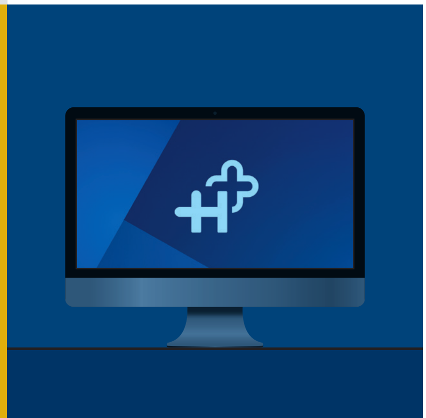
Interim Financial Report Q2
2021/2022

PERSPECTIVES

HEIDELBERG

INTERIM FINANCIAL REPORT Q2 2021/2022

- Incoming orders up around 14 percent year-on-year in second quarter – and by as much as 44 percent for the first half of the year compared to the same period of the previous year that was heavily impacted by the COVID-19 pandemic
- Sales rose significantly for the quarter and amount to € 983 million for the first half of the year despite an increasingly tense supply situation for preliminary products
- EBITDA amounts to € 75 million for the first half-year – significant improvement in operating earnings contribution thanks to increased volume and transformation
- Net result after taxes € 13 million after six months
- Significant year-on-year improvement in free cash flow to € 74 million; net debt reduced entirely
- EBITDA margin target for the 2021/2022 financial year raised to between 7 and 7.5 percent on August 31, 2021 thanks to higher income from asset management

Key performance data

Figures in € millions	Q1 to Q2		Q2	
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
Incoming orders	864	1,245	518	593
Order backlog	627	886	627	886
Net sales	805	983	475	542
EBITDA [1]	67	75	27	60
in percent of net sales	8.3	7.6	5.6	11.0
Result of operating activities (EBIT)	27	37	7	41
Financial result	– 27	– 17	– 14	– 10
Net result before taxes	0	20	– 6	31
Net result after taxes	– 9	13	– 13	27
Research and development costs	44	47	22	24
Investments	32	31	18	16
Equity	115	137	115	137
Net debt [2]	157	– 4	157	– 4
Leverage [3]	1.2	< 0	1.2	< 0
Free cash flow	– 52	74	11	45
Earnings per share in €	– 0.03	0.04	– 0.05	0.09
Number of employees at end of quarter (excluding trainees)	10,918	9,925	10,918	9,925

[1] Result of operating activities before interest, taxes, depreciation and amortization
[2] Net total of financial liabilities less cash and cash equivalents
[3] Ratio of net debt to EBITDA for the last four quarters

Note
In individual cases, rounding could result in discrepancies concerning the totals and percentages contained in this interim financial report.

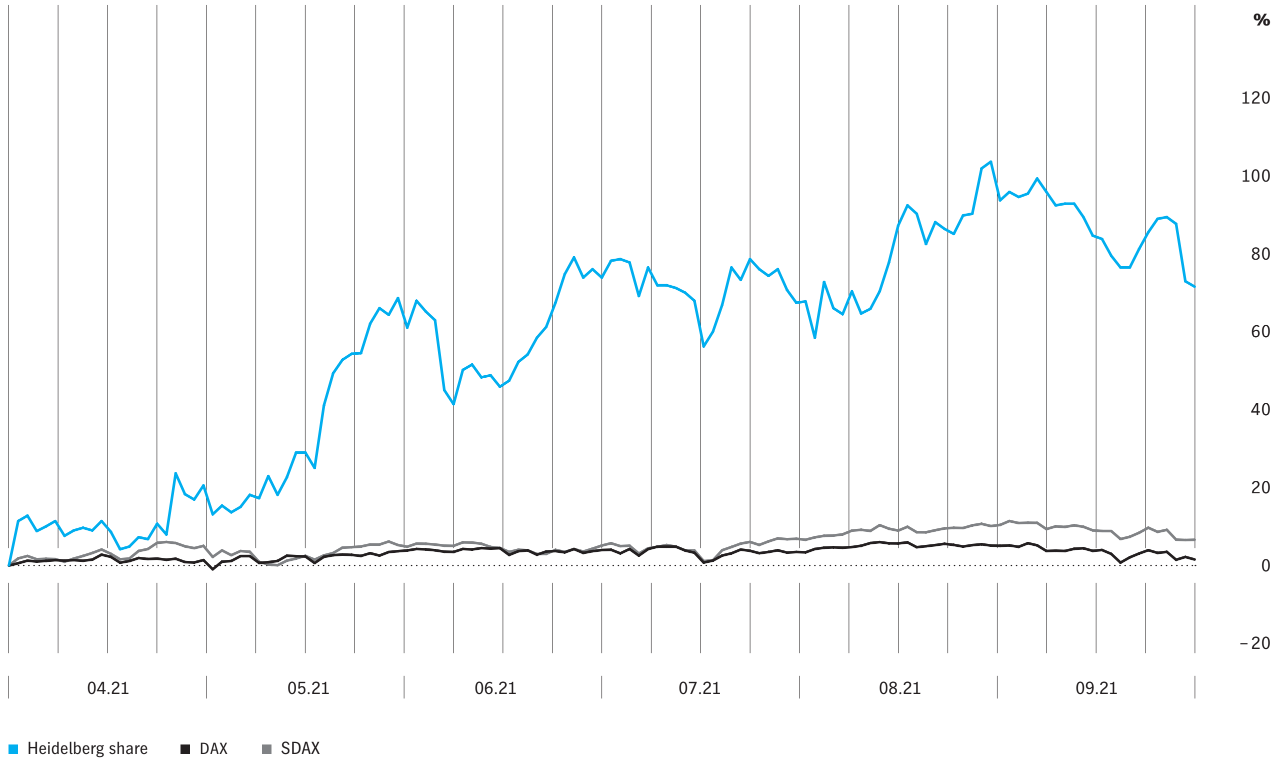
Interim consolidated financial report

Q2 2021/2022

Heidelberg on the capital markets

Performance of the Heidelberg share

Compared to the DAX and the SDAX (index: April 1, 2021 = 0 percent)



