

## - Translation for Convenience-

**Ordinary Annual General Meeting of Heidelberger Druckmaschinen Aktiengesellschaft  
on July 21, 2022**

**Joint report  
of the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft  
and  
the management of Heidelberger Druckmaschinen Subscription GmbH  
in accordance with section 293a AktG  
on the conclusion of a control agreement between Heidelberger Druckmaschinen AG  
and Heidelberger Druckmaschinen Subscription GmbH**

### **I. General information**

Heidelberger Druckmaschinen Aktiengesellschaft, headquartered in Heidelberg (hereinafter "**Heidelberger Druck**") and Heidelberg Druckmaschinen Subscription GmbH, headquartered in Wiesloch (hereinafter "**HD Subscription**"), a direct wholly owned subsidiary of Heidelberger Druck, have entered into a control agreement (hereinafter the "**agreement**") in which HD Subscription places its management under the control of Heidelberger Druck.

The Management Board of Heidelberger Druck and the management of HD Subscription jointly submit the following report on the conclusion of the agreement in accordance with section 293a of the Aktiengesetz (AktG – German Stock Corporation Act).

### **II. Parties**

The parties to the agreement are Heidelberger Druck and HD Subscription.

#### **1. Heidelberger Druck**

Heidelberger Druck is a listed stock corporation headquartered in Heidelberg and entered into the commercial register of the Mannheim District Court under HRB 330004. Heidelberger Druck employs around 4,545 people worldwide in total and generated consolidated sales of around EUR 2.2 billion in the 2021/2022 reporting

year. The purpose of the company according to its articles of association is the manufacture, sale and trade of printing presses and other products in the print media industry and the performance of services and advisory services that relate to this. The purpose of the company also includes other products, services and consulting services in the area of mechanical engineering, electronics, electrical engineering and the metal industry. The financial year of Heidelberger Druck is the period from April 1 to March 31.

## **2. HD Subscription**

HD Subscription is a limited liability company that was established in March 2022 and that is headquartered in Wiesloch and entered in the commercial register of the Mannheim District Court under HRB 743985. The company's share capital amounts to EUR 25,000.00. The financial year of HD Subscription is the period from April 1 to March 31.

The purpose of the company according to its articles of association is the acquisition, development, marketing, rental and sale of products, consulting and other services, risk management, financial structuring, and solution delivery, within the framework of subscription models, all in connection with printing presses, their accessories and other products in the printing industry, including production facilities serving this purpose. Banking and financial services pursuant to the regulations of the Gesetz über das Kreditwesen (KWG – German Banking Act) and all other activities that require a government, regulatory or judicial license or approval are excluded.

HD Subscription does not currently employ any staff. As a limited liability company in formation, HD Subscription had not commenced any business activities by March 31, 2022. For this reason, annual financial statements as at March 31, 2022 will not be prepared. The company will be included in the consolidated financial statements of Heidelberger Druck starting from the 2022/2023 financial year.

### **III. Agreement relating to the control agreement**

#### **1. Conclusion and entry into effect of the agreement**

Heidelberger Druck and HD Subscription entered into a control agreement on March 21, 2022. The approval of the Annual General Meeting of Heidelberger Druck is required in order for this agreement to become effective. The Management Board and the Supervisory Board of Heidelberger Druck therefore propose to the Annual General Meeting scheduled for July 21, 2022 that it approve the version of the agreement of March 21, 2022 that is submitted to the Annual General Meeting.

Furthermore, the agreement requires the approval of the shareholders' meeting of HD Subscription in order to become effective. The shareholders' meeting approved the agreement on March 21, 2022.

Finally, the agreement must be entered in the commercial register of HD Subscription in accordance with section 294(2) AktG in order to become effective. The control component of the agreement applies from the time that the agreement is entered in the commercial register of HD Subscription. Furthermore, the agreement applies retroactively from the beginning of the financial year of HD Subscription in which the control agreement becomes effective by being entered in the commercial register, i.e. prospectively from April 1, 2022.

## **2. Legal and business reasons for concluding the agreement**

Following the conclusion of the control agreement, HD Subscription subjects the administration of its business to the control of Heidelberger Druck. This is intended to ensure that HD Subscription is placed under uniform management, which serves to reinforce the Group relationship with Heidelberger Druck. As a result of the regulations governing the control of HD Subscription, the Group management powers of Heidelberger Druck are thus strengthened, including in view of possible disadvantageous instructions, which may be advisable in the interests of the Group.

The agreement supports the formation of a consolidated VAT group between Heidelberger Druck and HD Subscription. A requirement for a consolidated VAT group is the financial, economic and organizational integration of the controlled company (HD Subscription) in the controlling company (Heidelberger Druck). The organizational integration must be separately verified. The tax authorities generally assume organizational integration, however, when a control agreement is in place.

