

# **Remuneration report for the financial year 2021/2022 (including the audit opinion)**

## **Heidelberger Druckmaschinen Aktiengesellschaft**

### **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 Supervisory Board of Heidelberg. It summarizes the key elements of the remuneration system for the members of the Management Board and Supervisory Board. The remuneration report is required to be prepared for the first time 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) in the version dated December 16, 2019.

The remuneration report sets out how the remuneration corresponds to the respective remuneration system for the Management Board and Supervisory Board and how it 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 2021/2022 is disclosed individually.

The remuneration report is published on the Company's website, [www.heidelberg.com](http://www.heidelberg.com), under "About us" > "Company" > "Executive bodies" and has been formally and substantively audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. It will be presented to the Annual General Meeting on July 21, 2022 for approval in accordance with the provisions of section 120a (4) AktG.

#### **II. Review of the financial year 2021/2022**

Following the change in regulatory requirements concerning Management Board remuneration as a result of the German Act Implementing the Second Shareholders' Rights Directive (ARUG II) with the introduction of section 87a AktG as well as the new version of the German Corporate Governance Code (GCGC), the existing remuneration system for the Management Board was revised by the Supervisory Board and approved by the Annual General Meeting on July 23, 2021 with a large majority.

The revised remuneration system focuses 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

This remuneration system will apply to the members of the Management Board from the financial year 2022/2023. Its principles are described in the outlook section of this remuneration report.

The applicable remuneration system in the financial year 2021/2022 was the system most recently approved by the Annual General Meeting on July 26, 2012, with 97.66 % of the votes cast.

The remuneration of the members of Heidelberg's Supervisory Board was also approved by the Annual General Meeting on July 23, 2021, with 99.09 % of the votes cast. The remuneration previously resolved by the Annual General Meeting on July 26, 2012, by way of an amendment to the Articles of Association was deemed to still be appropriate and thus continues to apply unchanged.

### III. Management Board remuneration in the financial year 2021/2022

#### 1. Principles of Management Board remuneration

##### 1.1. Principles for determining Management Board remuneration

The applicable remuneration system for the Management Board system in the financial year 2021/2022 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	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
Long-term development	Shareholder interests	Vertical proportionality
The remuneration promotes the long-term development of the Company through its operational and strategic focus and long-term variable compensation components	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 strength and economic performance. Following a review of the horizontal peer group in the previous financial year, 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 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.

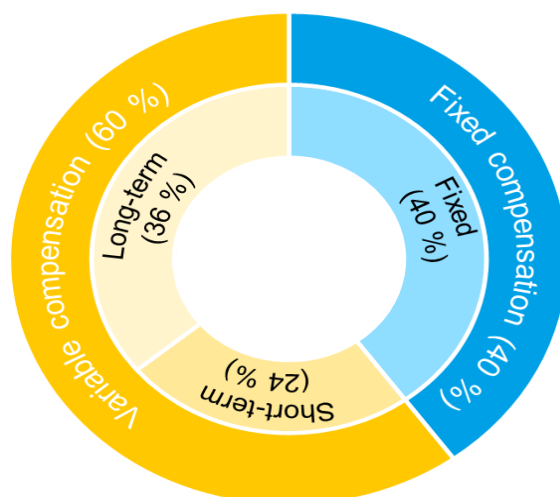
### **1.3. Components and structure of Management Board remuneration**

In the financial year 2021/2022, 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 (benefits in kind) and company pension benefits. The performance-related components consist of short-term annual variable compensation (STI) and long-term multi-year variable compensation (LTI), which is calculated when certain three-year targets are achieved on the basis of predefined parameters.

The following table shows the key 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 fixed compensation components		
Fixed compensation	Fixed annual compensation; paid in 12 equal installments	Ensuring the fixed compensation is appropriate, including standard market conditions, and hence that it is competitive when it comes to attracting and retaining qualified Management Board members
Fringe benefits	e. g. insurance contributions, company car for professional and private use, expenses for the maintenance of two households	
Company pension	Defined contribution commitment	
Performance-related variable compensation components		
Short-term variable compensation		Incentivizing the Company's operational success and a focus on the Company's annual earnings strength in the respective financial year
Plan type	Annual bonus	
Benchmarks	Company bonus: EBIT, free cash flow Personal bonus: individual targets as agreed	
Cap	Max. 90 % of fixed compensation	
Long-term variable compensation		Incentives geared toward profitable long-term earnings strength in line with the corporate strategy and a long-term increase in the shareholder return
Plan type	Performance cash plan	
Performance period	3 years	
Benchmarks	EBT and share price performance	
Cap	Max. 180 % of fixed compensation	
Other contractual components		
Share Ownership Guideline	Share ownership obligation in the amount of the current fixed compensation. Built up annually via 10 percent of variable compensation	Increased alignment between the interests of the Management Board and shareholders

The overall structure and amount of the Management Board remuneration are determined by the Supervisory Board at the recommendation of the Personnel Matters Committee and reviewed at regular intervals. The total target compensation (excluding fringe benefits and service cost) has the following structure in the event of 100 % target achievement:



#### 1.4. Definition of target compensation

The Supervisory Board has defined the following total target compensation (including fringe benefits and service cost) for the financial year 2021/2022. The amount shown for the variable compensation is based on target achievement of 100 %.