The Heidelberg share and the Heidelberg bond

Heidelberg's share price significantly outperformed the German DAX benchmark index and the SDAX small cap selection index in the first half of the 2021/2022 financial year. In particular, this development reflects the Company's progress in its transformation, the advancing market recovery following the lifting of restrictions due to the pandemic and the rapid growth in the new electromobility business area. In line with the general index trend, the share's performance became somewhat softer towards the end of the second quarter of the 2021/2022 financial year.

As it approaches maturity, the portion of the 2015 convertible bond still outstanding is at 96 percent of its nominal value and gained around 5 percent in the first half of the year. The convertible bond will mature on March 30, 2022.

Key performance data of the Heidelberg share

Figures in € ISIN: DE 0007314007	Q2 2020/2021	**Q2 2021/2022**
High	0.81	2.35
Low	0.50	1.76
Price at beginning of quarter[1]	0.57	2.03
Price at end of quarter[1]	0.56	1.97
Market capitalization at end of quarter in € millions	171	600
Outstanding shares in thousands (reporting date)	304,479	304,479

Key performance data of the Heidelberg 2015 convertible bond

Figures in percent ISIN: DE 000A14KEZ4	Q2 2020/2021	**Q2 2021/2022**
Nominal volume in € millions	17.1	17,1
High	90.5	100.5
Low	79.3	95.4
Price at beginning of quarter[2]	79.3	98.0
Price at end of quarter[2]	88.5	96.6

[1] Xetra closing price, source: Bloomberg
[2] Closing price, source: Bloomberg

ECONOMIC REPORT

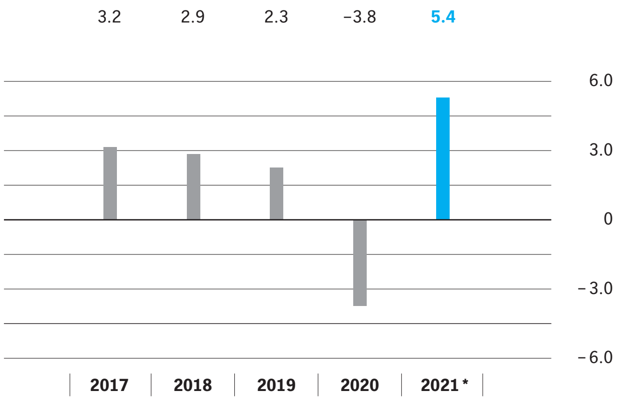
Macroeconomic and industry-specific conditions

The world economy bounced back in the first half of 2021 and expanded by 7.1 percent despite new waves of COVID-19 and ongoing infection protection measures. The momentum of the upswing was bolstered by the advancing vaccination programs and the easing of restrictions put in place to curb the pandemic. As stated in the fall report of the Federal Ministry for Economic Affairs and Energy, the general economic recovery continued in the third quarter of the calendar year, but lost momentum due to mounting bottlenecks in the supply of materials as a result of high overall demand and aggravated supply chains. In manufacturing in particular, problems in the availability of preliminary products are having a significant impact, resulting in a decline in production in the third quarter according to the report. Overall, the limited availability of goods and services, together with sharp increases in energy prices, led to a rise in inflation even after adjusting for baseline effects. As the Federal Statistical Office announced in its press release of September 20, producer prices increased by 8.3 percent in August 2021, as compared to August 2020, even without taking energy prices into account. Year-on-year price increases were particularly high for (...) secondary raw materials (+104 percent) and also wooden packaging (+89.4 percent). Metals, on average, were 34.9 percent more expensive than one year ago overall. Prices for pig iron, steel and ferroalloys were 58.0 percent higher, while the cost of non-ferrous metals and their semi-finished products were 23.0 percent higher. The global economic outlook of the International Monetary Fund also highlights these developments and assumes an ongoing, albeit significantly slower, recovery. In particular, a shortage of logistics resources owing to a lower number of standard containers available and the closure of ports due to the pandemic are playing a significant part in this.

Developments to date in the individual countries have been highly mixed. In the advanced economies, following a setback at the start of the year, the situation did not begin to improve tangibly until the second quarter of the current year, hence growth was lower here, at 6 percent, than in the emerging countries, at 9 percent, in the first half of 2021.

