

Report of the Supervisory Board



DR. MARTIN SONNENSCHN
Chair of the Supervisory Board

Dear shareholders,

Before I turn to the work of the Supervisory Board and its committees in the financial year 2021/2022, I would like to briefly discuss the financial year and the various topics we addressed. Global economic activity recovered in the past year despite the ongoing uncertainty and the consequences of the COVID-19 pandemic in many parts of the world. However, the strong growth in demand also led to a rapid rise in inflation, especially for energy and other commodities. Compared with the previous financial year, the negative effects of the direct restrictions in response to the coronavirus pandemic were less pronounced. However, the Omicron wave that emerged in the fall led to absences from work and, in particular, exacerbated the existing supply chain problems – mainly as a result of lockdowns in China – and the resulting price rises. Our Company was unable to escape the impact of these developments.

The Russian war in Ukraine added more uncertainty toward the end of the financial year, and it is not currently possible to predict the duration and consequences of the conflict. We have the greatest sympathy for the people of Ukraine and our colleagues in the country, and we are doing what we can do assist them.

The Management Board approached all these challenges with determination and responded appropriately. The transformation program improved the Company's operating performance and helped it to systematically press ahead with its further development. Heidelberg reported a positive net result after taxes for the first time in two years and continued to position itself successfully in the e-mobility segment. Tied-up capital not required for business operations was released through the sale of space at the Wiesloch-Walldorf production site and in the UK, while the subsidiary docufy was sold as part of the focus on core business. Together with the savings from the transformation program, this meant that net debt was eliminated altogether despite the unfavorable conditions.

We believe that Heidelberg is well positioned and are confident that the Company will prove to be sustainably profitable with the support of the new Chief Executive Officer. The Supervisory Board will continue to work alongside the Management Board and the Company's employees to ensure that this is the case.

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 2021/2022. The Supervisory Board continuously monitored the Management Board, regularly advised it on the running of the Company and oversaw key strategic issues. We were assured of the legality, expediency and compliance of the work of the Management Board at all times.

The Management Board reported to the Supervisory Board regularly, promptly and comprehensively in written or verbal form on all matters relevant to the Company, meaning that it met its information obligations in full. These include planning, corporate strategy, major transactions by the Company and the Group, and the associated opportunities and risks, compliance issues, and cybersecurity. The Management Board kept the Supervisory Board informed continuously and in detail about the Group's sales, earnings, employment and business performance, and the Company's financial position. On receipt of the information, the Supervisory Board discussed and dealt with all the above topics in depth. In particular, the Supervisory Board discussed and examined all business transactions of significance to the Company verbally and in writing with the Management Board. In addition, the Supervisory Board and the Audit Committee dealt intensively with other material concerns of the Company in their meetings and separate discussions. The members of the Supervisory Board also discussed current topics with the Management Board outside of meetings. The Chair of the Supervisory Board was in continuous contact with the Management Board and especially with the Chief Executive Officer and discussed significant current issues and developments at the Company with them. The focal points of these discussions included strategy, risk management and the Company's business situation. The chairs of the Supervisory Board and the committees reported on key findings no later than the next Supervisory Board meeting. Against this backdrop, the Supervisory Board was always involved in all decisions of material importance to the Company and the Group in good time and reviewed these decisions ahead of their implementation. The members of the Supervisory Board always had sufficient opportunity to scrutinize the information and resolution proposals they received from the Management Board and to make suggestions at the meetings of the committees and the Supervisory Board as a whole.

Where necessary, the shareholder and employee representatives discussed the agenda items for the Supervisory Board meetings in separate preliminary talks. The Supervisory Board granted its approval for individual transactions to the extent so required by law and the Articles of Association or the Rules of Procedure for the Management Board.

Every Supervisory Board member discloses potential conflicts of interest in accordance with the German Corporate Governance Code. With the approval of the Supervisory Board, Heidelberger Druckmaschinen Aktiengesellschaft and OJING GmbH, whose sole shareholder and managing director is the Supervisory Board member Oliver Jung, entered into a project-specific consultancy agreement on November 25, 2021 for the preparation of a plan for the implementation of a synchronous production system at the Brandenburg production site. The remuneration was based on a time basis according to the consultancy services actually performed. In the reporting year, services were billed in the amount of € 3,000. The agreement was terminated in May 2022, by which time services totaling around € 20,000 had been invoiced. Mr. Jung was not involved in the award of the contract by Heidelberger Druckmaschinen Aktiengesellschaft and did not perform any consultancy services personally. Mr. Jung abstained from the corresponding vote by the Supervisory Board.