##### Target compensation

Figures in € thousands	Rainer Hundsdörfer <sup>1)</sup> Chief Executive Officer until March 31, 2022		Marcus A. Wassenberg Chief Financial Officer	
	2021/2022	2020/2021	2021/2022	2020/2021
Fixed compensation	670	670	400	400
Fringe benefits	22	23	20	21
<b>Total fixed compensation</b>	<b>692</b>	<b>693</b>	<b>420</b>	<b>421</b>
One-year variable compensation				
2021/2022	402	-	240	-
2020/2021	-	402	-	240
Multi-year variable compensation				
Tranche 2021/2022 - 2023/2024 <sup>2)</sup>	100 <sup>3)</sup>	-	303	-
Tranche 2020/2021 - 2022/2023 <sup>2)</sup>	-	372	-	222
<b>Total variable compensation</b>	<b>502</b>	<b>774</b>	<b>543</b>	<b>462</b>
Service cost	234	234	140	140
<b>Total target compensation</b>	<b>1,428</b>	<b>1,701</b>	<b>1,103</b>	<b>1,023</b>

1) The term of office of Rainer Hundsdörfer as Chief Executive Officer and a member of the management Board ended on March 31, 2022. His contract of employment ends on September 6, 2022

2) Term: three years

3) The reported figure of € 100,425 for Rainer Hundsdörfer for the financial year 2021/2022 is based on the settlement agreement dated January 13, 2022

## 2. Application of the remuneration system in the financial year 2021/2022

### 2.1. Non-performance-related fixed compensation components

#### 2.1.1. Fixed compensation

Fixed compensation is paid in 12 equal monthly installments.

### **2.1.2. Fringe benefits**

Generally speaking, the contractually agreed fringe benefits 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 in accordance with local conditions. In the financial year 2021/2022, 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. Company pension**

The pension agreement for the Management Board members provides for a defined contribution commitment. For each financial year, a pension contribution is credited. The pension contribution amounts to 35 % of the corresponding fixed compensation.

The pension can be drawn as an early pension from the age of 60. In the event of a member of the Management Board leaving the Company, the pension will be paid from the age of 65 or 60 respectively, principally as a non-recurring payment of pension capital.

The agreements also provide for disability and surviving dependents' benefits based on the amount of the last fixed compensation; these are limited to a maximum of 60 % of the fixed monthly salary derived from the fixed annual salary (disability payment) or pension. The percentage in the event of a disability pension is based on the length of service on the Company's Management Board, with attributable time up to the age of 65 and a maximum pension percentage of 60 %.

If the contract of employment expires prior to the start of benefit payments, the claim to the accrued pension funds at that point in time remains valid. The other pension benefits (disability and surviving dependents' benefits) earned in accordance with section 2 of the German Company Pension Act (BetrAVG) remain valid on a pro rata temporis basis. The benefits of both active Management Board members in the financial year are vested immediately.

The service cost and the present value of the pension capital in accordance with IAS 19 are broken down as follows as of March 31, 2022:

## Company pension

Figures in € thousands	Defined benefit obligation		Service cost	
	2021/2022	2020/2021	2021/2022	2020/2021
Rainer Hundsdörfer <sup>1)</sup>	1,280	1,046	234	234
Marcus A. Wassenberg	370	261	140	140

<sup>1)</sup> The appointment of Rainer Hundsdörfer as Chief Executive Officer and a member of the Management Board ended on March 31, 2022. His contract of employment ends on September 6, 2022

## 2.2. Performance-related variable compensation components

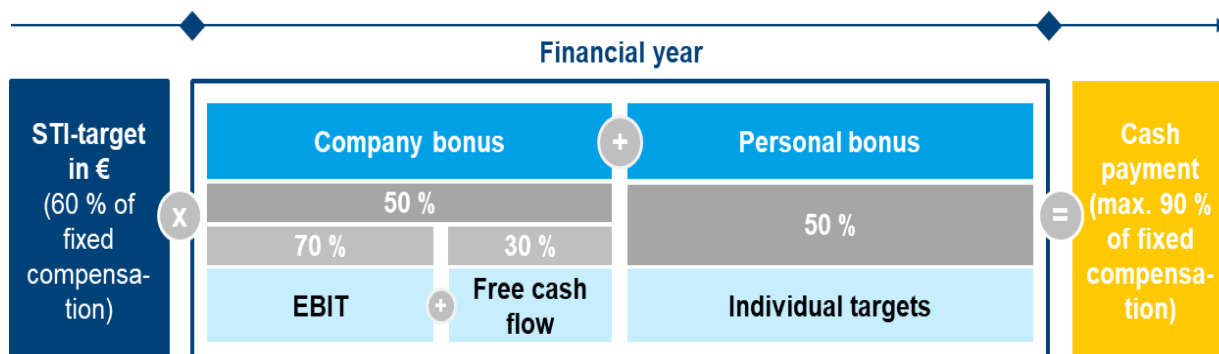
### 2.2.1. Short-term variable compensation

The short-term variable compensation serves to incentivize growth in the Company's operating success and annual earnings strength. Generally speaking, it comprises a company bonus and a performance-related personal bonus, which are weighted equally.

