
Remuneration Report – Management Board and Supervisory Board

177	Preamble
177	Review of the financial year 2022/2023
178	Management Board remuneration in the financial year 2022/2023
178	Principles of Management Board remuneration
178	Principles for determining Management Board remuneration
179	Suitability of Management Board remuneration and standard conditions
179	Components of Management Board remuneration
181	Determination and structure of target remuneration
182	Application of the remuneration system in the financial year 2022/2023
182	Non-performance-related compensation components
182	Performance-related compensation components
187	Share Ownership Guideline
188	Malus/clawback
188	Early termination benefits
189	Compliance with maximum compensation
189	Compensation paid and owed in the financial year 2022/2023
189	Remuneration of current Management Board members
190	Remuneration of Management Board members who stepped down in the financial year 2022/2023
192	Remuneration of former Management Board members
192	Supervisory Board remuneration in the financial year 2022/2023
192	Principles of Supervisory Board remuneration
194	Compensation paid and owed in the financial year 2022/2023
195	Comparative presentation of remuneration and earnings performance
196	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 2022/2023 is disclosed individually. In some cases, rounding may result in discrepancies concerning the totals and percentages contained in this report.

The remuneration report is published on the Company's website at https://www.heidelberg.com/global/de/about_heidelberg/company/executive_bodies/management_board/remuneration/remuneration.jsp and has been formally and substantively audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. It will be presented to the Annual General Meeting on July 26, 2023, for approval in accordance with the provisions of section 120a (4) AktG.

II. Review of the financial year 2022/2023

The revised system of remuneration for the Management Board adopted in line with the German Act Implementing the Second Shareholders' Rights Directive (ARUG II) in accordance with section 87a AktG was applied for the first time

in financial year 2022/2023. The remuneration system was approved by a majority at the Annual General Meeting on July 23, 2021, and places the focus on the following aspects:

- The share price is taken into account to a greater extent in order to further enhance the shareholder perspective
- Targeted incentives for the successful implementation of the transformation program
- Comprehensive integration of current regulatory requirements (ARUG II, GCGC) and relevant investor expectations

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 for the first time was presented to the Annual General Meeting on July 21, 2022, for its approval. The Annual General Meeting approved it with 82.70% 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. The findings from the discussion will also be taken into account in the regular review of the remuneration system.

In particular, the transparent disclosure of the performance targets for variable remuneration components was discussed as part of the investor dialog. 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

The positive performance in financial year 2022/2023 (please refer to the information in HEIDELBERG's 2022/2023 Annual Report) can also be seen by the achievement of the targets for short-term, one-year variable remuneration. The overall target achievement of 109% reflects the achievement of the financial and non-financial performance targets set and illustrates the pay-for-performance correlation of variable remuneration.

Changes in the Management Board

There were changes in the lineup of the Management Board in financial year 2022/2023. Dr. Ludwin Monz succeeded Rainer Hundsdörfer as the Chief Executive Officer at the start of the financial year. By mutual arrangement with the Supervisory Board, Marcus A. Wassenberg resigned from his office as a member of the Management Board early as of December 31, 2022. He was succeeded in the role of CFO by Tania von der Goltz as of January 1, 2023.

III. Management Board remuneration in the financial year 2022/2023

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 2022/2023 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	Pay for performance	Suitability and standard conditions
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	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	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	Shareholder interests	Vertical proportionality
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	The personal investment and long-term variable compensation components ensure that shareholder interests are taken into account to an appropriate extent	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 whose specific composition is determined by the Personnel Matters Committee. 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. Following a review of the horizontal peer group in the financial year before last, this now comprises the following companies: DEUTZ, DMG MORI, Dürr, GEA Group, Koenig & Bauer, Krones, KUKA, MTU Aero Engines, Nordex, NORMA Group, OSRAM Licht, SGL Carbon, Vossloh.

