 Heidelberger Druckmaschinen Aktiengesellschaft has complied with all of the recommendations of the "Government Commission on the German Corporate Governance Code" in the version dated April 28, 2022 ("Code 2022") published by the Federal Ministry of Justice in the official section of the Federal Gazette on June 27, 2022 with the following exception and will comply with the recommendations of the Code 2022 with the following exception:

Heidelberger Druckmaschinen Aktiengesellschaft has deviated from recommendation C.14 of the 2022 Code, which states that résumés for all members of the Supervisory Board should be published and updated on the Company's website each year, and will continue to do so in the future to the extent that the Company publishes only the résumés of the shareholder representatives on the Supervisory Board on its website on account of the data protection interests of its employees."

The Management Board and the Supervisory Board provisionally intend to update the annual declaration of compliance on November 28, 2024 following due examination. You can then access this declaration at www.heidelberg.com under About us > Company > Corporate Governance > Declaration of Compliance; the same applies to previous declarations of compliance, which are also available there.

3. Remuneration report and remuneration system

The applicable remuneration system for the Management Board in accordance with section 87a para. 1 and 2 sentence 1 AktG, which was approved by the Annual General Meeting on July 26, 2023 is available on our website at www.heidelberg.com under About us > Company > Corporate Governance > Executive bodies of the Company > Management Board > Remuneration. This section of the website also contains the remuneration report for the financial year 2023/2024 and the auditor's report on the audit of the remuneration report in accordance with section 162 AktG. The resolution adopted by the Annual General Meeting on July 23, 2021 in accordance with section 113 para. 3 AktG on the remuneration of Supervisory Board members is available at www.heidelberg.com under About us > Company > Corporate Governance > Executive bodies of the Company > Supervisory Board > Remuneration. The remuneration report in accordance with section 162 AktG for the 2023/2024 financial year and the corresponding auditor's report can also be found in this Annual Report under "Supervisory Board and Corporate Governance".

4. Information on corporate governance practices

The Company follows a comprehensive system of internal guidelines, at the top of which are the Company's mission statement and values. Seven principles on the topics of management, organization, code of conduct (for employees and business partners), quality standards, environmental policy and the policy statement on human rights form the framework for more detailed specifications (e.g. guidelines, work/operating instructions), which also include occupational health and safety and product safety.

For Heidelberger Druckmaschinen Aktiengesellschaft, compliance is a fundamental element of successful management and good corporate governance. Heidelberger Druckmaschinen Aktiengesellschaft is aware of its social role and its respon-

sibility towards its customers, suppliers, business partners, employees and shareholders. Reliability in respect of its business partners, the quality of its products and services, proper processes and legal compliance are key principles for the business activities of Heidelberger Druckmaschinen Aktiengesellschaft.

The "Code of Conduct for Employees" is used as a guideline for all employees worldwide and is both a binding framework and orientation for our daily actions and decisions. This extends from clear requirements for legal compliance through to recommendations on conduct in respect of business partners and employees. In addition, the Company's values are communicated to our suppliers via the "Code of Conduct for Business Partners".

The Management Board and managers work together to ensure compliance with the internal regulations, which are regularly reviewed and updated. In addition, various reporting channels (e.g. SpeakUp, external ombudsman's office) are available to receive confidential reports from employees and third parties that give rise to suspicions of criminal offenses or other violations of the law or (internal) rules. See also the "Compliance" section in this Annual Report.

We have also published our "Code of Conduct for Employees" and our "Code of Conduct for Business Partners" on our website at www.heidelberg.com under About us > Company > Compliance. In addition, the values of the HEIDELBERG Group, our quality standards and our environmental policy are published at www.heidelberg.com under About us > Company > Corporate Governance > The values of the HEIDELBERG Group. We have published our policy statement on human rights at www.heidelberg.com under About us > Company > Sustainability > Social responsibility > Human rights.

5. Description of the working procedures of the Management Board and the Supervisory Board

In accordance with the requirements of the German Stock Corporation Act (AktG), the management system of the Company is divided into a management body, the Management Board, and a monitoring body, the Supervisory Board. This dual management system as prescribed by the German Stock Corporation Act (AktG) provides for a personal and functional separation between the management body (Management Board) and the monitoring body (Supervisory Board). The Management Board is responsible for managing the Company, while the

Supervisory Board monitors and advises the Management Board. Another executive body of the Company is the Annual General Meeting, in which the shareholders, as the owners of the Company, can exercise their rights.

The Management Board currently consists of two members.

The Supervisory Board consists of 12 members, half of whom are elected by the shareholders and half by the employees in accordance with the provisions of the German Stock Corporation Act (AktG) and the German Codetermination Act (MitbestG). Information on the current composition of the Management Board and Supervisory Board and the mandates of their members can be found in our Annual Report at the end of the financial section.

In addition to the legal requirements, the Articles of Association of the Company and the principles and recommendations of the German Corporate Governance Code, the activities, duties and internal organization of the Management Board are detailed in the Rules of Procedure for the Management Board in particular. Together with the Rules of Procedure for the Supervisory Board, the Rules of Procedure for the Management Board also regulate cooperation between the two executive bodies. We have published the Rules of Procedure for the Management Board, which also include the current executive organizational chart, and the Rules of Procedure for the Supervisory Board on our website www.heidelberg.com under About us > Company > Corporate Governance > Articles of Association and Rules of Procedure.

On the basis of the Articles of Association of the Company and the Rules of Procedure for the Management Board and the Supervisory Board, the detailed working methods of the Management Board and the Supervisory Board and the detailed cooperation between the executive bodies of the Company are as follows:

The Management Board manages the Company under its own authority with the goal of generating sustained value added. It has an obligation to the interests of the Company and takes into account the concerns of its shareholders, employees and other groups affiliated to the Company (stakeholders). The members of the Management Board are jointly responsible for overall management. They work cooperatively and inform each other about key measures and processes within their departments. The Management Board conducts the Company's business in accordance with the law, the Articles of Association and the Rules of Procedure. It also ensures compliance with these provisions and corporate policies within the Group in

addition to ensuring appropriate risk and opportunity management. Further information can be found in the risk and opportunity report in the management report of this Annual Report. As a result of its examination of the internal control and risk management system and the reports by the Internal Audit function, the Management Board is not aware of any circumstances indicating that these systems were inappropriate or ineffective.