In addition to the positive effects of the business integration, the agreement will in particular result in benefits for HD Subscription through the financial security it provides, as Heidelberger Druck undertakes to settle any losses that may arise. Because its management is placed under the control of Heidelberger Druck, HD Subscription is required to follow instructions from Heidelberger Druck.

For Heidelberger Druck, the agreement results in the right to issue instructions to HD Subscription and the obligation to absorb the losses HD Subscription. No particular consequences for the shareholders of Heidelberger Druck arise beyond this; in particular, no settlement or compensation payments to minority shareholders as defined by sections 304, 305 AktG will be owed. Moreover, concluding the agreement will not mean any changes in the equity interests in the parties to the agreement.

### **3. Notes on specific regulations**

#### **a. Section 1 Control**

The contractual control component is included in section 1 of the agreement. According to this, HD Subscription places the management of its company under the control of Heidelberger Druck. Heidelberger Druck is thus entitled even beyond the framework provided by company law to issue instructions to the management of HD Subscription comprehensively in the greater interests of the Group. Regardless of the right to issue instructions, the management and representation of HD Subscription remain the responsibility of the managing directors of HD Subscription. The contractual regulation is based on the legal model of sections 291 (1), 308 AktG. In accordance with section 308(1) sentence 1, instructions can also be issued that are disadvantageous for HD Subscription if they serve the interests of Heidelberger Druck or the companies affiliated with it or with HD Subscription. Instructions are not permitted, however, in particular if complying with them would infringe mandatory statutory regulations or provisions of the articles of association of HD Subscription. Instructions that put the continued existence of HD Subscription at risk are also not permitted. The management of HD Subscription is therefore not entitled to refuse to comply with instructions simply because it believes they do not serve the interests of Heidelberger Druck or the companies affiliated with it or with HD Subscription. It is entitled to do so only if the instruction obviously does not serve these interests, section 308(2) sentence 2 AktG.

#### **b. Loss absorption**

Section 2 of the agreement governs the contractual obligation of Heidelberger Druck to absorb losses by referring expressly to the regulation of section 302 AktG as amended from time to time. Heidelberger Druck accordingly undertakes to absorb the losses of HD Subscription for the duration of the agreement.

The obligation to compensate losses does not apply if the net loss for the year is settled by withdrawing amounts from the other retained earnings within the meaning of section 272(3) HGB that have been transferred to these earnings during the term of the control agreement. The obligation to compensate losses ensures that the accounting equity of HD Subscription at the time the agreement comes into effect is not diminished during the term of the agreement. The obligation to compensate losses serves to safeguard the proprietary interests of HD Subscription and its creditors for the duration of the existence of the control agreement.

**c. Section 3 Effective date and duration**

Section 3 of the agreement governs the duration and effective date of the agreement. In accordance with section 3(1), the agreement comes into effect when it is entered in the commercial register of HD Subscription. In relation to section 1 (Control) of the agreement, the regulation applies for the period starting from the time the agreement is entered in the commercial register of HD Subscription. In all other respects, it applies retroactively from the beginning of the financial year of HD Subscription in which the agreement is entered in the commercial register of HD Subscription.

According to section 3(2) sentence 1, the agreement is entered into for an indefinite period. It can be terminated ordinarily by giving one month's written notice to the end of the financial year of the subsidiary.

Furthermore, the agreement can be terminated without notice for good cause in accordance with section 3(3) sentence 1. The right of termination for good cause exists by virtue of the law and cannot be excluded by contract. Good cause always exists in principle if, when weighing up all the circumstances of the terminating party, it cannot reasonably be expected to continue the contractual arrangement. In accordance with section 3(3) sentence 2 of the agreement, good cause is also present in particular if Heidelberger Druck no longer holds an equity interest with the majority of voting rights in HD Subscription, if Heidelberger Druck sells or contributes its shares in HD Subscription, if Heidelberger Druck or HD Subscription is merged, spun off, or liquidated, or if an external shareholder invests in HD Subscription for the first time within the meaning of 307 AktG.

**d. Section 4 Final provisions**

The severability clause contained in section 4 of the agreement is intended to ensure that the essential content of the agreement is maintained if individual contractual provisions should prove, contrary to expectations, to be partially or entirely invalid or unenforceable or to contain gaps or omissions. This is a regulation that is typically included in control agreements.

**IV. No settlement or compensation rights, no review**

As Heidelberger Druck holds all shares in HD Subscription and HD Subscription therefore does not have any external shareholders, regulations governing settlement or compensation rights (sections 304, 305 AktG) are not necessary. There was therefore no need to perform a valuation of the companies involved in order to calculate an appropriate settlement and appropriate compensation.

Similarly, no review of the agreement by a court-appointed auditor (contract auditor) in accordance with sections 293b ff. AktG is required.

Heidelberg, June 2022

The Management Board of Heidelberger Druckmaschinen AG

Dr. Ludwin Monz

Marcus A. Waßenberg

Wiesloch, June 2022

The managing directors of HD Subscription GmbH

Ralf Steger

Jochen Bender