Change in global GDP [1)]

Figures in percent



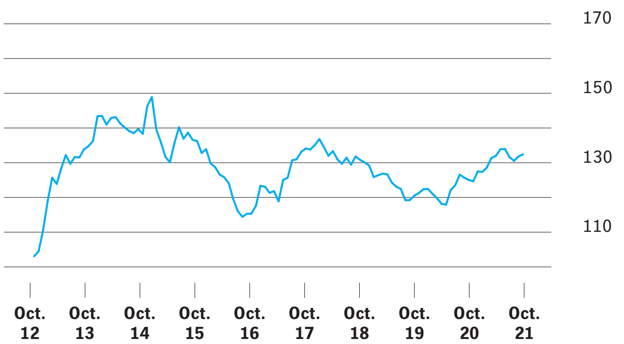
* Forecast
[1)] Data determined in accordance with the straight aggregate method

The chain-weighted method would deliver the following results: 2017: 3.4 %; 2018: 3.2 %; 2019: 2.6 %; 2020: −3.5 %; 2021*: 5.6 %

Source: IHS Markit Global Insight; calendar year; as of September 2021

Development of EUR / JPY

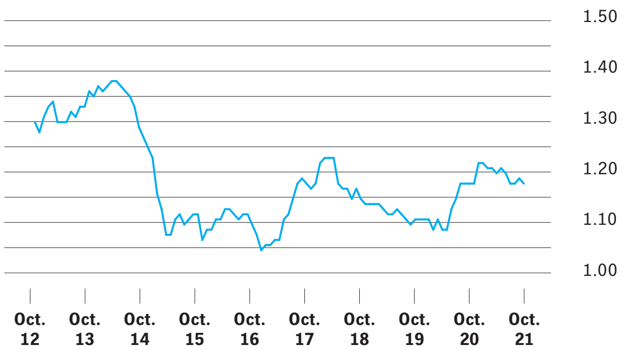
October 2012 until October 2021



Source: IHS Markit Global Insight

Development of EUR / USD

October 2012 until October 2021



Source: IHS Markit Global Insight

While the recovery on Asia's advanced economies already began in the winter, economic activity in Europe initially declined by 1.6 percent in the first quarter of 2021 owing to drastic restrictions on account of the pandemic, before expanding rapidly in the second quarter. At the forefront of this expansion was the UK at more than 22 percent, closely followed by Spain, France and Italy. Although the upswing continued in the third quarter, this was slowed significantly by the uncertainty in connection with Brexit and the deteriorating supply situation.

In the US, aggregate economic output has already surpassed pre-crisis levels and grew by 6.4 percent in the first half of 2021. This performance was essentially thanks to the government's fiscal stimulus, though economic activity – as in Europe – became less dynamic in the third quarter as a result of materials shortages and the advanced stage of the economic recovery.

The rise in gross domestic product that began in the winter continued in the emerging countries. Although the Asian region (India especially) struggled with a significant deterioration of the pandemic situation in the spring, a major recovery began in the first half of the year that continued in the third quarter.

Economic growth in China already reached its zenith at 18.3 percent in the first quarter of 2021, and has flattened off considerably since then. In particular, sentiment has recently been more downbeat on account of the tougher state regulation of some sectors, the rationing of electricity and the financial woes of the real estate developer Evergrande.

According to statistics published by the German Mechanical Engineering Industry Association (VDMA), the general economic recovery is also transferring to equipment investment. From January to August 2021, sales of printing presses by German manufacturers climbed by 8 percent and incoming orders by 37 percent year-on-year (in real terms).

General information regarding this report

The Company has reported the key earnings figures of EBIT and EBITDA including restructuring result since April 1, 2021. The prior-year figures have been restated accordingly.

Heidelberg has reported in a new segment structure since April 1, 2021 in order to better reflect its focus on the customer requirements, profitability and potential resulting from the new operating model introduced as part of its reorientation. Reporting in the three segments of Print Solutions, Packaging Solutions and Technology Solutions will allow Heidelberg to manage its business in line with its target markets and the respective customer requirements to an even greater extent than before. The prior-year figures have been restated accordingly.

Business development

The business performance of Heidelberger Druckmaschinen AG (Heidelberg) in the first half of the 2021/2022 financial year (April 1 to September 30, 2021) was characterized by a broad-based market recovery from the recession due to the pandemic on the back of growing customer confidence and improved conditions.

In the first three months of the 2021/2022 financial year, Heidelberg further expanded its position as the leading digital platform provider for the printing industry, making its Zaikio Procurement industry platform freely available to all print shops. Furthermore, Antalis – the leading European distributor for paper and industrial packaging – was secured as a partner. Using Zaikio, print shops and their suppliers can digitize and automate their procurement process based on various factors, including current paper or ink consumption/stock levels. Heidelberg has also further expanded the digitization of its customer relationships in conjunction with useful value-added services and combined all elements of the Heidelberg ecosystem in a digital customer portal called "Heidelberg Plus". Customers can now use mobile devices to monitor machine operation, place orders for consumables or generate service tickets.

On the growth market of e-mobility, Heidelberg showcased its full and expanding portfolio of charging solutions at the digital Hannover Messe trade show in April 2021. Heidelberg has established itself as one of Germany's market leaders with its range of Wallboxes for charging in the private and semi-public domains, and it is continuing to grow by increasing its production capacity (a third production line was launched in July), by building on its product portfolio and by expanding internationally. Net sales tripled as against the same period of the previous year in the first half of 2021/2022. In order to grow this business more quickly and more flexibly, in June 2021 it was transferred to a standalone company, HEI Charge – Heidelberger Druckmaschinen e-Mobility & Charging GmbH.

Heidelberg laid the groundwork to further optimize its UK customer communications in the middle of June 2021. Following the relocation of the logistics center, the customer headquarters is also due to be moved to the west of London in the course of 2021. The previous property in Brentford, located between central London and Heathrow Airport, was sold to the real estate developer Fairview New Homes Ltd in June 2021. Heidelberg expects the transaction, with an agreed purchase price in the mid double-digit million euro range, to be closed in the final quarter of 2021.