Corporate Sustainability, which defines the framework of the strategic sustainability orientation and deals with the implementation of current ESG (environmental, social and governance) topics in the individual divisions, has been established under the leadership of the Chief Executive Officer. The Head of Corporate Sustainability reports regularly to the Chief Executive Officer, to whom this area is assigned under the allocation of duties.

The Head of Corporate Sustainability also chairs the interdisciplinary ESG Council, which is responsible for the ESG strategy and its implementation and, in addition to the CEO, also includes managers from various specialist areas. Detailed information on ESG issues at HEIDELBERG can be found in our separately published non-financial report.

The Management Board ensures that the risks and opportunities for the Company in connection with social and environmental factors and the ecological and social impacts of the Company's activities are systematically identified and evaluated. In addition to long-term economic targets, the corporate strategy takes appropriate account of ecological and social targets. In addition to long-term economic goals, the corporate planning also includes corresponding sustainability-related (ESG) goals. Further information on sustainability can be found on the Company's website at www.heidelberg.com under About us > Company > Sustainability.

The Supervisory Board advises on and monitors the Management Board's management of the Company. All of the members of the Supervisory Board have the same rights and obligations regarding their activities and responsibilities on the Supervisory Board. They are not required to comply with orders or instructions.

The monitoring and advisory activities performed by the Supervisory Board take particular account of sustainability issues in the context of environmental, social and governance (ESG) topics. The Supervisory Board receives regular reports from the Management Board on the Group-wide sustainability strategy at Heidelberg Druckmaschinen Aktiengesellschaft

and the status of implementation of this strategy. The Supervisory Board addresses the risks and opportunities for Heidelberger Druckmaschinen Aktiengesellschaft in connection with social and environmental factors as well as the ecological and social impacts of the Company's activities. The Supervisory Board and the Audit Committee also address sustainability reporting, which encompasses the non-financial report as well as the reporting on non-financial topics in the management report, and ensure that they are informed about new developments and the status of implementation at Heidelberger Druckmaschinen Aktiengesellschaft.

At the time of reporting, the Supervisory Board consists of the following members:

Name
Dr. Martin Sonnenschein – Chair of the Supervisory Board
Ralph Arns* – Deputy Chair of the Supervisory Board
Gerald Dörr*
Mirko Geiger*
Oliver Jung
Li Li
Dr. Fritz Oesterle
Petra Otte*
Ferdinand Rüesch
Beate Schmitt*
Ina Schlie
Holger Steuerwald*

* Employee representatives

Further information on all members of the Supervisory Board in office during the reporting period can be found in our Annual Report at the end of the financial section and on our website www.heidelberg.com under About us > Company > Corporate Governance > Executive bodies of the Company > Supervisory Board.

The Management Board works with the Supervisory Board on a basis of trust for the good of the Company. The Management Board is responsible for providing the Supervisory Board with sufficient information. The Supervisory Board actively supports this process in line with its own Rules of Procedure.

The Management Board must prepare the annual and consolidated financial statements and the combined management report for the previous financial year in the first three months of the financial year and submit these to the Supervisory Board immediately after their preparation. At the same time, the

Management Board must submit to the Supervisory Board the proposal it wishes to make to the Annual General Meeting for the appropriation of the net profit. The separate combined non-financial report is also presented to the Supervisory Board immediately after it has been prepared.

The Supervisory Board examines the annual and consolidated financial statements, the combined management report and any proposal for the appropriation of net profit. Following discussions with the auditor and taking into account the audit reports prepared by the auditor and the audit findings of the Audit Committee, the Supervisory Board declares whether it has any objections to raise based on the final result of its own examination. If this is not the case, the Supervisory Board approves the financial statements and declares its agreement for the combined management report; once approved, the annual financial statements are adopted. The Supervisory Board also examines the separate combined non-financial report. The Supervisory Board reports to the Annual General Meeting on the results of its examination and the nature and extent of its monitoring of the Management Board during the past financial year.

The Management Board reports on its strategy, its intended business policy and other fundamental corporate planning issues at Company and Group level at least once a year. This report sets out the focal points for the Management Board's planned management of the Company. In particular, this includes an explanation of the intended development and strategic orientation of the Group including the sustainability strategy, a presentation of the financial and accounting policy for the Group and its divisions, and an explanation of and reasons for deviations between previously reported objectives and actual performance. Irrespective of this, the Chair of the Supervisory Board maintains regular contact with the Chair of the Management Board and discusses the strategy, business performance and risk management of the Company with him.

At the meeting of the Supervisory Board in connection with the resolution on the single-entity and consolidated financial statements (the accounts meeting), the Management Board reports on the profitability of the Company and the Group. This report includes details of the earnings power of the Group as a whole and its individual divisions on the basis of informative profitability data, with comparisons against the previous year and against forecasts in each case.

In accordance with the Articles of Association and the Rules of Procedure, the Management Board requires the approval of the Supervisory Board for acquisitions, disposals and the

encumbrance of property and hereditary building rights, for acquisitions and disposals of shares in companies and for accepting warranties, guarantees or similar liabilities if their value exceeds the limits set out in the Articles of Association and/or the Rules of Procedure. Taking out bonds also requires the approval of the Supervisory Board. The Rules of Procedure of the Management Board and the Supervisory Board provide for additional actions that require approval and how this is regulated. The Supervisory Board granted its approval for individual transactions to the extent required by law and the Articles of Association or the Rules of Procedure for the Management Board.