Above and beyond this, 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.

The members of the Supervisory Board undertake the basic and advanced training they need to carry out their duties, such as on corporate governance issues or new products, autonomously and are supported by the Company where necessary. As part of their induction, the members of the Supervisory Board newly appointed in the financial year 2021/2022 met 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.

Meetings of the Supervisory Board and key topics

The Supervisory Board held six ordinary meetings and two extraordinary meetings in the reporting year, most of which were held as conference calls/Teams meetings due to the coronavirus pandemic. The average attendance rate at the meetings of the Supervisory Board and its committees was around 97 percent in the financial year 2021/2022. The following table shows the individual breakdown of meeting participation:

| | Meeting attendance | | Meeting attendance |
|--|--------------------|--|--------------------|
| Full Supervisory Board | | Nomination Committee | |
| Dr. Martin Sonnenschein (Chair) | 8/8 | Dr. Martin Sonnenschein (Chair) | 1/1 |
| Ralph Arns* | 8/8 | Oliver Jung | 1/1 |
| Dr. Bernhard Buck - since July 1, 2021 - | 6/6 | Ferdinand Rüesch | 1/1 |
| Joachim Dencker* - until June 30, 2021 - | 2/2 | | |
| Gerald Dörr* | 8/8 | Strategy Committee | |
| Mirko Geiger* | 8/8 | Dr. Martin Sonnenschein (Chair) | 2/2 |
| Karen Heumann - until July 23, 2021 - | 3/3 | Ralph Arns* | 2/2 |
| Oliver Jung | 6/8 | Mirko Geiger* | 2/2 |
| Li Li | 7/8 | Karen Heumann - until July 23, 2021 - | - |
| Dr. Fritz Oesterle - since July 23, 2021 - | 5/5 | Oliver Jung | 1/2 |
| Petra Otte* | 8/8 | Li Li | 0/2** |
| Ferdinand Rüesch | 7/8 | Dr. Fritz Oesterle - since July 23, 2021 - | 2/2 |
| Beate Schmitt* | 8/8 | Ferdinand Rüesch | 2/2 |
| Ina Schlie | 8/8 | Ina Schlie | 2/2 |
| Audit Committee | | Management Committee | |
| Ina Schlie (Chair) | 5/5 | Dr. Martin Sonnenschein (Chair) | 2/2 |
| Oliver Jung | 5/5 | Ralph Arns* | 2/2 |
| Ralph Arns* | 5/5 | Gerald Dörr* | 2/2 |
| Mirko Geiger* | 5/5 | Mirko Geiger* | 2/2 |
| Beate Schmitt* | 5/5 | Oliver Jung | 2/2 |
| Dr. Martin Sonnenschein | 5/5 | Ferdinand Rüesch | 2/2 |
| Personnel Matters Committee | | | |
| Dr. Martin Sonnenschein (Chair) | 8/8 | | |
| Ralph Arns* | 8/8 | | |
| Gerald Dörr* | 8/8 | | |
| Karen Heumann - until July 23, 2021 - | 1/1 | | |
| Dr. Fritz Oesterle - since July 23, 2021 - | 7/7 | | |
| Ferdinand Rüesch | 8/8 | | |
| Beate Schmitt* | 8/8 | | |

* Employee representatives

** Ms. Li Li was unable to attend the meetings of the Strategy Committee. However, the Chair of the Supervisory Board, Dr. Sonnenschein, discussed strategic matters with Ms. Li in a separate conversation ahead of the meeting and asked for her opinions.

The members of the Management Board took part in the meetings of the Supervisory Board unless it seemed appropriate to discuss individual matters without their participation.