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 2022/2023, 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:

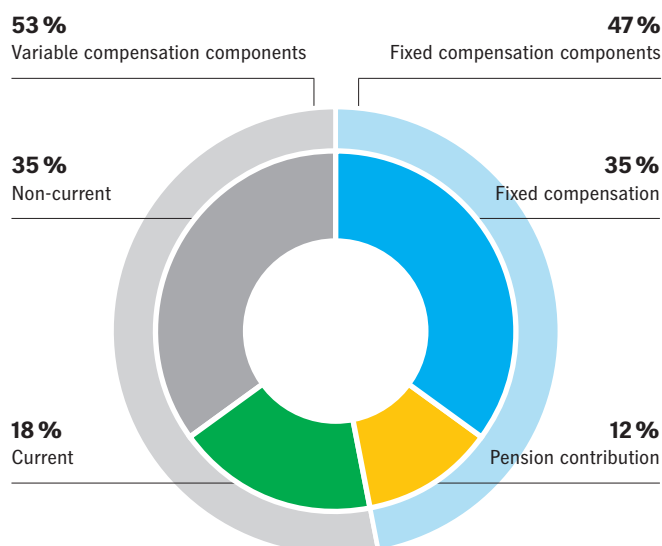
Remuneration component	Structure	Strategic purpose
Non-performance-related compensation components		
Fixed compensation	<ul style="list-style-type: none">• Fixed annual compensation• Paid in 12 equal installments	Ensuring competitive capability with attractive, competitive remuneration, thus attracting and retaining qualified Management Board members
Fringe benefits	For example: <ul style="list-style-type: none">• 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% of the fixed compensation	
Performance-related compensation components		
Short-term, variable compensation component – STI		
Plan type	Annual bonus	Incentivizing operational success and annual earnings power in line with sustainable business
Performance targets	<ul style="list-style-type: none">• 40% EBITDA• 40% free cash flow• 20% sustainability targets	
Cap	Max. 100% 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	3 years	
Performance targets	<ul style="list-style-type: none">• 40% EBT• 40% relative total shareholder return (vs. SDAX performance)• 20% sustainability targets	
Payment	<ul style="list-style-type: none">• 50% in cash after the end of the performance period• 50% in shares of the Company	
Holding period	1 year for shares transferred at the end of the performance period	
Cap	Maximum doubling of the virtual shares allocated	
Other contractual components		
Share Ownership Guideline	<ul style="list-style-type: none">• Investment in shares of the Company of 100% of current fixed compensation• Built up annually via 20% of STI	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	<ul style="list-style-type: none">• € 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 share of long-term variable remuneration exceeds the share of short-term variable remuneration.

Assuming 100% 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 2022/2023. The amount shown for the variable compensation is based on target achievement of 100%.

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	
	2022/2023	2021/2022	2022/2023	2021/2022
Fixed compensation	900	-	125	-
Fringe benefits	6	-	8	-
Pension contribution	315	-	44	-
Total fixed compensation	1,221	-	177	-
Short-term variable compensation	450	-	63	-
Long-term variable compensation ¹⁾	900	-	125	-
Total variable compensation	1,350	-	188	-
Total target compensation	2,571	-	364	-

1) Term: 3 years + 1-year holding period for 50% of the payment amount in real shares

2. Application of the remuneration system in the financial year 2022/2023

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 2022/2023, 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.

2.1.3. Pension contribution

The members of the Management Board receive a taxable pension contribution in cash in the amount of 35% of their fixed compensation 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.

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 incen-

tive (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.

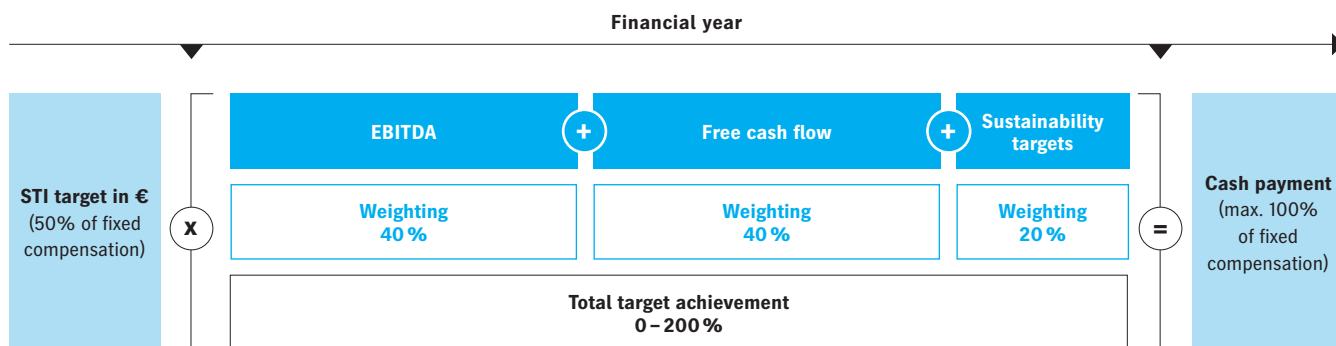
2.2.1.1. System and weighting of performance targets

The STI target is 50% 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%. The maximum overall target achievement is 200%, which can lead to a maximum payout of 100% of fixed compensation. The assessment period is the respective financial year for which the STI is pledged.