The company bonus reflects Heidelberg's operating success in the financial year. The benchmarks applied are the operating result (EBIT) with a weighting of 70 % and the free cash flow (FCF) with a weighting of 30 %, in each case in accordance with IFRS. In the event of target achievement of 100 %, the company bonus amounts to 30 % of the fixed compensation; in the event of overfulfillment, it may amount to up to 60 % of the fixed compensation.

Furthermore, every Management Board member may receive a performance-related personal bonus. This is determined by the Supervisory Board at the recommendation of the Personnel Matters Committee, taking into account the duties and responsibilities of the respective member in addition to any individual targets agreed. In the event of target achievement of 100 %, the annual personal bonus may amount to up to 30 % of the fixed compensation.

The short-term variable compensation is composed as follows:



With regard to the personal bonus, the Supervisory Board and the Management Board have agreed to focus on the Company bonus in the current financial year,

as they have done since the financial year 2012/2013. Accordingly, the proportion attributable to the personal bonus is added to the Company bonus. This ensures that the short-term variable compensation is geared toward the operating success of the Company as a whole.

A target and a lower threshold have been defined for the EBIT and free cash flow benchmarks. These targets and thresholds may not be subsequently changed. The threshold must be reached in order for the short-term variable compensation for the respective benchmark to be paid out. If the threshold is not reached, no payout is made.

After the end of the financial year, target achievement is determined on the basis of the actual figures for the respective benchmarks. The short-term variable compensation is paid out at the end of the month in which the Annual General Meeting resolves on the appropriation of the net result. If the relevant 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 short-term variable remuneration is capped at 90 % of the fixed compensation (target achievement of 200 %). 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. Accordingly, the payment ratio (as a percentage of the target compensation) is calculated as 90/200 of the target achievement in each case.

For the financial year 2021/2022, the following targets and thresholds were defined for the EBIT and free cash flow benchmarks:

#### Short-term variable compensation

##### Target achievement 2021/2022

Figures in € millions	Lower threshold	Target	Upper threshold	Actual figure	Target achievement	Total target achievement
EBIT	33	63	93	80.7	171%	180%
Free cash flow	0	21	51	87.5	200%	

Target achievement and the payouts for each benchmark were calculated as follows based on the respective actual figures:



Short-term variable compensation  
Total target achievement 2021/2022

Figures in € thousands	Target amount	Target achievement EBIT	Target achievement FCF	Total target achievement	Amount paid
Rainer Hundsdörfer	402	171%	200%	180%	542 <sup>1)</sup>
Marcus A. Wassenberg	240				324 <sup>1)</sup>

1) The payment ratio (as a percentage of the target compensation) is calculated as 90/200 of the target achievement in each case. Accordingly, the total target achievement of 180 % results in a payment ratio of 80.9 % of the respective fixed annual compensation

## 2.2.2. Long-term variable compensation

The three-year tranche of long-term variable compensation for 2019/2020 to 2021/2022, which is finalized after the end of the financial year 2021/2022, is determined on the basis of two equally weighted benchmarks measured over a three-year performance period. The benchmarks are earnings before taxes (EBT) according to the IFRS consolidated income statement and share price performance. This is intended to incentivize profitable long-term earnings strength in line with the corporate strategy while also ensuring a focus on shareholder interests.

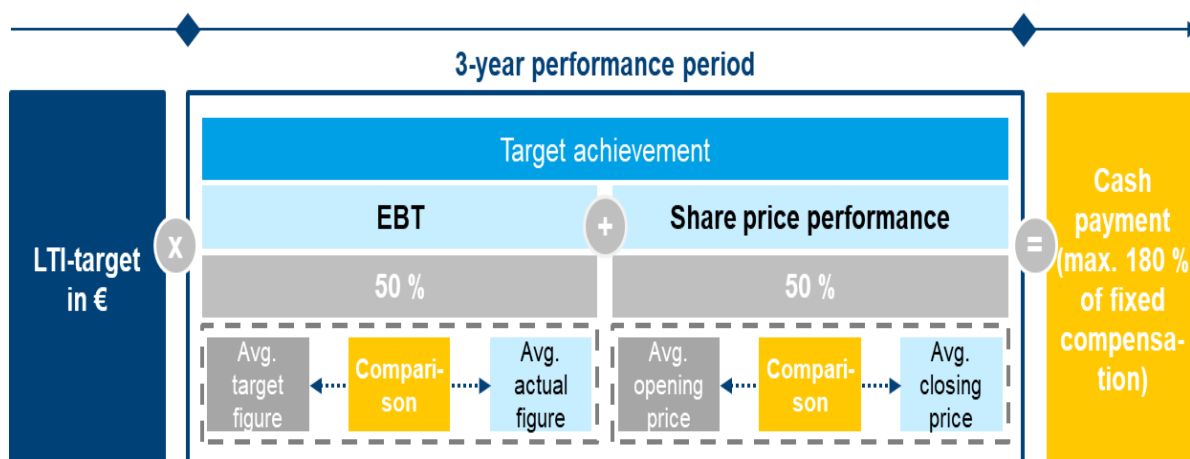
The targets and the corresponding thresholds and caps for the two benchmarks are defined by the Supervisory Board at the start of the relevant performance period. Overfulfillment of a benchmark is recognized and can at most result in a doubling of the attributable long-term variable compensation. Both benchmarks have a target achievement threshold that must be reached in order for the long-term variable compensation for the respective benchmark to be paid out. Overfulfillment of a benchmark can only increase the long-term variable compensation if the other benchmark at least reaches the threshold.