The Supervisory Board's tasks include the appointment and, where applicable, dismissal of the members of the Management Board. The Supervisory Board also defines the individual total compensation of the members of the Management Board at the proposal of the Personnel Matters Committee and resolves and regularly reviews the compensation system for the Management Board.

The Supervisory Board works with the Management Board and with the support of the Personnel Matters Committee to ensure the long-term succession planning for the Management Board. In addition to the requirements of the German Stock Corporation Act (AktG) and the German Corporate Governance Code, long-term succession planning takes qualifications, professional experience and diversity into account in particular. The Personnel Matters Committee advises on succession planning for the Management Board.

In filling Management Board positions, the Personnel Matters Committee generally performs an initial selection of suitable candidates and conducts interviews with them, taking into account the respective requirement profile. The Personnel Matters Committee reports to the Supervisory Board on this process, presents individual candidates to the Supervisory Board, and submits a recommended resolution to the Supervisory Board. In identifying and selecting candidates, the Supervisory Board and the Personnel Matters Committee are supported by external advisors as necessary.

The fixed age limit for the Management Board is 65. This has been applied in the current contracts since April 1, 2023.

The Supervisory Board regularly assesses how effectively the Supervisory Board as a whole and its committees perform their duties. The Supervisory Board last carried out a full self-assessment based on online questionnaires in the financial year 2023/2024.

The members of the Supervisory Board autonomously undertake the training they need to carry out their duties, such as on corporate governance issues or new products, and are supported by the Company where necessary. New members of the Supervisory Board are given the opportunity to meet with the members of the Management Board for a bilateral discussion of current topics in order to obtain an overview of the relevant topics at the Company. In the financial year 2023/2024, a training course on sustainability issues was offered and conducted together with an external service provider for members of the Supervisory Board.

The composition of the Supervisory Board, together with the necessary personal details and information on mandates on other supervisory boards, can be found in our Annual Report at the end of the financial section. Details of the work of the Supervisory Board can be found in the current report of the Supervisory Board in this Annual Report. The remuneration report can be found under "Supervisory Board and Corporate Governance" in this Annual Report which will be made publicly available on June 11, 2024 on our website at www.heidelberg.com. You will then find it under the tab: About us > Investor Relations > Financial publications.

6. Description of the composition and working procedures of the committees

The Management Board has not formed any committees.

The Supervisory Board has formed six committees consisting of its members: the Mediation Committee, the Audit Committee, the Personnel Matters Committee, the Management Committee, the Nomination Committee and the Strategy Committee.

The Supervisory Board appoints a member of each committee as the chair of that committee unless stated otherwise in the Rules of Procedure. In selecting and appointing the Chair of the Audit Committee, the Supervisory Board ensures that the Chair of the Audit Committee at least has expertise in either the field of accounting or in the field of auditing. The expertise in the field of accounting should take the form of special knowledge and experience of the application of accounting principles and internal control and risk management systems. The expertise in the field of auditing should take the form of special knowledge and experience in auditing financial statements. Accounting and auditing also include sustainability reporting and the corresponding audit. The Chair of

the Audit Committee should be independent of the Company, the Management Board and the controlling shareholder(s) and should not be a former member of the Management Board of the Company whose term of office ended less than two years ago. The Chair of the Supervisory Board should not serve as the Chair of the Audit Committee.

In principle, the Supervisory Board can not only assign the preparation or execution of Supervisory Board resolutions to its committees, but can also delegate matters to the committees for decision. However, the law provides for certain matters in which the final decision must always be reserved for the Supervisory Board as a whole. These include the election of the Chair of the Supervisory Board and their deputy, the appointment and dismissal of members of the Management Board, the adoption of Rules of Procedure for the Management Board, the audit of the annual financial statements and the management report, as well as decisions on the remuneration of the members of the Management Board. The committees of the Supervisory Board can therefore only take preparatory or executive action in these and other legally defined matters, but cannot take decisions in place of the Supervisory Board as a whole.

The Chairs of the committees regularly report to the meetings of the Supervisory Board on the meetings of the committees and their activities. These consist primarily in preparing specific topics and resolutions to be discussed at Supervisory Board meetings.

The main tasks assigned to the committees are as follows:

The Management Committee discusses key topics and prepares the resolutions of the Supervisory Board. It may resolve on measures requiring approval on behalf of the Supervisory Board if the matter in question is urgent and a Supervisory Board resolution cannot be passed in good time.

The Personnel Matters Committee prepares the personnel decisions to be made by the Supervisory Board. This relates in particular to the decision on the employment contracts with the members of the Management Board. The Personnel Matters Committee also submits proposals to the Supervisory Board on the structure of the Management Board remuneration system. Furthermore, the Personnel Matters Committee resolves on behalf of the Supervisory Board on the measures and legal transactions set out in the Rules of Procedure for the Supervisory Board, and in particular on other legal transactions with members of the Management Board.

The Audit Committee deals in particular with the audit of the accounts, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements and, in particular, the independence of the auditor, the services additionally performed by the auditor, the awarding of the audit assignment to the auditor, the determination of the main focal points of the audit and the fee agreement, as well as compliance. In particular, accounting encompasses the consolidated financial statements and the Group management report, financial information during the year, and the HGB single-entity financial statements. Accounting and auditing in this light also includes non-financial reporting, including the audit. The Audit Committee discusses the half-yearly and quarterly financial reports with the Management Board prior to publication, leads the process for selecting the auditor, and submits recommendations to the Supervisory Board for the Supervisory Board's proposal to the Annual General Meeting for the appointment of the auditor. The Audit Committee discusses the assessment of audit risk, the audit strategy, audit planning and the audit findings with the auditor, and regularly meets with the auditor, including without the presence of the Management Board.

The Audit Committee takes appropriate measures to establish and monitor the independence of the auditor and reports on the quality of auditing on a regular basis.

The Strategy Committee deals with the strategy of the Company and the related strategic considerations of the Management Board. It advises the Management Board in preparing for the Supervisory Board meeting at which the full Supervisory Board discusses the Company's strategy.