In financial year 2022/2023, the KPIs chosen for determining overall target achievement were operating EBITDA (IFRS) with a weighting of 40%, free cash flow (IFRS) with a weighting of 40% and sustainability targets (environmental, social, governance (ESG)) with a weighting of 20%.

The Supervisory Board determines the target achievement of financial and non-financial KPIs after the end of the financial year at its accounts meeting on the basis of the figures established by the Audit Committee. To take into consideration extraordinary, unforeseeable events in the STI financial year, the Supervisory Board can adjust the STI payment amount by up to 20% up or down at its own discretion. It did not exercise these powers in financial year 2022/2023.

The system of variable, short-term compensation is as follows in the financial year 2022/2023:

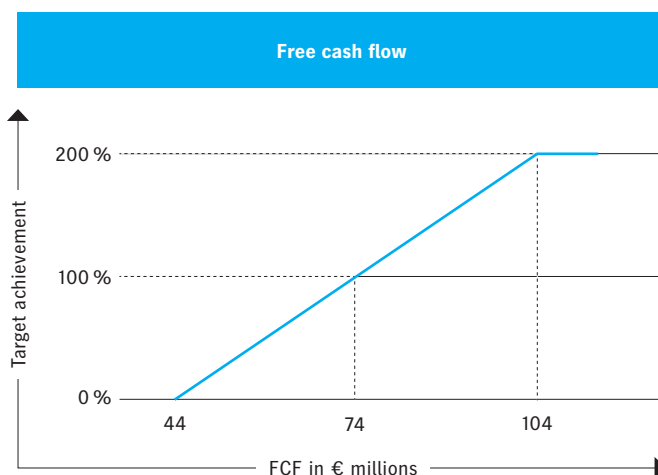
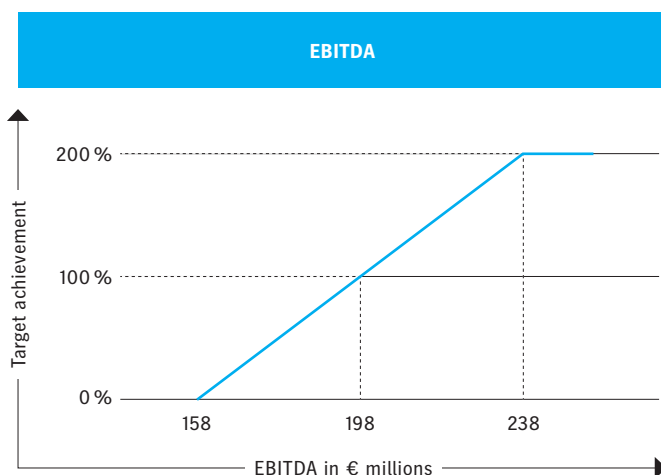


2.2.1.2. Financial performance targets in the financial year 2022/2023

A target (100% target achievement), a threshold (0% target achievement) and a cap (200% target achievement) have been defined for the EBITDA and free cash flow financial KPIs. Failure to achieve the threshold results in a target achievement of 0% for the respective KPI. Outperforming KPIs can result in a maximum target achievement of 200%. 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 threshold 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.

The target achievement curves for the financial KPIs are shown below for the financial year 2022/2023:



The thresholds and targets for the EBITDA and free cash flow financial KPIs for financial year 2022/2023 and the degree of their achievement are as follows:

Short-term variable compensation

Achievement of financial performance targets 2022/2023

Figures in € millions	Lower threshold	Target	Upper threshold	Actual figure	Target achievement
EBITDA	158	198	238	209	129 %
Free cash flow	44	74	104	72	93 %

2.2.1.3. Sustainability targets in the financial year 2022/2023

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.

As with financial KPIs, measurable targets are also defined for each non-financial KPI that can lead to a target achieve-

ment of between 0% (floor) and 200% (cap). 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 on a stand-alone basis and accumulated.