The EBT target is based on the five-year planning adopted by the Supervisory Board. Target achievement and the attributable long-term variable compensation are determined after the end of the performance period by comparing the actual EBT for the three financial years within the performance period with the forecast EBT for these three financial years. The averages of the actual and forecast EBT are compared in order to calculate and determine the actual degree of target achievement.

The basis for target measurement for share price performance is the long-term expected return (increase in the Heidelberg share price) over the performance period. The baseline value for each performance period is determined at the beginning of the first financial year of the performance period. For this purpose, the arithmetical average closing price of the Company's shares in XETRA trading on the Frankfurt Stock Exchange over the 60 trading days immediately preceding the start of the three-year performance period is measured. The fixed baseline value is then compared with the arithmetical average closing price of

the shares over the 60 trading days immediately preceding the end of the performance period.

Target achievement is examined and determined at the end of the performance period. 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.



The long-term 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 performance period – resolves on the appropriation of the net result.

For the 2019/2020 tranche, which is payable after the end of the financial year 2021/2022, the following targets and thresholds were defined for the EBT and share price performance benchmarks:

Long-term variable compensation  
Target achievement Tranche 2019/2020 - 2021/2022

EBT (in € million)					Share price performance (in €)					Total target achievement 1)
Lower threshold	Avg. target figure	Upper threshold	Avg. actual figure	Target achieve- ment	Lower threshold	Avg. opening price	Upper threshold	Avg. closing price	Target achieve- ment	
34	56	83	-101	0%	1.88	2.07	2.32	2.39	200%	50%

1) As the threshold for the "EBT" benchmark was not achieved, the overfulfillment of the "Share price performance" benchmark does not increase the total target achievement

Target achievement and the payouts for each benchmark were calculated as follows based on the respective actual figures:

Long-term variable compensation  
Total target achievement Tranche 2019/2020 - 2021/2022

Figures in € thousands	Target amount	Target achievement		Total target achievement 1)	Amount paid
		EBT	Share price performance		
Rainer Hundsdörfer	603	0%	200%	50%	301
Marcus A. Wassenberg	310				155

1) As the threshold for the "EBT" benchmark was not achieved, the overfulfillment of the "Share price performance" benchmark does not increase the total target achievement.

### 2.3. Share Ownership Guideline

10 % of the annual variable compensation and 10 % of the payable multi-year variable compensation (before deduction of taxes) of each Management Board member must be invested in shares in the Company ("share investment"). Shares in the Company already held by the respective Management Board member are counted towards this figure. The member is not entitled to receive a cash payout of the amount of the share investment. Instead, the Company will commission a bank or financial service provider and directly provide this party with the corresponding amount to be invested in shares in the Company on behalf and for the benefit of the Management Board member. The resulting costs (share purchase and custody) are borne by the Company. The Company's entitlement to invest variable compensation to build the share investment

portfolio in the form of shares ends when the respective Management Board member leaves office.

The respective Management Board member may only sell shares from the personal investment share portfolio during their term in office if the minimum value of the gross fixed compensation is complied with and statutory or regulatory restrictions do not prohibit the sale.

The Management Board members had built up the following shareholdings as of the end of the financial year 2021/2022:

#### Share Ownership Guideline

	Target	Status quo	Status quo
	in € thousand	in € thousand	in %
Rainer Hundsdörfer	670	247	37%
Marcus A. Wassenberg	400	24	6%

#### 2.4. Malus/clawback

The applicable remuneration system in the financial year 2021/2022 does not include any malus and/or clawback mechanisms.

The revised remuneration system that will apply from the financial year 2022/2023 provides for corresponding mechanisms that will enable the Supervisory Board to reduce variable compensation components that have not yet been paid out (malus) or demand the repayment of variable compensation components that have already been paid out (clawback) in certain cases.

At present, there are no cases that would have required the reduction or repayment of variable compensation components for the financial year 2021/2022.