The Nomination Committee submits to the Supervisory Board suggestions for the nomination of suitable candidates for election by the Annual General Meeting or to fill vacant places on the Supervisory Board by way of judicial appointment. It evaluates the knowledge, skills and specific experience of the candidates and seeks to ensure a suitable balance between the knowledge, skills and specific experience of the Supervisory Board members as a whole. It takes particular account of the targets adopted by the Supervisory Board regarding its composition, the profile of skills and expertise for the Supervisory Board as a whole, and the requirements for membership of the Supervisory Board set out in the Rules of Procedure. It takes account of diversity and potential conflicts of interest and ensures that the Supervisory Board has an appropriate number of independent members as defined in the German Corporate

Governance Code. It regularly examines the structure, size and composition of the Supervisory Board as well as the amount of time required for the work of the Supervisory Board, and submits suggested changes to the Supervisory Board as required. In addition, the Nomination Committee deals with issues relating to succession planning for the Supervisory Board members.

The Mediation Committee only performs the tasks assigned to it in accordance with section 31 (3) of the German Codetermination Act (MitbestG). The Mediation Committee submits proposals for the appointment of Management Board members if the required two-thirds majority of Supervisory Board member votes is not achieved in the first ballot.

The committees of the Supervisory Board are composed as follows as of the reporting date:

Management Committee
Dr. Martin Sonnenschein (Chair)
Ralph Arns
Gerald Dörr
Mirko Geiger
Oliver Jung
Ferdinand Rüesch
Mediation Committee in accordance with section 27 para. 3 MitbestG
Dr. Martin Sonnenschein (Chair)
Ralph Arns
Gerald Dörr
Ferdinand Rüesch
Personnel Matters Committee
Dr. Martin Sonnenschein (Chair)
Ralph Arns
Gerald Dörr
Dr. Fritz Oesterle
Ferdinand Rüesch
Beate Schmitt

Audit Committee
Ina Schlie (Chair) ¹⁾
Ralph Arns
Mirko Geiger
Oliver Jung
Beate Schmitt
Dr. Martin Sonnenschein ²⁾

1) Ms. Schlie has the special knowledge and experience in accounting and auditing required by recommendation D.3 of the DCGK thanks to her many years as Senior Vice President Global Tax at SAP and as a member of supervisory boards of other stock corporations, in some cases as chairperson of the audit committee.
2) Dr. Sonnenschein has many years of experience as a consultant and at the same time as a partner and managing director (“Director/Member of the Board”) at A.T. Kearney as well as from his activities as a member of the supervisory boards of other stock corporations in Germany and abroad, and has the special knowledge and experience in accounting and auditing required by recommendation D.3 of the DCGK.

Nomination Committee
Dr. Martin Sonnenschein (Chair)
Oliver Jung
Ferdinand Rüesch

Strategy Committee
Dr. Martin Sonnenschein (Chair)
Ralph Arns
Mirko Geiger
Oliver Jung
Li Li
Dr. Fritz Oesterle
Ferdinand Rüesch
Ina Schlie

The committees are also described in our Annual Report at the end of the financial section. A further description of the committees and their duties can be found in the Rules of Procedure for the Supervisory Board (Sections 9-15), which are published on our website at www.heidelberg.com under About us > Company > Corporate Governance > Articles of Association and Rules of Procedure. Details on the work of the Supervisory Board committees in the reporting year can be found in the current report of the Supervisory Board in this Annual Report which will be made publicly available on our website www.heidelberg.com on June 11, 2024. You will then find it under the tab: About us > Investor Relations > Financial publications.

7. Targets for the proportion of women

In accordance with section 76 (4) AktG, the Management Board defines targets for the proportion of women at the two levels of management below the Management Board and deadlines for the achievement of these targets. When filling managerial positions at the Company, the Management Board takes diversity into account and strives to ensure the appropriate representation of women.

On July 25, 2022 the Management Board resolved a target for the proportion of women for the period from July 1, 2022 to March 31, 2027 of 17.9 percent at management level 1 and 22.1 percent at management level 2. As at March 31, 2024 the proportion of women at management level ML1 was 8.2 percent and at management level ML2 8.5 percent.

In order to achieve the targets that were newly defined in 2022, the Company has implemented a number of measures including a cross-company mentoring program to promote female high potentials in conjunction with other companies from the Rhein-Neckar-Kreis district, and a works agreement on mobile work aimed at improving employees' work-life balance. In addition, the recruitment process was revised and a new human resources "Diversity" function was created in order to promote diversity within the Company with strategic and operational measures.

In accordance with section 111 (5) sentence 1 and sentence 8 AktG, the Supervisory Board defines targets for the proportion of women on the Management Board and deadlines for the achievement of these targets. On June 3, 2022 the Supervisory Board set the target for the proportion of women on the Management Board at one person from July 1, 2022 for the period to March 31, 2027. This target is met at the time when this declaration is submitted.

In accordance with the statutory provisions of sections 96 (1), 101 (1) AktG and section 7 (1) sentence 1 no. 1 MitbestG, the Supervisory Board consists of six shareholder representatives and six employee representatives. In accordance with section 96 (2) sentence 1 AktG, the Supervisory Board consists of at least 30 percent women and 30 percent men. As of the reporting date, the Supervisory Board had four female members, two of whom were appointed by the shareholders and two by the employees. There were also eight men on the Supervisory Board, four of whom were appointed by the shareholders and four by the employees. The statutory minimum quota was fulfilled in the reporting period.

8. Diversity concept and profile of skills and expertise

The aspect of diversity is an important selection criterion for the Company with regard to the composition of the Management Board and the Supervisory Board.

The Company seeks to achieve a composition of the two executive bodies that ensures the comprehensive fulfillment of all tasks assigned to the Management Board and the Supervisory Board. In filling Management Board positions and making proposals for the election of Supervisory Board members, the Supervisory Board therefore primarily looks at the personal suitability of the respective candidates, their professional qualifications and experience, their time availability, their integrity and independence, and their commitment and performance. Diversity of opinion is also supported by ensuring a range of different ages.