In June 2021, the Heidelberg Digital Unit was also honored with a Capital Award as one of Germany's top digital labs in the "core business-related innovation" category for the third time in succession. The award was in recognition of the development of Performance Advisor Technology (PAT), a new component of the Heidelberg Cloud based on artificial intelligence. Thanks to big data and a corresponding algorithm, PAT is able to identify major deviations from a standard state that have the potential to negatively affect sheetfed offset press performance.

Starting in late June 2021, Heidelberg launched an international innovation initiative with the slogan "It's SHOWTIME!" as part of its efforts to systematically drive the development of innovations for the global printing industry in spite of the continued challenging market conditions. During a digital customer event, the Company showcased numerous new and enhanced offerings in the commercial, packaging and label segments. Smart solutions that print shops can use to further boost their competitiveness were demonstrated in short live streams. The event was held in eight different languages at different times of the day and in parallel with the China Print trade show in Beijing. At the latter event, Heidelberg successfully celebrated the world premiere of its new sheetfed offset printing press, the Speedmaster CX 104, which met with considerable interest among customers. With this new product, the Company is underlining its strong position in the industry's biggest growth market. Even before the start of series production of the CX 104, Heidelberg had received orders for more than 500 printing units of this series worldwide, a large proportion of them from China. In addition to Heidelberg's live presence in Beijing, there was a "digital exhibition" of the booth with a VR 3D exhibition hall on social media, numerous live streams, B2B e-commerce offerings and shows on the Internet. In the process, more than 25,000 trade visitors interacted with the digital Heidelberg show. The digital exhibition concept enabled all customers to obtain comprehensive information and be involved both on-site and online despite the travel restrictions caused by the pandemic.

The sale of an area of around 130,000 m² at the Wiesloch-Walldorf production site, which was announced in late 2020 as part of the production site and structural optimization program, was completed at the end of the first quarter. The purchase price was in the mid-eight figures and was recognized in the first quarter. The gain on the transaction, which is in the high single-digit million euro range, is offset by dismantling and relocation costs in almost the same amount. The consolidation of the production site will lead to a sustainable reduction in future operating costs.

At the end of August, in conjunction with the ongoing focus on the cloud-based digitization strategy in core business, Heidelberg sold the document management specialist docufy GmbH, Bamberg, to the investment company Elvaston Capital Management, Berlin. The income from the transaction of more than € 20 million will allow Heidelberg to make additional strategic investments as its digital transformation progresses.

From the start of the new semester on September 1, 2021, Heidelberg has significantly increased the number of its trainee positions, thereby highlighting its responsibility to vocational training. The importance of training at Heidelberg, the high quality of its standards and its forward-looking approach are demonstrated by its latest awards as one of Germany's best training companies: The newspaper "Die Welt" described it as a "highly attractive training organization" and it received the "Industry 4.0 Talent" prize from the Baden-Württemberg Ministry for Economic Affairs, Labor and Tourism for its design for a mechatronic workplace. Digitization modules are now an integral part of all vocational training at Heidelberg. This was also a key factor in being awarded maximum points in the Stern report "Germany's businesses with a future" in October. This study focused on how well companies in Germany are prepared for the challenges of digitization, particularly in light of the coronavirus pandemic.

At the end of September, Heidelberg joined the international alliance 4evergreen, boosting its comprehensive commitment to environmentally friendly products and technologies. Heidelberg wants to play a part in advancing resource efficiency and the recycling economy in the packaging sector. Heidelberg had previously joined the German Mechanical Engineering Industry Association's Blue Competence sustainability initiative in 2012. In the field of sustainability, Heidelberg is currently undergoing a repositioning and has established an ESG Council to embed these aspects more firmly in the Company's strategy.

Orders and sales

The effects of the advancing market recovery were clear in the first half of the year: At around € 1,245 million as of September 30, 2021, **INCOMING ORDERS** were significantly higher than the low prior-year figure (€ 864 million), which had been impacted by the COVID-19 pandemic. The same was also true for the second quarter of 2021/2022, with incoming orders amounting to € 593 million after € 518 million in the same period of the previous year.

The **ORDER BACKLOG** rose significantly to € 886 million as of September 30, 2021, up on the figure for March 31, 2021 (€ 636 million) and the same date in the previous year (€ 627 million).

SALES also climbed to € 983 million after two quarters (previous year: € 805 million). In the second quarter, net sales amounted to € 542 million after € 475 million in the same period of the previous year.

TOTAL OPERATING PERFORMANCE for the first six months was thus up on the previous year at € 1,047 million (€ 823 million).

Business performance by quarter

Figures in € millions	Q1 to Q2		Q2	
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
Incoming orders	864	1,245	518	593
Sales	805	983	475	542

Results of operations, net assets and financial position

The result of operating activities before interest, taxes, depreciation and amortization (EBITDA) improved to € 75 million in the first half of 2021/2022 (first half of 2020/2021: € 67 million). The second quarter of the previous year was positively affected by income from the reorganization of the pension plans for the Company's employees in Germany in the first quarter (around € 73 million), the comprehensive compensation for the loss of employment due to reduced working hours and the disposal of the Belgian subsidiary CERM N.V. (around € 8 million). The significantly improved operating earnings for the first half of 2021/2022 thanks to the high sales volume and further savings stemming from the transformation include income of more than € 20 million from the sale of docufy GmbH. EBITDA amounted to € 60 million in the second quarter (previous year: € 27 million). The result of operating activities (EBIT) was also up year-on-year at € 37 million after the first six months (previous year: € 27 million), as well as for the second quarter with € 41 million (previous year: € 7 million).