The Supervisory Board's discussions focused on issues relating to strategy, the portfolio and the business activities of Heidelberger Druckmaschinen AG. The Supervisory Board also intensively addressed the capital structure and M & A transactions, especially the sale of space at the Wiesloch-Walldorf production site and the property in Brentford, UK, as well as the proceedings against Mr. Corvi/benpac.

In particular, the Supervisory Board discussed the following key topics in the reporting year:

At the Supervisory Board meeting on May 18, 2021, Dr. Sonnenschein reported on the meetings of the Nomination Committee on January 26, 2021, February 4, 2021 and March 16, 2021. The Supervisory Board discussed the proposal for a new candidate for the forthcoming election to the Supervisory Board and adopted the proposed resolution to be presented to the Annual General Meeting on the election of Dr. Fritz Oesterle to the Supervisory Board. The Supervisory Board also discussed and resolved on the arrangement of the 2021 Annual General Meeting in virtual form. Furthermore, the Supervisory Board discussed and resolved on Supervisory Board remuneration, which also formed part of the Annual General Meeting agenda. Dr. Sonnenschein reported on the meetings of the Personnel Matters Committee on March 25, 2021 and May 3, 2021, and the Supervisory Board adopted the targets for 2020/2021, the target for the variable component of Management Board remuneration for the financial years from 2021/2022 to 2023/2024, and the new Management Board remuneration system to be presented to the Annual General Meeting for approval. The Supervisory Board also discussed the results of its self-assessment. Finally, the Supervisory Board addressed the Company's strategic road map.

At its meeting on June 2, 2021, the Supervisory Board discussed the Management Board's report on the business situation, the status of the T4F project and the budget, as well as the Company's strategy. A real estate project relating to the site and building in Brentford, UK, was also presented at the meeting and resolved. Furthermore, the Supervisory Board discussed the issue of cybersecurity at Heidelberg.

In particular, the Supervisory Board also addressed the single-entity and consolidated financial statements and the management reports for the Company and the Heidelberg Group for the financial year 2020/2021, the report of the Supervisory Board, the Corporate Governance Declaration, and the separate non-financial report for the financial year 2020/2021. Following the presentation and discussion of the auditor's report on the single-entity and consolidated financial statements, the Supervisory Board established that there were no objections based on the final results of the examination by the Audit Committee and its own examination, and thus approved the single-entity and consolidated financial statements. The Supervisory Board also adopted the agenda for the 2021 Annual General Meeting and the resolution proposals made by the Supervisory Board to the Annual General Meeting, including the proposal concerning the election of Dr. Fritz Oesterle as a member of the Supervisory Board of the Company. Ms. Schlie reported on the meetings of the Audit Committee on May 4, 2021 and June 1, 2021.

The Supervisory Board discussed the current business situation of the Company at its meeting on July 23, 2021 ahead of the Annual General Meeting. The chairs of the respective committees reported on the meetings of the Audit Committee on July 22, 2021, and the Management Committee on June 7, 2021. The meeting also discussed the forthcoming Annual General Meeting and the corresponding resolution proposals.

At the constituent meeting immediately following the Annual General Meeting on July 23, 2021, the Supervisory Board confirmed Dr. Martin Sonnenschein as the Chair of the Supervisory Board and Ralph Arns as the Deputy Chair of the Supervisory Board and elected the members of the six Supervisory Board committees. The meeting also resolved an adjustment to the profile of skills and expertise of the Supervisory Board in line with the provisions of the new German Act to Strengthen Financial Market Integrity (FISG). Furthermore, the Supervisory Board resolved to commission PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft as the

auditor of the single-entity and consolidated financial statements for the financial year 2021/2022 following its election by the Annual General Meeting and issued the corresponding audit engagement. Finally, the Supervisory Board addressed the Company's strategy and a current project.

At an extraordinary meeting on October 21, 2021, the Supervisory Board discussed a potential candidate to succeed Mr. Rainer Hundsdörfer and the extension of the Management Board contract with Mr. Marcus A. Wassenberg after Dr. Sonnenschein referred to the meetings of the Personnel Matters Committee on September 30, 2021 and October 19, 2021.