The current composition of the Management Board and the Supervisory Board satisfies these requirements. All the members of the Management Board and the Supervisory Board have high levels of professional experience and expertise enabling them to manage or monitor a company. The career advancement of women is taken into account to a particular extent. In the case of new appointments with equal professional and personal suitability, the nomination or appointment of women to the Supervisory Board, the Management Board and the two management levels below the Management Board should be examined in order to increase the proportion of women in the medium and long term.

The aspects of diversity that are important to the Supervisory Board and that are taken into account in its composition are set out in greater detail in the presentation of its objectives and its profile of skills and expertise. The members of the Supervisory Board should have sufficient time and the integrity and personal suitability to perform their role. The Supervisory Board should cover the areas of expertise that are considered to be material for the Board as a whole. However, it is not necessary for all Supervisory Board members to have expertise in all key areas of competence.

The Supervisory Board considers the following areas of expertise and knowledge to be material with regard to the roles to be performed:

Internationality: In light of the global nature of Heidelberg Druckmaschinen Aktiengesellschaft's activities, international professional or business experience is required for the Supervisory Board. This experience should be in a non-German market with relevance for the Company.

Industry experience: As a whole, the members of the Supervisory Board must be familiar with the sector in which the Company operates. The Supervisory Board must include members with particular expertise in the printing and media industry or mechanical engineering and the associated industry expertise.

Accounting/auditing: The Supervisory Board must include members with expertise in the field of accounting and expertise in the field of auditing. The expertise in the field of accounting must take the form of special knowledge and experience of the application of accounting principles and internal control and risk management systems, while the expertise in the field of auditing must take the form of special knowledge and experience of auditing financial statements. Accounting and auditing also include sustainability reporting and the corresponding audit.

Financing/capital market: The Supervisory Board must include particular experience in the area of financing and capital market law.

Sustainability: Members of the Supervisory Board must have experience regarding the sustainability issues that are relevant to the Company.

Taking the sector, the size of the Company and the share of international business into account, the Supervisory Board is guided in particular by the following targets for the future composition of the Board as a whole:

- a. All Supervisory Board members must have sufficient corporate or operating experience as well as knowledge in their field and ensure that they have enough time to perform their Supervisory Board tasks, so that the Supervisory Board as a whole has the knowledge, skills and specific experience necessary to perform its tasks properly.

- b. At least four of the shareholder representatives must be independent of the Company and the Management Board as defined in the German Corporate Governance Code.
- c. No more than two former members of the Management Board may sit on the Supervisory Board.
- d. The Supervisory Board must have at least one member with international experience in a non-German market with relevance for the Company.
- e. The Supervisory Board must include at least one member with particular expertise in the printing and media industry and at least one member with experience of mechanical engineering and the associated industry expertise.
- f. At least one Supervisory Board member must have expertise in the field of accounting and at least one other Supervisory Board member must have expertise in the field of auditing.
- g. The Supervisory Board must have at least one member with experience in financing and the capital market.
- h. The Supervisory Board must have at least one member with expertise regarding the sustainability issues that are relevant to the Company.

The following matrix reflects the status of implementation of the aforementioned objectives. The Company does not currently have a controlling shareholder.

Qualification matrix pursuant to recommendation C.1 of the German Corporate Governance Code (GCGC)

Supervisory Board	Corporate/ operating experience/ knowledge	Inter- nationality	Industry experience	Accounting/ auditing	Financing/ capital market	Sustaina- bility	Independence from the Company/ the Manage- ment Board as defined in the GCGC	Former Management Board member	Member since
Dr. Martin Sonnenschein (Chair)	x	x	x	x	x	x	x		December 1, 2019
Ralph Arns*	x		x			x			July 24, 2014
Gerald Dörr*	x		x			x			July 25, 2018
Mirko Geiger*	x		x	x		x	x		August 1, 2005
Oliver Jung	x	x	x	x			x		May 23, 2017
Li Li	x	x	x	x	x				July 25, 2019
Dr. Fritz Oesterle	x	x	x	x	x	x	x		July 23, 2021
Petra Otte*	x		x	x			x		July 25, 2018
Ferdinand Rüesch	x	x	x			x			July 25, 2018
Ina Schlie	x	x		x	x	x	x		July 23, 2020
Beate Schmitt*	x		x	x		x			April 3, 2006
Holger Steuerwald*	x	x	x			x			July 26, 2023

* Employee representative on the Supervisory Board

In the view of the shareholder representatives, the shareholder representatives Dr. Martin Sonnenschein, Oliver Jung, Dr. Fritz Oesterle and Ina Schlie are independent as defined in the GCGC.

In accordance with section 96 (2) sentence 1 AktG, supervisory boards of listed companies that are subject to codetermination must be composed of at least 30 percent women (i.e. at least four) and at least 30 percent men (i.e. at least four). This gender ratio must be complied with by the Supervisory Board as a whole unless the shareholder or employee representatives object to overall compliance in accordance with section 96 (2) sentence 3 AktG. As of March 31, 2024 the Supervisory Board was composed of four women (around 33 percent) and eight men (around 67 percent), thereby satisfying the gender ratio.

In connection with the Supervisory Board election of the employee representatives in June 2023 the overall fulfillment was objected to in January 2023.

Supervisory Board members should not remain in their post beyond the end of the Annual General Meeting following their 72nd birthday. There is no defined limit for length of membership of the Supervisory Board. Among other things, this enables continuity and the preservation of long-standing expertise on the Supervisory Board in the interests of the Company.

The current composition of the Supervisory Board complies with these targets and fulfills the profile of skills and expertise.