The FINANCIAL RESULT amounted to € –17 million after the first half of the year as a result of lower financing costs due to the reduction of financial liabilities (first half of previous year: € –27 million). In particular, this was thanks to the repayment of the bond in September 2020.

The RESULT BEFORE TAXES for the first half of the year improved from a breakeven level in the previous year (€ 0 million) to € 20 million in the reporting period. In the second quarter as well, the figure improved significantly as against the previous year to € 31 million (€ –6 million).

The RESULT AFTER TAXES climbed accordingly as against the previous year (€ –9 million) to € 13 million after the first six months and from € –13 million to € 27 million in the second quarter.

Income statement

Figures in € millions	Q1 to Q2		Q2	
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
Net sales	**805**	**983**	**475**	**542**
Change in inventories/other own work capitalized	18	18	–25	–25
Total operating performance	**823**	**1,047**	**450**	**537**
EBITDA	**67**	**75**	**27**	**60**
Depreciation and amortization	39	38	20	19
Result of operating activities	**27**	**37**	**7**	**41**
Financial result	**–27**	**–17**	**–14**	**–10**
Net result before taxes	**0**	**20**	**–6**	**31**
Taxes on income	9	7	7	4
Net result after taxes	**–9**	**13**	**–13**	**27**

On the ASSETS SIDE, INVENTORIES increased to € 629 million as a result of the higher order volume in the first half of the year (March 31, 2021: € 542 million).

Trade receivables decreased slightly after the first six months of the 2021/2022 financial year.

Mainly as a result of systematic inventory and receivables management and higher advance payments on orders, NET WORKING CAPITAL declined to € 451 million in total as of September 30, 2021 (March 31, 2021: € 505 million).

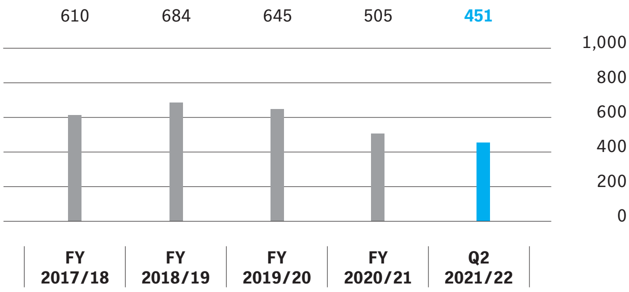
Our customers' financing requirements were covered largely externally in the reporting period; we therefore provided customer financing directly to a limited extent only. RECEIVABLES FROM SALES FINANCING declined to € 40 million as of September 30, 2021 on account of the repayments received and refinancing on the part of customers.

Assets

Figures in € millions	31-Mar-2021	30-Sep-2021
Non-current assets	902	864
Inventories	542	629
Trade receivables	246	227
Receivables from sales financing	44	40
Cash and cash equivalents	204	205
Other assets	231	229
	2,169	**2,195**

Development of net working capital [1)]

Figures in € millions



[1)] Total of inventories and trade receivables less trade payables and advance payments

Under **EQUITY AND LIABILITIES**, the Heidelberg Group's **EQUITY** increased to € 137 million as of September 30, 2021 as against the end of the financial year on March 31, 2021 as a result of the positive net result after taxes for the first six months and the slight increase in the interest rate for German pensions (from 1.4 percent as of March 31, 2021 to 1.5 percent as of September 30, 2021). The equity ratio was thus 6.2 percent.

Pension provisions declined moderately to € 930 million owing to the slightly higher interest rate (start of financial year: € 946 million). **PROVISIONS** fell to € 1,212 million in total.

NET DEBT amounted to € – 4 million after the first half of the year as a result of the positive free cash flow (March 31, 2021: € 157 million). Leverage (the ratio of net debt to EBITDA for the last four quarters) was therefore below zero (same quarter of the previous year: 1.2). Financial liabilities decreased significantly to € 201 million as of September 30, 2021 as a result of repayments (March 31, 2021: € 271 million).

Equity and liabilities

Figures in € millions	31-Mar-2021	30-Sep-2021
Equity	109	137
Provisions	1,253	1,212
of which: pension provisions	946	930
Financial liabilities	271	201
Trade payables	146	206
Other equity and liabilities	390	439
	2,169	**2,195**

Overview of net assets

Figures in € millions	31-Mar-2021	30-Sep-2021
Total assets	2,169	2,195
Net working capital	505	451
in percent of sales [1)]	26.4	21.6
Equity	109	137
in percent of total equity and liabilities	5.0	6.2
Net debt [2)]	67	– 4

[1)] Net working capital in relation to sales for the last four quarters
[2)] Net total of financial liabilities and cash and cash equivalents and current securities

Heidelberg's financing portfolio consists of a syndicated credit facility, capital market instruments (convertible bond) and other instruments and development loans. Heidelberg's credit facilities, which currently total around € 390 million, have a maturity structure until 2023 and provide a solid foundation for the Company's continued strategic reorientation.

We supplement our financing with operating leases where economically appropriate. There are no other financing instruments not reported on the face of the statement of financial position with a significant influence on the economic position of the Group.

Cash generated by operating activities amounted to € 17 million in the first half of 2021/2022 (previous year: cash used of € – 91 million). In the previous year, with the other operating changes, the impact of the adjustment for non-cash income from the reorganization of the Company's pension plans in Germany was substantially negative.