The non-financial KPIs planned for financial year 2022/2023 and the degree of their achievement are as follows:

Short-term variable compensation

Achievement of non-financial performance targets 2022/2023

Sustainability targets	Weighting	Target achievement	Total sustainability target achievement
Concept for CO ₂ efficiency potential at production sites	25 %	100 %	
Concept for personnel recruitment and development	25 %	100 %	100 %
Concept for development of sustainable new business	50 %	100 %	

2.2.1.4. Total target achievement in the financial year 2022/2023

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 2022/2023

Figures in € thousands	Target amount	EBITDA		Free cash flow		Sustainability		Total target achievement	Amount paid
		Target achievement	Weighting	Target achievement	Weighting	Target achievement	Weighting		
Dr. Ludwin Monz	450	129 %	40 %	93 %	40 %	100 %	20 %	109 %	490
Tania von der Goltz	63								68

In financial year 2022/2023, the Supervisory Board did not make provision for any other personal, individually performance-based bonuses in place of the STI KPIs described above for the members of the Management Board.

2.2.2. Long-term, variable compensation component

The long-term variable remuneration component (LTI) is allocated in annual tranches. 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% of fixed compensation. The achievement of financial and non-financial performance targets is measured over a period of three financial years (performance period), which serves as the basis for calculating the LTI payment amount. Half of the payment amount is paid out in cash, while the other half of the payment amount is paid in the form of shares, which must be held for a further year in order to take share price performance into account (holding period).

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.

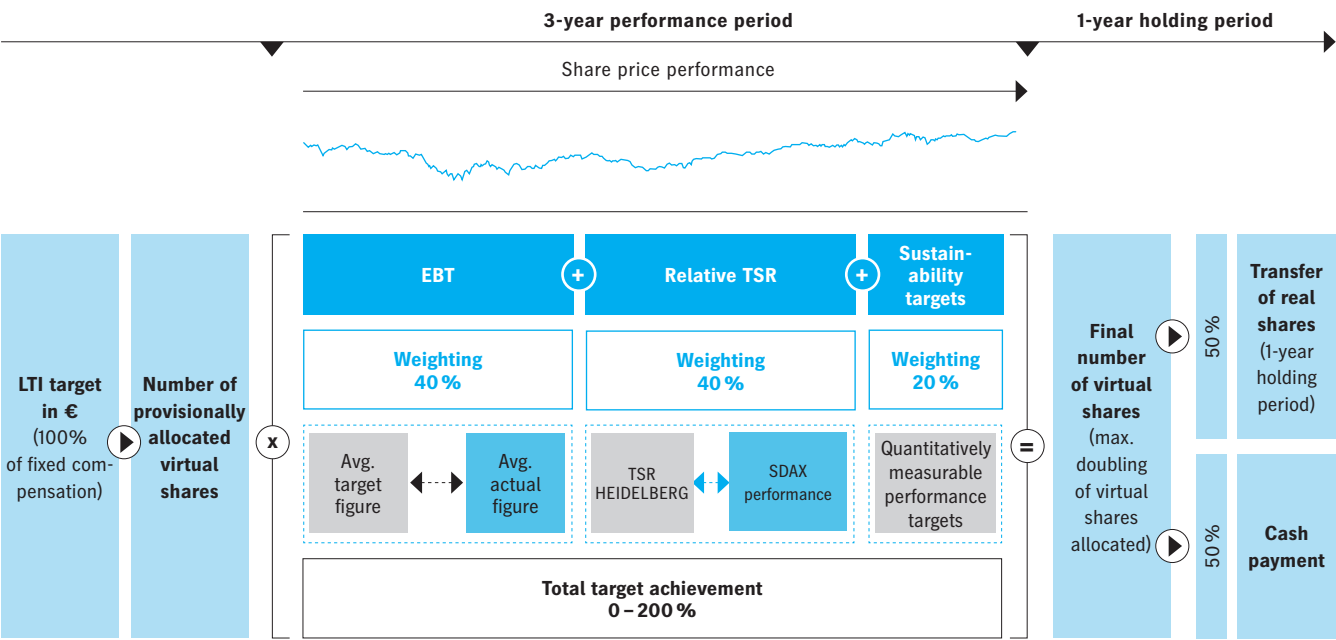
At the end of the performance period, the number of virtual shares is calculated based on the target achievement of three key performance indicators (KPIs). A target achievement of 100% is equivalent to the number of virtual shares allocated at the outset. Maximum target achievement (cap) amounts to 200% and, at most, 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 financial year 2022/2023, the Supervisory Board defined the performance targets of EBT with a weighting of 40%, relative total shareholder return (TSR) with a weighting of 40% and sustainability targets with a weighting of 20%. The weighting of the performance targets is determined by the Supervisory Board at the time of the annual allocation. 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 after the end of the performance period at its accounts meeting. 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% applicable to the LTI is taken into account. To take into consideration extraordinary, unforeseeable events in the LTI financial year and/or in the performance period, the Supervisory Board can adjust the number of virtual shares provisionally allocated on the basis of the overall target achievement level before taking the cap into account by up to 20% up or down at its own discretion.