#### 2.5. Early termination benefits

With regard to early termination benefits, the contracts of employment provide for the following regulations in the event of the effective revocation of a Management Board member's appointment or a justifiable resignation by a member of the Management Board:

The contract of employment ends after the statutory notice period in accordance with section 622 (1), (2) of the German Civil Code (BGB). In the event of the effective revocation of a Management Board member's appointment, the member receives a severance payment at the time of termination of the contract of employment in the amount of his or her previous total annual compensation (excluding pension benefits) under the contract of employment (see 1.3 above)

for two years, but not exceeding the amount of the compensation for the originally agreed remainder of the contract of employment.

An entitlement to long-term variable compensation determined, established and thus already vested at the date of departure is unaffected by the severance and transitional regulations and is paid immediately after departure as soon as the consolidated financial statements of the financial year in question have been prepared, and in any case no later than the end of the first quarter of the financial year following the departure.

This does not affect the right to extraordinary termination for good cause in accordance with section 626 BGB.

The severance payment is paid in quarterly installments in line with the originally agreed residual term, but in any case in not more than eight quarterly installments. Other compensation received by a then former member of the Management Board which the former member has agreed to disclose to the Company must be offset in analogous application of sections 326 (2) sentence 2 and 615 (2) BGB during the originally agreed residual term.

If a member of the Management Board becomes unable to work due to disability, the benefits stipulated in the respective pension agreement will be paid.

If no decision on reappointment is made by at least nine months before the end of the term in office and the Management Board member is not reappointed thereafter, the Management Board member receives a severance payment in the amount of the fixed compensation (transitional payment). The entitlement to this fixed compensation arises at the time of termination of the contract of employment. It does not arise if, when the decision on reappointment is made or by the time of termination of the contract of employment, there is good cause for which the Management Board member is responsible that would give the Company a right to termination in accordance with section 626 BGB. The above rule applies with the corresponding changes to the payment and eligibility of other compensation. The revised remuneration system that will apply from the financial year 2022/2023 no longer contains the previous provision concerning transitional payments.

## **2.6. Compliance with maximum compensation**

The short-term variable compensation is capped at 90 % of the fixed compensation, while the long-term variable compensation is capped at 180 % of the fixed compensation. This means that total Management Board remuneration (excluding fringe benefits and service cost) is limited to 370 % of the fixed compensation.

The revised remuneration system that will apply from the financial year 2022/2023 also 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.

### 3. Compensation paid and owed in the financial year 2021/2022

#### 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 2021/2022 in accordance with section 162 (1) sentence 1 AktG. The short-term and long-term variable compensation are reported as of the end of the financial year in which the one-year or multi-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).

#### Compensation paid and owed

Figures in € thousands	Rainer Hundsdoerfer <sup>1)</sup> Chief Executive Officer until March 31, 2022				Marcus A. Wassenberg Chief Financial Officer			
	2021/2022		2020/2021		2021/2022		2020/2021	
	in € thousand	in %	in € thousand	in %	in € thousand	in %	in € thousand	in %
Fixed Compensation	670	28%	670	61%	400	45%	400	61%
Fringe benefits	22	1%	23	2%	20	2%	21	3%
<b>Total fixed compensation</b>	<b>692</b>		<b>693</b>		<b>420</b>		<b>421</b>	
One-year variable compensation								
STI 2021/2022	542	22%	-	-	324	36%	-	-
STI 2020/2021	-	-	402	37%	-	-	240	36%
Multi-year variable compensation								
Tranche 2019/2020 - 2021/2022 <sup>2)</sup>	301	12%	-	-	155	17%	-	-
Tranche 2018/2019 - 2020/2021 <sup>2)</sup>	-	-	0	0%	-	-	0	0%
<b>Total variable compensation</b>	<b>843</b>		<b>402</b>		<b>479</b>		<b>240</b>	
Compensation under termination agreements <sup>3)</sup>	892	37%	-	-	-	-	-	-
<b>Total compensation within the meaning of section 162 AktG</b>	<b>2,427</b>	<b>100%</b>	<b>1,095</b>	<b>100%</b>	<b>899</b>	<b>100%</b>	<b>661</b>	<b>100%</b>
Service cost	234	-	234	-	140	-	140	-
<b>Total compensation (incl. service cost)</b>	<b>2,661</b>		<b>1,329</b>		<b>1,039</b>		<b>801</b>	

1) The term of office of Rainer Hundsdoerfer as Chief Executive Officer and a member of the Management Board ended on March 31, 2022. His contract of employment ends on September 6, 2022.

2) Term: three years

3) In the financial year 2021/2022, this relates to the compensation for Rainer Hundsdoerfer under the settlement agreement concluded on January 13, 2022.

#### 3.2. Remuneration of Management Board members who stepped down in the financial year 2021/2022

Payments to Management Board members who stepped down in the financial year 2021/2022 are broken down as follows:

The term of office of Rainer Hundsdörfer as Chief Executive Officer and a member of the Management Board ended on March 31, 2022; his contract of employment with Heidelberger Druckmaschinen Aktiengesellschaft will end on September 6, 2022 (end of contract).