At an extraordinary meeting on October 28, 2021, the Supervisory Board discussed and resolved the appointment of Dr. Ludwin Monz to succeed Mr. Rainer Hundsdörfer as a member of the Management Board and Chief Executive Officer with effect from April 1, 2022. The Supervisory Board also resolved to extend the Management Board contract with Mr. Marcus A. Wassenberg for a further five years.

The meeting of the Supervisory Board on November 25, 2021 focused on reporting and discussing the current business situation with the Management Board. A report on the status of the proceedings against Mr. Corvi/benpac was also provided. Furthermore, the Supervisory Board discussed the cooperation at the Brandenburg production site with the consultancy firm OJING.GmbH, whose managing director is the Supervisory Board member Oliver Jung, and resolved to conclude a consultancy agreement; Mr. Jung abstained from the vote on this matter.

After reviewing the recommendations and suggestions of the German Corporate Governance Code, the Supervisory Board also approved the issue, amendment and publication of the declaration of compliance of November 25, 2021. The chairs of the respective committees reported on the meetings of the Audit Committee on October 28, 2021, the Strategy Committee on November 24, 2021, and the Personnel Matters Committee on November 24, 2021. The Management Board also reported on current projects, e.g. to improve margin quality. Furthermore, a circular resolution by the Supervisory Board on the disposal of the subsidiary docufy GmbH was confirmed by the Supervisory Board and a report on the current status of cybersecurity at Heidelberg was provided.

The topics discussed at the Supervisory Board's last meeting of the reporting year, on March 29, 2022, included the current business situation, planning for the coming financial year and projections for the following years, including the Company's strategy. The Supervisory Board acknowledged the planning presented to the meeting. A resolution on a current property project was also passed, and two circular resolutions were approved. Furthermore, the chairs of the respective committees reported on the meetings of the Audit Committee on February 1 and February 8, 2022, the meeting of the Management Committee on January 20, 2022, the meetings of the Personnel Matters Committee on December 6, 2021, on January 14, January 18, and February 15, 2022, the meeting of the Nomination Committee on March 14, 2022, and the meeting of the Strategy Committee on March 28, 2022. Finally, the Supervisory Board addressed corporate governance matters. Firstly, the Articles of Association were amended to delete Contingent Capital 2014 after it became non-functional following the expiry of the convertible bond issued in 2015. The Supervisory Board also discussed the latest status of the discussion concerning the forthcoming changes to the German Corporate Governance Code. The Supervisory Board also approved the Management Board's resolution that the Annual General Meeting of the Company in 2022 be held in virtual form.

Furthermore, the Supervisory Board passed three resolutions by way of written circular during the financial year 2021/2022.

Corporate governance

The Supervisory Board continuously addressed the standards of good corporate governance in the course of financial year 2021/2022. Further information on the Company's corporate governance and related activities of the Supervisory Board can also be found in the Corporate Governance Declaration on our website www.heidelberg.com under Company > About Us > Corporate Governance > Corporate Governance Declaration.

Corporate governance at Heidelberger Druckmaschinen Aktiengesellschaft is discussed in detail in the Corporate Governance Declaration on pages 191 to 199 of the Annual Report.

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.

The chairs of the respective committees reported to the Supervisory Board regularly and comprehensively on their activities at the meetings of the Supervisory Board. The composition of the committees in the financial year 2021/2022 is presented in the notes to the consolidated financial statements.

The Personnel Matters Committee met eight times in the reporting year 2021/2022. Its activities focused on the identification of candidates to succeed Mr. Rainer Hundsdörfer, the definition and review of the targets for variable compensation, the reorganization of Management Board compensation with a view to the recommendations of the German Corporate Governance Code, and human resources matters relating to Management Board contracts. The Personnel Matters Committee also addressed the extension of the Management Board contract with Mr. Marcus A. Wassenberg.

The Audit Committee held five regular meetings in the reporting year. It examined quarterly and ad hoc issues relating to the Company's net assets, financial position and results of operations and its risk reporting. Furthermore, together with the auditor, this committee also focused intensively on the annual and consolidated financial statements in addition to the quarterly financial statements, the accounting policies applied and the specifics of the separate and consolidated financial statements. Other topics discussed at the meetings included the liquidity situation of the Heidelberg Group and its refinancing, the development of the capital structure (equity and borrowed funds), the effects of the reorganization and ongoing development of the segments, revenue recognition and accounting for leases, accounting for and assessing the subscription business model, risk management, the internal controlling and audit system, compliance, the implementation and impact of the portfolio and restructuring measures, the impact of the COVID-19 pandemic, the accounting treatment of pension provisions, investment controlling, new segmentation and sales financing.