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, half of these virtual shares are converted into euros and paid out as gross remuneration. Any obligations to buy shares are taken into account. The second half of the ascertained virtual shares is converted into real shares. Any fractional amounts are rounded down to full shares. The number of shares ascertained in this way is transferred to the securities portfolio kept by the Company for the member of the Management Board. These shares must be held for a further financial year.

The system of the multi-year variable remuneration allocated in financial year 2022 / 2023 is as follows:

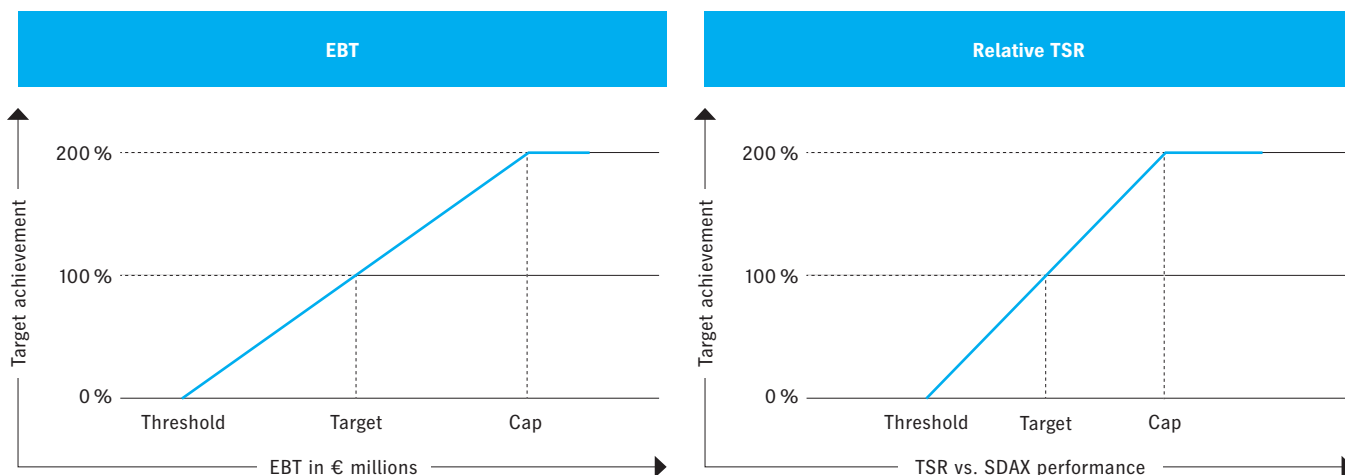


2.2.2.2. Financial performance targets and sustainability targets in the financial year 2022/2023

The Supervisory Board defines a target (100% target achievement), a threshold (0% target achievement) and a cap (200% target achievement) 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%. In the

event of outperformance, the maximum target achievement is 200% (cap); achievement between values is determined by linear interpolation.

The achievement curves for the financial targets of the tranche allocated in financial year 2022 / 2023 are as follows:



The target for **income/loss before taxes (EBT)** is taken from the planned EBT for the Group according to the five-year planning adopted by the Supervisory Board. Target achievement after the end of the three-year performance period is calculated by comparing the actual income/loss before taxes of the three financial years within the performance period according to the IFRS consolidated income statement to the expected income/loss before taxes for these three financial years. The averages of the actual and the expected income before taxes are compared in order to calculate and identify the actual target achievement.

For the development of the share price, the **relative total shareholder return (TSR)** is taken into account plus notionally reinvested gross dividends over the three-year performance period in relation to the price performance of other shares. To calculate target achievement, HEIDELBERG's performance over the three-year performance period is compared to that of the SDAX. To calculate target achievement, for HEIDELBERG's shares and the SDAX, the arithmetic mean of closing prices over the last 60 trading days before the start of the performance period and the last 60 trading days before the end of the performance period are calculated and compared. Notionally reinvested gross dividends are also taken into account in calculating the arithmetic mean of closing prices as of the end of the assessment period. Target achievement amounts to 100% if HEIDELBERG's performance is equal to that of the SDAX. Ranges for over- and underperformance are defined by the Supervisory Board at the start of the performance period.