On January 13, 2022, Heidelberger Druckmaschinen Aktiengesellschaft and Rainer Hundsdörfer entered into an agreement with the following material content. The following provisions apply for the period until the end of his term of office (March 31, 2022) and the end of his contract (September 6, 2022):

Rainer Hundsdörfer will receive annual variable compensation for the financial year 2021/2022 in the amount of € 542 thousand based on target achievement of around 81 % of the respective fixed annual compensation. He will also receive multi-year variable compensation for the three-year period from 2019/2020 to 2021/2022 in the amount of € 301 thousand based on target achievement of 45 % of the respective fixed annual compensation. He will receive pro rata annual variable compensation for the financial year 2022/2023 of € 201 thousand based on flatrate target achievement of 60 % of the respective fixed annual compensation, pro rata multi-year variable compensation for the three-year period from 2020/2021 to 2022/2023 of € 301 thousand based on flat-rate target achievement of 90 % of the respective fixed annual compensation, and pro rata multi-year variable compensation for the three-year period from 2021/2022 to 2023/2024 of € 100 thousand based on flatrate target achievement of 90 % of the respective fixed annual compensation. The aforementioned annual and multi-year variable compensation will be paid out in September 2022 with the exception of the annual variable compensation for the financial year 2021/2022 (payout in July 2022) and the multi-year variable compensation for the three-year period from 2019/2020 to 2021/2022 (payout in June 2022).

For the period from April 1, 2022 to September 6, 2022 (end of contract), Rainer Hundsdörfer will receive his fixed monthly compensation for the remaining term of his contract of employment (on a pro rata basis for September 2022) in the amount of € 289 thousand (including fringe benefits) while also being released from his professional duties.

### **3.3. Remuneration of former Management Board members**

The following compensation was owed and paid to former Management Board members in the financial year 2021/2022: Bernhard Schreier (end of term of office: August 31, 2012; end of contract: June 30, 2013): retirement benefits of € 436 thousand; Dr. Gerold Linzbach (end of term of office: November 13, 2016; end of contract: August 31, 2017): retirement benefits of € 22 thousand; Prof. Ulrich Hermann (early termination of appointment by mutual consent with effect from the end of February 16, 2020; end of contract: March 31, 2020): severance payment of € 637 thousand.

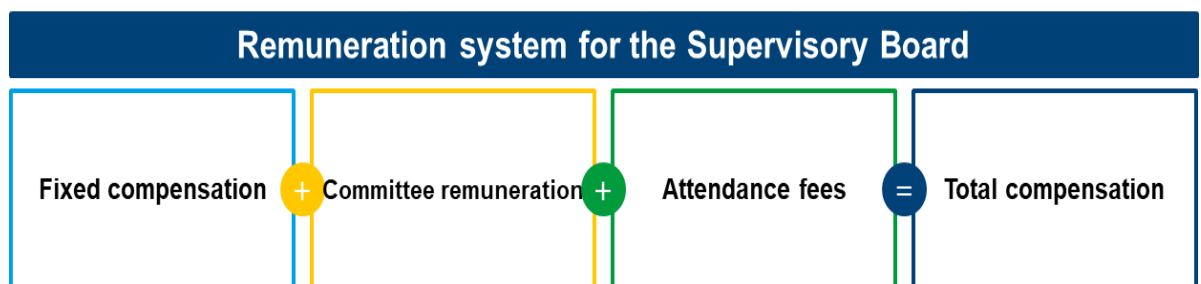
## **IV. Supervisory Board remuneration in the financial year 2021/2022**

### **1. Principles of Supervisory Board remuneration**

The remuneration of the members of the Supervisory Board is governed by the Articles of Association and approved by the Annual General Meeting. The remuneration system for the members of the Supervisory Board reflects their responsibilities and duties. 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 meeting fees for the meetings of certain committees (committee remuneration) as well as meeting 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 Personnel Matters Committee receive additional compensation for work on these committees. Each committee member receives compensation of € 1,500 per meeting for participation in a meeting 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 Personnel Matters Committee 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 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 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)		
Chair ▪ Audit Committee	Chair ▪ Management Committee ▪ Personnel Matters Committee	Committee member
4,500 €	2,500 €	1,500 €
Attendance Fees		
Full Supervisory Board	Committee	
500 €	500 €	

## 2. Compensation paid and owed in the financial year 2021/2022

The following table shows the compensation paid and owed to the individual members of the Supervisory Board in the financial year 2021/2022. The total compensation is broken down into fixed annual compensation, committee remuneration and meeting fees.