Essentially as a result of the sale of space in Wiesloch-Walldorf (around € 43 million) and the disposal of docufy (around € 28 million), **NET CASH GENERATED BY INVESTING ACTIVITIES** amounted to € 56 million in the first half of 2021/2022 (previous year: € 39 million).

Overall, **FREE CASH FLOW** was clearly positive after six months at € 74 million (previous year: € – 52 million).

Statement of cash flows of the Heidelberg Group

Figures in € millions	Q1 to Q2		Q2	
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
Net result after taxes	– 9	13	– 13	27
Cash used in/generated by operating activities	– 91	17	– 25	22
of which: net working capital	12	54	– 13	14
of which: receivables from sales financing	2	3	3	3
of which: other operating changes	– 105	– 40	– 15	4
Cash used in/generated by investing activities	39	56	36	23
Free cash flow	– 52	74	11	45
in percent of sales	– 6.5	7.5	– 2.3	8.3

Segment report

New segment structure since April 1, 2021

Heidelberg has reported in a new segment structure since April 1, 2021 in order to better reflect its focus on the customer requirements, profitability and potential resulting from the new operating model introduced as part of its reorientation. Reporting in the three segments of Print Solutions, Packaging Solutions and Technology Solutions will allow Heidelberg to manage its business in line with its target markets and the respective customer requirements to an even greater extent than before. The prior-year figures have been restated accordingly.

The composition of the segments is described in note 24 (page 32) of this half-year report.

Incoming orders in the PRINT SOLUTIONS segment amounted to € 689 million after the first six months, significantly higher than the previous year's figure when investment propensity had been massively curtailed by the COVID-19 pandemic (€ 465 million). Sales were significantly higher than the prior-year figure at € 547 million (€ 441 million) after the first half of the 2021/2022 financial year, and in the second quarter at € 309 million as against € 254 million in the same quarter of the previous year.

The result of operating activities before interest, taxes, depreciation and amortization (EBITDA) was € 55 million for the first half of 2021/2022 after € 39 million in the first half of the 2020/2021 financial year. It amounted to € 48 million in the second quarter of the current financial year (previous year: € 13 million). The gain on the disposal of docufy of more than € 20 million related entirely to this segment.

The Heidelberg Print Solutions segment had a total of 5,492 employees as of September 30, 2021.

Print Solutions

Figures in € millions	Q1 to Q2		Q2	
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
Incoming orders	465	689	275	334
Sales	441	547	254	309
Order backlog	322	475	322	475
EBITDA [1]	39	55	13	48
Employees [2]	6,071	5,492	6,071	5,492

[1] Result of operating activities before interest, taxes, depreciation and amortization
[2] At end of quarter (excluding trainees)

The PACKAGING SOLUTIONS segment reported incoming orders of € 247 million (previous year: € 239 million) in the second quarter and, at € 535 million after the first half of the year, was up significantly on the same period of the previous year which was weak due to the pandemic (€ 392 million). Sales likewise increased, amounting to € 415 million after the first six months (previous year: € 357 million), though up only moderately year-on-year in the second quarter at € 221 million (€ 217 million), in particular on account of the long processing times in production. The result of operating activities before interest, taxes, depreciation and amortization (EBITDA) was € 17 million (same period of the previous year: € 28 million). It was € 11 million in the reporting quarter after € 14 million in the same quarter of the previous year.

The Heidelberg Packaging Solutions segment had a total of 4,300 employees as of September 30, 2021.

Packaging Solutions

Figures in € millions		Q1 to Q2		Q2
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
Incoming orders	392	535	239	247
Sales	357	415	217	221
Order backlog	304	411	304	411
EBITDA [1]	28	17	14	11
Employees [2]	4,757	4,300	4,757	4,300

[1] Result of operating activities before interest, taxes, depreciation and amortization
[2] At end of quarter (excluding trainees)

Incoming orders and sales continued their particularly strong increase in the TECHNOLOGY SOLUTIONS segment. Sales tripled to € 21 million (previous year: € 7 million) in the first half of the year and amounted to € 12 million in the second quarter after € 4 million in the same quarter of the previous year. Most of this was accounted for by e-mobility. The segment's EBITDA amounted to € 2 million for the first half of the year and € 1 million for the second quarter of 2020/2021.

Technology Solutions

Figures in € millions		Q1 to Q2		Q2
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
Incoming orders	8	21	4	12
Sales	7	21	4	12
Order backlog	1	0	1	0
EBITDA [1]	0	2	0	1
Employees [2]	90	133	90	133

[1] Result of operating activities before interest, taxes, depreciation and amortization
[2] At end of quarter (excluding trainees)

Report on the regions

At the end of the first half of the year, incoming orders in the EMEA (Europe, Middle East and Africa) region were up by around 52 percent year-on-year at € 481 million (€ 316 million). They amounted to € 219 million in the second quarter of the 2021/2022 financial year (previous year: € 199 million). This trend was also reflected in sales, which were higher year-on-year for both the first half of the year (€ 361 million; previous year: € 315 million) and the second quarter (€ 191 million; previous year: € 186 million). There was a significant recovery in Germany in particular, and incoming orders were also up by around 50 percent in the UK.