9. Shareholders and Annual General Meeting

Shareholders exercise their rights as shareholders, and in particular their information and voting rights, at the Annual General Meeting in accordance with the provisions of the law and the Articles of Association. All key provisions of the Articles of Association relating to our Annual General Meeting and the rights of our shareholders can be found in our Articles of Association, which are published on our website www.heidelberg.com under About us > Company > Corporate Governance > Articles of Association and Rules of Procedure.

Excerpts of the most important regulations of the Articles of Association as of the reporting date can be found below.

The Annual General Meeting of the Company is held at the registered office of the Company, at the location of a German branch or operating facility of the Company or a company associated with it, or at a different location within the Federal Republic of Germany with a population of at least 100,000 people.

The Management Board is authorized (for a limited period) to provide for the Annual General Meeting to be held in virtual format, i.e. without the physical presence of shareholders or their proxies at the venue of the Annual General Meeting.

The Annual General Meeting must be held in the first eight months of the financial year.

The Annual General Meeting must be convened with at least the amount of notice required by law.

Shareholders are authorized to participate in the Annual General Meeting and exercise voting rights only if they register for the Annual General Meeting and present proof of their shareholdings. Registration must be made in text form (within the meaning of the German Civil Code (BGB)) in German or English. Proof of the shareholding must be provided by means of proof of the shareholder's holding issued in text form by the last intermediary in accordance with section 67c para. 3 AktG, which can also be sent directly to the Company by the last intermediary. As a result of an amendment to the law by

the German Future Financing Act (ZuFinG) of December 11, 2023 this proof must now apply at the close of business, 22 days before the Annual General Meeting; the text of the Articles of Association is no longer up to date in this respect and is to be adapted to the changed legal situation by a resolution of the Annual General Meeting 2024 amending the Articles of Association. The Company must receive shareholders' registration and evidence of holdings at the address specified for this purpose in the invitation at least six days before the Annual General Meeting. The day of the Annual General Meeting and the day of receipt are not counted. The notice of convocation for the Annual General Meeting may specify a shorter period for registration and receipt of proof of shareholding to be measured in days.

Each shareholder may be represented at the Annual General Meeting by a proxy. Unless otherwise stipulated by law or in the notice of convocation for the Annual General Meeting, proxy must be granted, revoked and evidenced to the Company in text form. This shall not affect the provisions of section 135 AktG.

The Management Board may enable shareholders to cast their votes in writing or by way of electronic communication even if they do not attend the Annual General Meeting (postal voting). The Management Board may regulate the details of the scope and procedure for postal voting. Furthermore, the Management Board may allow shareholders to participate in the Annual General Meeting without being present at its venue and without a proxy, and to exercise all or some of their rights in full or in part by means of electronic communication (online participation). The Management Board may regulate the details of the scope and procedure for online participation.

The Annual General Meeting is chaired by the Chair of the Supervisory Board or, if he is unavailable, by another shareholder member of the Supervisory Board to be determined by him. In the event that neither the Chair of the Supervisory Board nor another member of the Supervisory Board determined by him chairs the meeting, the person chairing the meeting is elected by the shareholder members of the Supervisory Board present at the Annual General Meeting by a simple majority of the votes cast.

The Chair heads the meeting and determines the order in which items are discussed and the voting procedure. He may reasonably restrict the time in which shareholders may ask questions and give speeches. In particular, he may, at the commencement or during the course of the Annual General Meeting, set reasonable time limits for the entire Annual General Meeting, for the period of discussion on any individual agenda items, and for presenting any individual questions and speeches.

Heidelberg, June 5, 2024

**Heidelberger Druckmaschinen
Aktiengesellschaft**

The Management Board

A handwritten signature in black ink, appearing to read 'L. Monz'.

Dr. Ludwin Monz

A handwritten signature in black ink, appearing to read 'T. von der Goltz'.

Tania von der Goltz

Compliance

- Continuous enhancement of the compliance management system
- Improving communication, in particular the compliance website and training
- Approval workflow for drupa 2024
- Establishment of key performance indicators (KPIs)
- Focal points for the 2024/2025 financial year: planning and implementation of the risk analysis and revision of guideline management

Compliance management system

The Management Board of HEIDELBERG is committed to adhering to the applicable laws, provisions and regulations and to systematically pursuing and punishing compliance misconduct and violations. The Management Board has established a compliance management system (CMS) in order to ensure that the employees, managers and executive bodies of HEIDELBERG act with integrity and in accordance with the law.

HEIDELBERG's CMS is based on Audit Standard (PS) 980 issued by the Institute of Public Auditors in Germany (IDW). Its seven basic elements set out the key structural, organizational and process requirements for operational realization within the HEIDELBERG Group. HEIDELBERG's CMS aims to avert compliance misconduct and violations through prevention and early risk identification in order to minimize and avoid liability and reputational damage to HEIDELBERG and its employees, managers and executive bodies. The CMS is intended to aggregate measures and regulations that ensure that the actions of HEIDELBERG's employees, managers and executive bodies are consistent with the applicable laws and provisions and the Group's internal values and guidelines. Compliance with the applicable laws and provisions and the generally accepted ethical and social principles form part of how HEIDELBERG sees itself as a company. As part of the ongoing development of the CMS, surveys and compliance checks were carried out in the 2023/2024 financial year, key figures were established and new IT tools were introduced. Among other things, this is intended to help improve guideline management and processes.



Compliance guidelines

The Company-wide Code of Conduct, in which the Company undertakes to engage in respectful and collaborative cooperation, is an important element of the CMS and the foundation for HEIDELBERG's corporate culture.

The Code of Conduct for employees, which has been adopted by the Management Board, is based on HEIDELBERG's values and reflects the Ten Principles of the UN Global Compact. Among other things, it contains commitments on combating bribery and corruption, compliance with the regulations of antitrust, anti-money-laundering and tax law, integrity with respect to customers, suppliers and business partners, sustainability and product responsibility, compliance with foreign trade and customs law, compliance with human rights, data protection, protecting corporate assets, and ensuring working conditions that are fair, respectful, and free from discrimination. The Code of Conduct sets out the principles that HEIDELBERG undertakes to uphold. It constitutes a binding framework and provides guidance for HEIDELBERG's day-to-day actions and decisions. The managers and executive bodies are required to act as role models and support their employees in complying with the Code of Conduct.