The third KPI comprises **sustainability targets** (environmental, social, governance (ESG)). Here, too, targets and ranges for over- and underperformance are defined by the Supervisory Board. At the start of the performance period, the Supervisory Board defines 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. The Supervisory Board ensures that the targets are sufficiently different from the STI sustainability targets.

2.3. Share Ownership Guideline

During their term in office on the Management Board, the members of the Management Board must establish and hold a portfolio of shares in the Company from their STI payments. This portfolio and the necessary shareholdings are measured as of the time of the STI payout. The portfolio must be built up to match the amount of current fixed compensation (minimum value). Shares in the Company already held are counted towards this value.

The Company is entitled to invest 20% of the STI (before deduction of taxes and contributions) in the form of shares in the Company. 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.

The members of the Management Board have not yet built up shareholdings as of the end of financial year 2022/2023 as there has been no STI payout to date.

Share Ownership Guideline¹⁾

	Target	Status quo	
	in € thousands	in € thousands	in %
Dr. Ludwin Monz	900	-	-
Tania von der Goltz	500	-	-

1) The acquisition of shares in Heidelberger Druckmaschinen AG for compliance with the Share Ownership Guideline is effected from the STI payment amount. As a result of Dr. Monz and Ms. von der Goltz joining the Management Board, shares will be acquired for the first time in the next financial year

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 (3) 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 to delay 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 2022/2023.

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).

A statement on compliance of the maximum compensation for financial year 2022/2023 cannot be made at this time as the actual remuneration against which maximum compensation must be compared cannot be determined until after the three-year performance period of the first LTI pledged under the new remuneration system.

3. Compensation paid and owed in the financial year 2022/2023

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 2022/2023 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 three-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.

Compensation paid and owed

	Dr. Ludwin Monz Chief Executive Officer since April 1, 2022				Tania von der Goltz Chief Financial Officer since January 1, 2023			
	2022/2023		2021/2022		2022/2023		2021/2022	
	in € thousands	in %	in € thousands	in %	in € thousands	in %	in € thousands	in %
Fixed compensation	900	53 %	–	–	125	51 %	–	–
Fringe benefits	6	0 %	–	–	8	3 %	–	–
Pension contribution	315	18 %	–	–	44	18 %	–	–
Total fixed compensation	1,221	71 %	–	–	177	72 %	–	–
Short-term variable compensation								
STI 2022/2023	490	29 %	–	–	68	28 %	–	–
STI 2021/2022	–	–	–	–	–	–	–	–
Long-term variable compensation ¹⁾								
Tranche 2020/2021 – 2022/2023	–	–	–	–	–	–	–	–
Tranche 2019/2020 – 2021/2022	–	–	–	–	–	–	–	–
Total variable compensation	490	29 %	–	–	68	28 %	–	–
Total compensation in accordance with section 162 AktG	1,711	100 %	–	–	245	100 %	–	–

1) As a result of Dr. Monz and Ms. von der Goltz joining the Management Board, there will not yet be a payment from long-term variable remuneration in financial year 2022 / 2023

3.2. Remuneration of Management Board members who stepped down in the financial year 2022 / 2023

In financial year 2022 / 2023, Marcus A. Wassenberg resigned from his office as a member of the Management Board early as of December 31, 2022. In the course of this, the contract, which still provided for a regular term until March 31, 2027, was also terminated by mutual agreement as of this date. The termination agreement essentially provides for the following provisions with regard to the remuneration of the Management Board:

For his work in financial year 2022 / 2023 until December 31, 2022 (resignation date), Marcus A. Wassenberg will receive pro rata temporis fixed compensation of € 375 thousand (28%) and fringe benefits of € 16 thousand (1%).

It was agreed with Marcus A. Wassenberg that the defined contribution pension commitment for fiscal year 2022/2023 would be granted pro rata temporis in the amount of € 131 thousand and added to his pension account, which has already existed since he joined the Executive Board (September 1, 2019). This pension account was serviced with a pension amount of 35 percent of the fixed compensation for each contribution year.

The service cost and the present value of the pension capital are as follows for Marcus A. Wassenberg as of March 31, 2023, in accordance with IAS 19: € 131 thousand service cost, € 423 thousand present value.

At the time of retirement on December 31, 2022, the pension capital built up to that date remains as a vested entitlement. For the other pension benefits (disability and surviving dependents' benefits), the pension entitlement earned pro rata temporis in accordance with § 2 BetrAVG also remains. A pension can be drawn from the age of 65 or as an early retirement benefit from the age of 60.