In the ASIA/PACIFIC region, incoming orders climbed to € 381 million as of September 30, 2021 (previous year: € 267 million), and the figures for the second quarter were also higher than in the same quarter of the previous year at € 177 million (€ 153 million). This was due in particular to the Chinese market and the successful China Print trade show in June 2021. Sales increased in the second quarter thanks to good sales in China, South Korea and India. As a whole, the region recorded sales of € 167 million in the second quarter (previous year: € 149 million) and € 298 million in the first half of the year (previous year: € 254 million).

At € 142 million after the first half of the year, incoming orders in the EASTERN EUROPE region outperformed the solid level for the same period of the previous year (€ 116 million) as a result of good orders from the Baltic states, Russia and Turkey. At € 64 million, the second quarter of 2021/2022 was unable to match the same quarter of the previous year (€ 68 million), when there were unusually high sheetfed orders from Poland and Turkey. Sales rose to € 131 million year-on-year in the first half of the year (previous year: € 95 million) and € 73 million in the second quarter of the financial year (previous year: € 61 million).

Incoming orders in the NORTH AMERICA region recovered significantly to € 211 million in the first half of the year as against € 151 million in the same period of the previous year, while the figure for the second quarter of 2020/2021 amounted to € 114 million after € 88 million in the previous year. There were increases in the US, Canada and Mexico. Sales climbed from € 125 million in the previous year to € 174 million in the first half of 2021/2022, while sales in the second quarter were also up significantly year-on-year at € 98 million (previous year: € 68 million).

In particular, the largest market in the SOUTH AMERICA region, Brazil, recovered from the effects of the COVID-19 pandemic. This resulted in a significant increase in incoming orders and sales. The region's incoming orders climbed from € 15 million in the previous year to € 29 million in the first half of 2021/2022, and from € 10 million in the second quarter of the previous year to € 19 million in the reporting quarter. The region's sales were likewise up year-on-year, at € 20 million for the first half of the year (previous year: € 17 million) and € 14 million for the second quarter of 2020/2021 (previous year: € 11 million).

Incoming orders by region

Figures in € millions		**Q1 to Q2**		**Q2**
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
EMEA	316	481	199	219
Asia/Pacific	267	381	153	177
Eastern Europe	116	142	68	64
North America	151	211	88	114
South America	15	29	10	19
Heidelberg Group	**864**	**1,245**	**518**	**593**

Sales by region

Figures in € millions		**Q1 to Q2**		**Q2**
	2020/2021	**2021/2022**	2020/2021	**2021/2022**
EMEA	315	361	186	191
Asia/Pacific	254	298	149	167
Eastern Europe	95	131	61	73
North America	125	174	68	98
South America	17	20	11	14
Heidelberg Group	**805**	**983**	**475**	**542**

Employees

There were 9,925 employees in the Heidelberg Group in the second quarter of the 2021/2022 financial year (plus 407 trainees).

Employees by region

Number of employees [1]	31-Mar-2021	**30-Sep-2021**
EMEA	7,470	7,167
Asia/Pacific	1,579	1,623
Eastern Europe	454	433
North America	621	614
South America	88	88
Heidelberg Group	**10,212**	**9,925**

[1] Excluding trainees

Risk and opportunity report

As of September 30, 2021, there were no fundamental changes in the assessment of the risks and opportunities of the Heidelberg Group compared to the presentation in the 2020/2021 Annual Report.

However, the global supply shortages since the start of 2021 could cause problems in the supply of parts (particularly in information technology and electronics) and thus impact the production program in the current 2021/2022 financial year. Heidelberg is working closely with selected system suppliers to minimize any risks to the supply of parts (in particular regarding availability and quality) and delivery capability. Furthermore, the trend currently being observed in the development of procurement costs for raw materials and preliminary products could have a negative impact on margin quality if price increases cannot be compensated or passed on to customers. Heidelberg therefore announced in May 2021 that it would be raising prices in its machinery business moderately in order to cushion the above-average upturn in materials, logistics and other procurement costs.

If the ongoing economic recovery anticipated by Heidelberg is delayed as a result of the COVID-19 pandemic, this would increase the risks to its results of operations, net assets and financial position. Heidelberg counters these risks with systematic asset management to bolster its liquidity and equity in the short term.

Future prospects

The forecast for the 2021/2022 financial year that was published in the Group's 2020/2021 Annual Report on June 9, 2021 was revised on August 31, 2021. Accordingly, the Company is still assuming an increase in sales to at least € 2 billion, with the EBITDA margin now expected to be between 7 and 7.5 percent (previously: 6 and 7 percent). The forecast was increased due to income of more than € 20 million from the disposal of the subsidiary docufy. Due to the dynamic market situation as described and the market initiatives that have been initiated, the new Print Solutions and Packaging Solutions segments are expected to see moderate growth in margins. The new Technology Solutions segment is now expected to realize a slightly positive earnings contribution despite the investments in growth in the respective business areas. Following on from the substantial losses in previous years, Heidelberg expects its net result after taxes to be slightly positive in 2021/2022 even as sales remain clearly below the pre-crisis level. Leverage is expected to remain at a low level.

Details of the forecast can be found on pages 60 to 62 of the 2020/2021 Annual Report.

Important note
This interim financial report contains forward-looking statements based on assumptions and estimates by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Even though the management is of the opinion that these assumptions and estimates are accurate, the actual future development and results may deviate substantially from these forward-looking statements due to various factors, such as changes in the overall economic situation, exchange and interest rates, and changes within the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee and assumes no liability for future development and results deviating from the assumptions and estimates made in this interim financial report. Heidelberg neither intends nor assumes any obligation to update the assumptions and estimates made in this interim financial report to reflect events or developments occurring after the publication of this interim report.