### Supervisory Board remuneration

Figures in € thousands	Fixed compensation		Committee remuneration		Attendance fees		Total compensation	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
Dr. Martin Sonnenschein <sup>1)</sup>	120	120	33	35	11	10	163	165
Ralph Arns <sup>2)</sup>	80	80	23	24	11	11	113	115
Dr. Bernhard Buck <sup>3)</sup>	30	-	0	-	4	-	34	-
Joachim Dencker <sup>4)</sup>	10	40	0	0	1	4	11	44
Gerald Dörr	40	40	15	17	9	9	64	65
Mirko Geiger	40	40	11	15	7	9	58	64
Karen Heumann <sup>5)</sup>	13	40	2	9	2	6	16	55
Oliver Jung	40	40	11	24	6	9	57	73
Kirsten Lange <sup>6)</sup>	-	13	-	5	-	3	-	21
Li Li	40	40	0	0	4	4	44	44
Dr. Fritz Oesterle <sup>7)</sup>	30	-	11	-	7	-	47	-
Petra Otte	40	40	0	0	4	4	44	44
Ferdinand Rüesch	40	40	15	17	9	9	64	65
Ina Schlie <sup>8)</sup>	40	30	23	9	6	4	69	43
Beate Schmitt	40	40	20	17	10	8	69	65
<b>Gesamt</b>	<b>603</b>	<b>603</b>	<b>160</b>	<b>170</b>	<b>87</b>	<b>86</b>	<b>850</b>	<b>859</b>

<sup>1)</sup> Chair of the Supervisory Board

<sup>2)</sup> Deputy Chair of the Supervisory Board

<sup>3)</sup> Member of the Supervisory Board since July 1, 2021

<sup>4)</sup> Member of the Supervisory Board until June 30, 2021

<sup>5)</sup> Member of the Supervisory Board until July 23, 2021

<sup>6)</sup> Member of the Supervisory Board until July 23, 2020

<sup>7)</sup> Member of the Supervisory Board since July 23, 2021

<sup>8)</sup> Member of the Supervisory Board since July 23, 2020

## 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 two 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 income of the Company in accordance with the German Commercial Code (HGB) and Group EBIT in accordance with IFRS. These are key performance indicators that reflect the earnings strength 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 number of employees of the Company (FTEs).

### Comparative presentation

	2021/2022	2020/2021	Change 2021/2022 - 2020/2021
	in € thousand	in € thousand	in %
<b>Earnings performance</b>			
Net income of the Company (HGB)	-10,792	119,256	-109%
Group EBIT (IFRS)	80,737	17,640	358%
<b>Employees</b>			
Avg. Employee remuneration	83	93	-10%
<b>Management Board</b>			
Rainer Hundsdörfer	2,427	1,095	122%
Marcus A. Wassenberg	899	661	36%
<b>Former Management Board members</b>			
Bernhard Schreier	436	435	0%
Dr. Gerold Linzbach	22	22	0%
Prof. Dr. Ulrich Hermann	637	1,316	-52%
<b>Supervisory Board</b>			
Dr. Martin Sonnenschein	163	165	-1%
Ralph Arns	113	115	-1%
Dr. Bernhard Buck <sup>1)</sup>	34	-	-
Joachim Dencker <sup>2)</sup>	11	44	-76%
Gerald Dörr	64	65	-2%
Mirko Geiger	58	64	-9%
Karen Heumann <sup>3)</sup>	16	55	-70%
Oliver Jung	57	73	-22%
Kirsten Lange <sup>4)</sup>	-	21	-
Li Li	44	44	1%
Dr. Fritz Oesterle <sup>5)</sup>	47	-	-
Petra Otte	44	44	1%
Ferdinand Rüesch	64	65	-2%
Ina Schlie <sup>6)</sup>	69	43	59%
Beate Schmitt	69	65	7%
<b>Average</b>	<b>61</b>	<b>66</b>	<b>-10%</b>

<sup>1)</sup> Member of the Supervisory Board since July 1, 2021

<sup>2)</sup> Member of the Supervisory Board until June 30, 2021

<sup>3)</sup> Member of the Supervisory Board until July 23, 2021

<sup>4)</sup> Member of the Supervisory Board until July 23, 2020

<sup>5)</sup> Member of the Supervisory Board since July 23, 2021

<sup>6)</sup> Member of the Supervisory Board since July 23, 2020

## **VI. Outlook for the financial year 2022/2023**

The revised remuneration system for the Management Board as adopted by the Annual General Meeting on July 23, 2021 with a large majority of the votes cast will come into force from the financial year 2022/2023. The new remuneration system will help Heidelberg to comply with the new regulatory requirements (ARUG II and GCGC), establish a targeted incentive for the successful implementation of the transformation program, and increase the extent to which the remuneration reflects the shareholder perspective. The remuneration system will also be geared toward the Company's current strategy and objectives to a greater degree. It will make Management Board remuneration more closely linked to the corporate strategy, which is geared toward customer success, sustainable growth, profitability, and a high degree of employee engagement. The remuneration system is intended to reflect the demands involved in the management of a global company by the Management Board members in a highly innovative and dynamic industry.

In addition to introducing and revising contractual conditions, such as the introduction of maximum compensation and malus/clawback mechanisms and the revision of the Share Ownership Guideline, the new system focuses on revising the variable compensation components.