Furthermore, Marcus A. Wassenberg will receive short-term variable remuneration (STI) for his work in financial year 2022 / 2023 until his resignation date. The STI was pledged pro rata temporis for financial year 2022 / 2023 under the terms of his contract. The remuneration system and performance criteria are the same as those of the STI for the active members of the Management Board; please refer to section 2.2.1. An overall target achievement of 109% was ascertained for financial year 2022 / 2023, resulting in a payment amount of € 204 thousand (16%).

In addition to the short-term variable remuneration, Marcus A. Wassenberg is still entitled to payments of long-term variable remuneration. The LTI for financial year 2022 / 2023 was pledged pro rata temporis under the terms of his contract. The targets are defined according to the system described in 2.2.2 and overall target achievement will be determined after the end of the three-year performance period as of March 31, 2025. The target number of virtual HDM shares is 72,500.19.

The previously applicable assessment agreements apply to the LTI tranches allocated in the past; however, the corresponding LTI allocation amounts will be reduced pro rata temporis for the period up to the resignation date. The targets for the 2022 / 2023 LTI tranche are defined according to the system described in 2.2.2.

The calculation of target achievement for the 2020/2021 and 2021/2022 LTI tranches is based on the previously applicable remuneration system. This states that, after the end of a three-year performance period, target achievement will be determined based on two equally weighted performance targets (income/loss before taxes (EBT) according to the IFRS consolidated income statement and share price perfor-

mance). Target achievement is examined and determined at the end of the performance period as a matter of principle. The payment of the long-term variable compensation depends on the achievement of a predefined threshold. If the respective threshold is reached, this results in a payout of 25% of the amount payable in the event of target achievement of 100% (defined target). If target achievement lies between the threshold and the defined target, the payout is determined by linear interpolation. Above this figure, the amount of the long-term variable remuneration is capped at 180% of the fixed compensation. In the event of overfulfillment, the amount of the payout is determined either as a percentage based on the degree of overfulfillment or by linear interpolation between the target and the maximum recognizable amount.

Having resigned as of December 31, 2022, the performance period for the 2020/2021 and 2021/2022 LTI tranches also ends in accordance with the contractual regulations. The respective entitlements are thus calculated pro rata temporis and target achievement for the two performance targets was calculated over the correspondingly truncated performance period. The payment amount of the two tranches will become due at the end of the first quarter of the following financial year.

For the EBT and share price performance targets, the following targets and thresholds, and their achievement, were calculated for the 2020/2021 and 2021/2022 tranches. This results in a pro rata payment amount of € 387 thousand (29%) for the 2020/2021 LTI tranche and a pro rata payment amount of € 215 thousand (16%) for the 2021/2022 LTI tranche.

Long-term variable compensation Target achievement

LTI tranche	EBT (weighting: 50%) (in € millions)					Share price performance (weighting: 50%) (in €)					Total target achievement
	Lower threshold	Avg. target figure	Upper threshold	Avg. actual figure	Target achievement	Lower threshold	Avg. opening price	Upper threshold	Avg. closing price	Target achievement	
Allocation											
2020 / 2021	37	62	93	40	34 %	0.93	0.83	1.15	1.51	200 %	117 %
2021 / 2022	40	101	150	77	70 %	1.31	1.17	1.62	1.51	135 %	103 %

3.3. Remuneration of former Management Board members

The following remuneration was granted and owed to former members of the Management Board in financial year 2022 / 2023:

Rainer Hundsdörfer, whose term in office ended as of March 31, 2022, and whose contract ended as of September 6, 2022, received a one-time capital payment of € 1,420 thousand (99%) to cover pension claims accrued up until the time that he stepped down. Rainer Hundsdörfer also received fringe benefits of € 8 thousand (1%) for financial year 2021/2022.

Dr. Gerold Linzbach, whose term in office ended as of November 13, 2016, and whose contract ended as of August 31, 2017, received a pension of € 22 thousand (100%).

Bernhard Schreier, whose term in office ended as of August 31, 2012, and whose contract ended as of June 30, 2013, received a pension of € 442 thousand (100%).