HEIDELBERG also expects its suppliers and business partners, who are bound by the Code of Conduct for Suppliers and Business Partners (Business Partner Code of Conduct). The Business Partner Code of Conduct contains guidelines and principles aimed at ensuring compliance with laws, provisions and regulations. It provides the framework for continuous, long-standing partnerships with HEIDELBERG's suppliers and business partners on the basis of integrity.

Both documents are published in their current version both internally on the intranet and externally on the HEIDELBERG homepage and the content is also part of the compliance training.

The compliance guidelines that accompany the Code of Conduct provide a binding framework and guidance for HEIDELBERG's employees, managers and executive bodies, including when dealing with customers, suppliers and business partners. The internal regulations form the basis for ensuring that HEIDELBERG acts with integrity and in accordance with the law, particularly with regard to combating bribery and corruption, preventing money laundering, and ensuring fair competition. In the 2023/2024 financial year, an IT tool was acquired that improves the administration of and access to guidelines. In addition, a revision of guideline management was initiated in order to adapt approval processes and provisions, among other things.

One of HEIDELBERG's objectives is to maintain business relationships only with reputable business partners. They are expected to comply with the relevant applicable laws, regulations and guidelines.

HEIDELBERG has implemented various processes and tools for the risk-based review of business partners in order to ensure that this obligation is met in full. The aim of this approach is to identify (potential) risks at an early stage and prevent or minimize them. The evaluation also serves to ensure that business partners are selected carefully and properly. For example, compliance guidelines developed for the industry trade fair drupa 2024, which stipulate checking all guests who receive benefits from HEIDELBERG against sanctions lists, media reports, etc.

In the 2023/2024 financial year, several compliance checks were carried out to review the effectiveness and efficiency of the guidelines and processes introduced and revised.

Compliance organization

The compliance organization is allocated to the Legal, Patents and Compliance department. The head of this department heads the compliance organization in the role of Chief Compliance Officer (CCO).

Accordingly, responsibility for compliance lies with the Chief Financial Officer. To this end, the CCO reports directly to the Chief Financial Officer. The CCO also reports regularly to the Supervisory Board about compliance risks and measures as part of the Audit Committee of the Supervisory Board. The CCO and the compliance team, consisting of the central compliance office and the regional and local compliance officers, serve as the point of contact for all compliance-related questions. The regional and local compliance organization was strengthened further in the financial year 2023/2024.

With the aim of expanding and strengthening the global network, the Compliance Committee meets quarterly to discuss current issues and challenges and exchange best practices. The Compliance Committee also supports the compliance organization in the implementation of and adherence to compliance guidelines and training throughout the Group.

In particular, Compliance Committee meetings were held where the central Compliance Office presented the results of a survey, specified the tasks of the regional and local Compliance Officers in a Role Charter, provided information on planned projects, and held open discussions. The network consists of 5 regional compliance officers, 32 local compliance officers and the central compliance office, which operate in 35 countries worldwide.

Compliance training and communication

Mandatory training is another key element when it comes to preventing compliance violations and improving Company-wide awareness. To this end, the Compliance Office applied the risk-oriented and target-group-oriented training concept developed in the previous financial year as well as appropriate training documents. Compliance training is intended to help HEIDELBERG's employees, managers and executive bodies to act with integrity and in accordance with the law.

In the 2023/2024 financial year, the training program was supplemented by further risk-oriented and target-group-oriented classroom training in addition to e-learning training throughout the Group. In particular, learning units were created for the special target group of employees without PC access, covering both compliance basics and specific topics such as data protection and information security.

The e-learning training courses introduced in the previous financial year were continued and the escalation process was revised in order to further promote employee awareness of compliance-related issues. The basic training will also be included in the HR onboarding program so that new employees are also informed about the importance of topics in the area of compliance in a timely manner.

In addition, further special training courses held in person and online were conducted by the Compliance Office, taking into account specific risks or special target groups.

All employees must take part in the training measures assigned to them within set and regular deadlines and also have the opportunity to participate in further training on a voluntary basis.

Since the implementation of eLearning, a total of 19,562 training courses on the topics of “Compliance basics”, “Compliance, corruption prevention (part 1)” and “Compliance, fair supply chains” have been successfully completed by employees at various hierarchical levels from 35 countries.

Overview of the number of completed basic training courses	
Compliance basics	6,654
Compliance, corruption prevention (part 1)	6,584
Compliance, fair supply chains	6,324
Total	19,562

In addition, in the financial year 2023/2024, a total of 2,680 employees from different hierarchical levels and countries successfully took part in training courses for special target groups on the topics of “Compliance, data protection and information security”, “Fair competition” and “Compliance in the Company”.

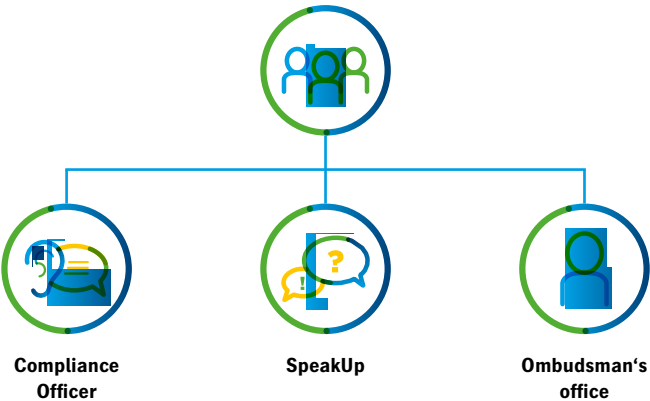
Overview of the number of special training courses completed	
Compliance, data protection and information security	1,306
Fair competition	1,145
Compliance in the Company	229
Total	2,680

Communication is another key element when it comes to preventing compliance violations and improving Company-wide awareness. Information on guidelines and compliance activities is communicated via email, intranet articles and videos, for example. In addition, further content has been added to the compliance website and the design has been fundamentally revised to create a more modern, clear source of information.