The revision of short-term variable compensation is intended to incentivize the Company's operational success. It establishes uniform incentives for the Management Board members to achieve key targets relating to the annual budget that, in turn, are derived from multi-year long-term strategic planning. It also sets incentives for sustainable action that serve to promote the achievement of the Company's long-term strategy.

The long-term variable compensation is intended to reflect the predominantly share-oriented nature of the Company's long-term strategy and establish incentives for the Management Board members to achieve relevant objectives in line with long-term strategic planning. Taking the share price into account ensures that the interests of the Management Board members are consistent with the interests of the Company's shareholders. Furthermore, the four-year performance period aims to encourage Management Board members to remain with the Company.

The weighting of the respective goals and the corresponding thresholds and targets are transparently documented in the remuneration report. The Supervisory Board also ensures that ESG goals are taken into account to an appropriate extent. The specific ESG goals, their weighting compared with the financial goals and the degree of target achievement are also documented in the respective remuneration report.

The following table shows the main changes in the remuneration system that will apply for the first time in the financial year 2022/2023:

	Structure until financial year 2021/2022	Structure from financial year 2022/2023
<b>Non-performance-related fixed compensation components</b>		
Fixed compensation	Fixed annual compensation; paid in 12 equal installments	Fixed annual compensation; paid in 12 equal installments
Fringe benefits	e. g. insurance contributions, company car for professional and private use, expenses for the maintenance of two households	e. g. insurance contributions, company car for professional and private use, expenses for the maintenance of two households
Company pension	Defined contribution commitment	Payment of a contribution earmarked for private retirement provision in the amount of 35 % of the fixed compensation
<b>Short-term variable compensation</b>		
Plan type	Annual bonus	Annual bonus
Benchmarks	Company bonus: EBIT, free cash flow Personal bonus: individual targets reflecting the individual performance of the Management Board members as agreed	EBITDA, free cash flow and ESG criteria. May be adjusted by +/- 20 percent to reflect the individual performance of the Management Board members
Cap	Max. 90 % of fixed compensation	Max. 100 % of fixed compensation
<b>Long-term variable compensation</b>		
Plan type	Performance cash plan	Performance share plan
Performance period	Three years	Three years + one-year holding period for 50 % of the virtual shares
Benchmarks	EBT and share price performance	EBT, relative total shareholder return (vs. SDAX Performance) and ESG criteria
Cap	Max. 180 % of fixed compensation	Max. 200 % of fixed compensation
<b>Other contractual components</b>		
Share Ownership Guideline	Share ownership obligation in the amount of the current fixed compensation. Built up annually via 10 percent of variable compensation	Share ownership obligation in the amount of the current fixed compensation. Built up annually via 20 % of short-term variable compensation
Malus/clawback mechanisms	-	Introduction of malus and clawback mechanisms for variable compensation
Maximum compensation	-	Introduction of maximum compensation of € 3.6 million for the CEO and € 2.4 million for ordinary members of the Management Board

## VII. 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, 2021 to March 31, 2022 prepared in accordance with section 162 of the German Stock Corporation Act (AktG), including the related disclosures.

### Responsibility 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, in compliance with the

requirements of section 162 AktG. In addition, the executive directors and the Supervisory Board are responsible for such internal control as they consider necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatements, whether due to fraud or error.

### **Auditor's responsibility**

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 audits of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). This requires us to comply with our professional responsibilities and plan and conduct the audit so as to obtain reasonable assurance that the remuneration report, including the related disclosures, is free from material misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts contained in the remuneration report, including the related disclosures. The audit procedures selected depend on the auditor's professional judgment. This includes an assessment of the risks of material misstatements, whether due to fraud or error, in the remuneration report, including the related disclosures. In assessing these risks, the auditor takes into account 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 to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the executive directors and the Supervisory Board, as well as evaluating the overall presentation of the 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.

### **Opinion**

In our opinion, on the basis of the knowledge obtained in the audit, the remuneration report for the financial year from April 1, 2021 to March 31, 2022, including the related disclosures, complies in all material respects with the financial reporting requirements of section 162 AktG.

### **Other matter – Formal review of the remuneration report in accordance with section 162 AktG**

The substantive audit of the remuneration report described in this independent auditor's report includes the formal review of the remuneration report required by section 162 (3) AktG, including the issuance of an opinion on this review. As we have issued an unqualified audit 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 the remuneration report in all material respects.

**Restriction on use**

We issue this independent auditor's report on the basis of the engagement agreed with Heidelberger Druckmaschinen Aktiengesellschaft. Our audit has been performed for purposes of the Company and our 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 to provide third parties with a basis for making (investment and/or financial) decisions. Accordingly, we do not assume any responsibility, duty of care or liability towards third parties; in particular, no third parties are included in the scope of protection of this contract. Section 334 of the German Civil Code (BGB), under which objections arising from a contract may also be raised against third parties, is not waived.

Mannheim, June 3, 2022

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft

Dr. Bernd Roesé  
Wirtschaftsprüfer

ppa. Stefan Sigmann  
Wirtschaftsprüfer