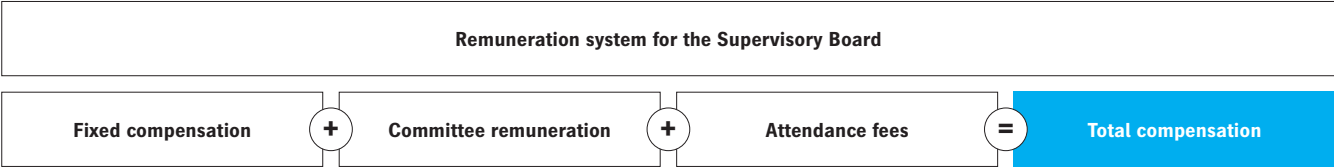
IV. Supervisory Board remuneration in the financial year 2022/2023

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% 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.

Amount of 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 2022/2023

The following table shows the compensation paid and owed to the individual members of the Supervisory Board in the financial year 2022/2023. The total compensation is broken down into fixed compensation, committee remuneration and attendance fees.

Supervisory Board remuneration

	Fixed compensation		Committee remuneration		Attendance fees		Total compensation	
Figures in € thousands	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
Dr. Martin Sonnenschein (Chair)	120	120	24	33	10	11	154	163
Ralph Arns (Deputy Chair)	80	80	18	23	9	11	107	113
Dr. Bernhard Buck (since July 1, 2021)	40	30	0	0	5	4	45	34
Gerald Dörr	40	40	9	15	7	9	56	64
Mirko Geiger	40	40	12	11	8	7	60	58
Oliver Jung	40	40	12	11	9	6	61	57
Li Li	40	40	0	0	4	4	44	44
Dr. Fritz Oesterle (since July 23, 2021)	40	30	6	11	6	7	52	47
Petra Otte	40	40	0	0	5	4	45	44
Ferdinand Rüesch	40	40	9	15	7	9	56	64
Ina Schlie	40	40	23	23	7	6	70	69
Beate Schmitt	40	40	15	20	8	10	63	69
Total	600	580	128	159	85	85	813	823

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

	2022/2023	2021/2022	Change 2022/2023 – 2021/2022	2020/2021	Change 2021/2022 – 2020/2021
	in € thousands	in € thousands	in %	in € thousands	in %
Earnings performance					
Net profit/loss of the Company (HGB)	-60,122	-10,792	-457 %	119,256	-109 %
Group EBITDA (IFRS)	209,471	160,160	31 %	95,473	68 %
Group EBT (IFRS)	111,677	50,800	120 %	-23,367	317 %
Employees					
Avg. employee remuneration	85	83	2 %	93	-10 %
Management Board					
Dr. Ludwin Monz (since April 1, 2022)	1,711	-	n/a	-	n/a
Tania von der Goltz (since January 1, 2023)	245	-	n/a	-	n/a
Former Management Board members					
Marcus A. Wassenberg (until December 31, 2022)	1,328	899	48 %	661	36 %
Rainer Hundsdörfer (until March 31, 2022)	1,428	2,427	-41 %	1,095	122 %
Dr. Gerold Linzbach (until November 13, 2016)	22	22	0 %	22	0 %
Bernhard Schreier (until August 31, 2012)	442	436	1 %	435	0 %
Supervisory Board					
Dr. Martin Sonnenschein	154	163	-6 %	165	-1 %
Ralph Arns	107	113	-5 %	115	-1 %
Dr. Bernhard Buck (since July 1, 2021)	45	34	34 %	-	n/a
Gerald Dörr	56	64	-12 %	65	-2 %
Mirko Geiger	60	58	4 %	64	-9 %
Oliver Jung	61	57	8 %	73	-22 %
Li Li	44	44	0 %	44	1 %
Dr. Fritz Oesterle (since July 23, 2021)	52	47	11 %	-	n/a
Petra Otte	45	44	2 %	44	1 %
Ferdinand Rüesch	56	64	-12 %	65	-2 %
Ina Schlie (since July 23, 2020)	70	69	2 %	43	59 %
Beate Schmitt	63	69	-9 %	65	7 %

VI. Independent auditor's report

Audit opinion

To Heidelberger Druckmaschinen Aktiengesellschaft,
Heidelberg

We have audited the remuneration report of Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg, for the financial year from April 1, 2022 to March 31, 2023 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Heidelberger Druckmaschinen Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, 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 German generally accepted standards for the audit of financial statements 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 stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this 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 the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from April 1, 2022 to March 31, 2023, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to §162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by §162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by §162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Heidelberger Druckmaschinen Aktiengesellschaft. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. §334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Mannheim, June 6, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Bernd Roesé	ppa. Stefan Sigmann
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)