The focus on communication in the previous financial year has noticeably led to an improved understanding of compliance-related issues, increased employee awareness and raised the visibility of the function within the Company.

Dealing with compliance violations

HEIDELBERG has implemented various reporting channels, so that external and internal whistleblowers can report potential compliance violations at an early stage and clarification is ensured. Sanctions are imposed on a case-by-case basis, taking into account the type and severity of the compliance violation and the applicable law.



The central compliance office and the regional and local compliance officers are available to HEIDELBERG's employees, managers and executive bodies for all compliance-related questions and notifications.

In addition, compliance violations can be reported via other channels, including to HEIDELBERG's external ombudsman's office. HEIDELBERG uses the ombudsman's office to ensure that employees, customers, suppliers and business partners can report potential compliance violations confidentially and, if desired, anonymously, which are then processed by external lawyers.

The electronic reporting tool SpeakUp, which was introduced last year and has been available to both internal and external whistleblowers since January 2023, is used as an additional reporting channel. SpeakUp allows reports to be submitted using a real name or anonymously. It supplements the existing reporting channels. The SpeakUp system is operated by an independent service provider and is available around the clock. Users can submit reports in their native language by telephone or online. The report is generally processed by the Compliance Office. For example, cases of corruption, antitrust violations or money laundering can be reported. The issues of human rights and environmental offenses are also covered. All justified reports are investigated internally and may have consequences.

The Group-wide guideline "Compliance Whistleblower System" regulates and presents the procedure transparently. It also describes the protection afforded to whistleblowers and the subjects of reports. A process description can be found both internally on the HEIDELBERG intranet site and externally on the Company website.

Various communication tools are used in order to improve trust in the system and make it more widely known. It is part of compliance training and information material, such as the flyer explaining the procedure.

Furthermore, compliance violations can also be reported directly to Compliance via the Management Board, the Works Council or managers.

Data protection and information security

HEIDELBERG accepts its responsibility to handle the personal data entrusted to it in accordance with the applicable legal requirements. As data protection legislation varies in many countries to a large extent, HEIDELBERG has defined minimum standards in data protection guidelines for the entire Group. These apply globally, but are supplemented by special features of national legislation.

HEIDELBERG conducts regular mandatory training on data protection and information security for all employees.

HEIDELBERG is aware of the constantly growing threat situation in cyberspace and operates a certified information security management system in accordance with the internationally recognized DIN ISO/IEC standard 27001. This makes it possible to optimally weigh the risks and opportunities in order to select adequate measures in the continuous improvement process in order to guarantee the protection goals of confidentiality, integrity and availability. Current information, trends and projects relating to information security are regularly reported to top management by the CISO.

HEIDELBERG attaches great importance to meeting all legal requirements through the ISMS, as well as making the Company more resilient to cyber attacks.

Financial calendar 2024 / 2025

June 11, 2024

Press Conference, Annual Analysts' and Investors' Conference

July 25, 2024

Annual General Meeting

August 1, 2024

Publication of First Quarter Figures 2024/2025

November 13, 2024

Publication of Half-Year Figures 2024/2025

February 12, 2025

Publication of Third Quarter Figures 2024/2025

June 11, 2025

Press Conference, Annual Analysts' and Investors' Conference

July 25, 2025

Annual General Meeting

Subject to change

Publishing information

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Five-year overview – HEIDELBERG Group

Figures in € millions	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Incoming orders ¹⁾	2,362	2,000	2,454	2,433	2,288
Net sales	2,349	1,913	2,183	2,435	2,395
Foreign sales share in percent	86.2	86.4	85.6	87.2	87.0
EBITDA ²⁾	-103	95	160	209	168
Adjusted EBITDA ^{2),3)}	n/a	n/a	n/a	175	172
in percent of sales	n/a	n/a	n/a	7.2	7.2
Result of operating activities	-269	18	81	131	91
Net result before taxes	-322	-23	51	112	55
Net result after taxes	-343	-43	33	91	39
in percent of sales	-14.6	-2.2	1.5	3.7	1.6
Research and development costs	126	87	98	96	104
Investments	110	78	71	101	90
Total assets	2,603	2,169	2,183	2,221	2,114
Net Working Capital ⁴⁾ (NWC)	645	505	440	515	472
Equity	202	109	242	514	527
in percent of total assets	7.8	5.0	11.1	23.1	24.9
Financial liabilities	471	271	135	102	76
Net financial position ⁵⁾	-43	-67	11	51	77
Free cash flow	225 ⁶⁾	40	88	72	56
in percent of sales	9.6	2.1	4.0	3.0	2.3
Return on equity in percent ⁷⁾	-169.8	-39.4	13.6	17.7	7.4
Earnings per share in €	-1.13	-0.14	0.11	0.30	0.13
Share price at financial year-end in € ⁸⁾	0.56	1.15	2.39	1.71	1.04
Market capitalization at financial year-end	171	350	728	512	317
Number of employees at financial year-end ⁹⁾	11,316	10,212	9,811	9,554	9,591

1) All information on incoming orders and order backlog in this report is not part of the management report and is not the subject of an audit by the auditor KPMG

2) Result of operating activities before interest and taxes and before depreciation and amortization

3) Adjustment is reported as of FY 2023/2024; previous year adjusted; FY 2019/2020 to 2021/2022 not reportable

4) The total of inventories and trade receivables less trade payables and advance payments

5) Net total of cash and cash equivalents and current securities and financial liabilities

6) Including inflow of around € 324 million from trust assets from the retransfer of Heidelberg Pension-Trust e.V

7) After taxes

8) Xetra closing price, source prices: Bloomberg

9) Number of employees excluding trainees



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