The Strategy Committee met twice in the reporting year and discussed the Packaging Solutions and Print Solutions segments, recurring revenue, the strategy in China as well as Prinect, Zaikio, e-mobility, and printed electronics. The Strategy Committee also discussed the ESG sustainability initiative, digital printing, cybersecurity in the graphics industry, and a current project.

The Nomination Committee met once in the reporting year. Its meeting addressed the proposals for election to the Supervisory Board at the Annual General Meeting on July 21, 2022.

The Management Committee met twice in the reporting year. It discussed measures to improve the Company's margins, the value chain for Print Solutions and Packaging Solutions, the R & D budget, and an analysis of selling costs. The Management Committee also addressed the status of the proceedings against Mr. Corvi/benpac, the further development of e-mobility, the performance of the Company's share price, and its consulting costs.

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 single-entity and consolidated financial statements

The Annual General Meeting on July 23, 2021, appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, as the auditor of the single-entity and consolidated financial statements. This company audited the single-entity financial statements for the financial year 2021/2022 in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), the management report of Heidelberger Druckmaschinen Aktiengesellschaft, and the consolidated financial statements and Group management report of the Heidelberg Group in accordance with IFRSs as applicable in the European Union (EU) as prepared by the Management Board on May 20, 2022 and issued each with unqualified opinions. The auditor responsible for the audit was Dr. Bernd Roese, who held this position for the second year. The single-entity financial statements, the consolidated financial statements, the management report of the Company, the management report of 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 auditors were also distributed to all of the members of the Supervisory Board in good time. At the meeting of the Audit Committee on June 1, 2022, the responsible auditor presented the results of the audit and the Audit Committee discussed the single-entity and consolidated financial statements, the management report for the Company and the management report for the Heidelberg Group and the audit documentation in the presence of the auditor in order to prepare its discussion by the full Supervisory Board. The auditor answered all questions in full. The auditor was also represented at the Supervisory Board meeting on June 3, 2022 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 contents and findings of the examination by the Audit Committee and gave recommendations for the resolutions by the Supervisory Board, including the approval of the single-entity and consolidated financial statements as prepared. 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 management report of Heidelberger Druckmaschinen Aktiengesellschaft and the management report of 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, 2022 as prepared by the Management Board and the consolidated financial statements of the Heidelberg Group for the year ended March 31, 2022. The single-entity financial statements were therefore adopted.

The Supervisory Board also examined the separate combined non-financial report for the financial year 2021/2022. This was reviewed by the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, on the basis of a voluntary content review resolved 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 9, 2022.

Personnel changes in the Supervisory Board and the Management Board

There were two personnel changes among the shareholder representatives on the Supervisory Board of Heidelberger Druckmaschinen AG. Ms. Karen Heumann stepped down from the Supervisory Board of the Company at the end of the Annual General Meeting on July 23, 2021. Dr. Fritz Oesterle was newly elected to the Supervisory Board at the Annual General Meeting on July 23, 2021.

There were also two changes among the employee representatives. Mr. Joachim Dencker stepped down from the Supervisory Board with effect from June 30, 2021, and Dr. Bernhard Buck was appointed as a new member of the Supervisory Board by court order with effect from July 1, 2021.

There were also two changes in the Management Board. Mr. Rainer Hundsdörfer stepped down as a member of the Management Board and Chief Executive Officer with effect from March 31, 2022. Dr. Ludwin Monz was appointed as a member of the Management Board and Chief Executive Officer with effect from April 1, 2022.

The Supervisory Board wishes to express its particular gratitude to the departing members of the Supervisory Board and Management Board for their 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 2021/2022 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 Heidelberger Druckmaschinen Aktiengesellschaft.

Heidelberg, June 3, 2022

ON BEHALF OF THE SUPERVISORY BOARD



Dr. Martin Sonnenschein
Chair of the Supervisory Board