Interim consolidated financial statements

for the period April 1, 2021 to September 30, 2021

Interim consolidated income statement – April 1, 2021 to September 30, 2021

Figures in € thousands	Note	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Net sales	3	804,908	983,347
Change in inventories		6,594	52,749
Other own work capitalized		11,768	10,628
Total operating performance		**823,270**	**1,046,724**
Other operating income	4	51,635	60,466
Cost of materials	5	370,462	486,028
Staff costs	6	279,454	379,525
Depreciation and amortization		39,417	38,277
Other operating expenses	7	158,337	166,692
Result of operating activities		**27,235**	**36,668**
Financial income	8	2,431	2,118
Financial expenses	9	29,614	19,244
Financial result		**– 27,183**	**– 17,126**
Net result before taxes		**52**	**19,542**
Taxes on income		8,570	6,877
Net result after taxes		**– 8,518**	**12,665**
Basic earnings per share according to IAS 33 (in € per share)	10	**– 0.03**	**0.04**
Diluted earnings per share according to IAS 33 (in € per share)	10	**– 0.03**	**0.04**

Interim consolidated statement of comprehensive income – April 1, 2021 to September 30, 2021

Figures in € thousands	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2020**
Net result after taxes	**–8,518**	**12,665**
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	–70,222	8,849
Deferred income taxes	–1,103	–37
	–71,325	**8,812**
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	–7,415	4,437
Available-for-sale financial assets	6	235
Cash flow hedges	–1,388	–43
Deferred income taxes	–1	–155
	–8,798	**4,474**
Total other comprehensive income	–80,123	13,286
Total comprehensive income	**–88,641**	**25,951**

Interim consolidated income statement – July 1, 2021 to September 30, 2021

Figures in € thousands	1-Jul-2020 to 30-Sep-2020	**1-Jul-2021 to 30-Sep-2021**
Net sales	475,380	542,120
Change in inventories	–33,643	–8,764
Other own work capitalized	8,193	3,814
Total operating performance	**449,930**	**537,170**
Other operating income	24,557	36,738
Cost of materials	200,231	249,260
Staff costs	170,452	180,152
Depreciation and amortization	19,544	19,045
Other operating expenses	76,771	84,780
Result of operating activities	**7,489**	**40,671**
Financial income	1,572	1,104
Financial expenses	15,292	10,670
Financial result	**–13,720**	**–9,566**
Net result before taxes	**–6,231**	**31,105**
Taxes on income	6,981	4,108
Net result after taxes	**–13,212**	**26,997**
Basic earnings per share according to IAS 33 (in € per share)	**–0.05**	**0.09**
Diluted earnings per share according to IAS 33 (in € per share)	**–0.05**	**0.09**

Interim consolidated statement of comprehensive income – July 1, 2021 to September 30, 2021

Figures in € thousands	1-Jul-2020 to 30-Sep-2020	**1-Jul-2021 to 30-Sep-2021**
Net result after taxes	**– 13,212**	**26,997**
Other comprehensive income not reclassified to the income statement		
Remeasurement of defined benefit pension plans and similar obligations	– 21,798	22,912
Deferred income taxes	– 901	– 141
	– 22,699	**22,771**
Other comprehensive income which may subsequently be reclassified to the income statement		
Currency translation	– 7,056	4,397
Available-for-sale financial assets	– 176	231
Cash flow hedges	– 452	– 1,066
Deferred income taxes	– 222	– 123
	– 7,906	**3,439**
Total other comprehensive income	– 30,605	26,210
Total comprehensive income	**– 43,817**	**53,207**

Interim consolidated statement of financial position as of September 30, 2021
Assets

Figures in € thousands	Note	31-Mar-2021	**30-Sep-2021**
Non-current assets			
Intangible assets	11	204,460	201,129
Property, plant and equipment	11	683,488	649,304
Investment property		7,390	7,338
Financial assets		6,721	6,698
Receivables from sales financing		19,210	20,240
Other receivables and other assets	13	25,395	19,805
Income tax assets		86	88
Deferred tax assets		60,843	61,176
		1,007,593	965,778
Current assets			
Inventories	12	541,969	629,466
Receivables from sales financing		24,465	19,557
Trade receivables		245,728	227,040
Other receivables and other assets	13	88,839	99,861
Income tax assets		14,889	15,700
Cash and cash equivalents	14	204,371	205,389
		1,120,261	1,197,013
Assets held for sale	15	41,098	31,926
Total assets		**2,168,952**	**2,194,717**

Interim consolidated statement of financial position as of September 30, 2021

Equity and liabilities

Figures in € thousands	Note	31-Mar-2021	30-Sep-2021
Equity	16		
Issued capital		779,102	779,102
Capital reserves, retained earnings and other reserves		– 627,169	– 655,262
Net result after taxes		– 42,890	12,665
		109,043	136,505
Non-current liabilities			
Provisions for pensions and similar obligations	17	945,537	929,602
Other provisions	18	90,270	83,978
Financial liabilities	19	103,893	85,002
Contractual liabilities	20	20,160	18,489
Income tax liabilities		54,957	54,960
Other liabilities	21	8,223	8,071
Deferred tax liabilities		4,490	4,174
		1,227,530	1,184,276
Current liabilities			
Other provisions	18	216,832	198,146
Financial liabilities	19	167,348	116,139
Contractual liabilities	20	182,234	240,268
Trade payables		146,190	206,151
Income tax liabilities		9,440	7,983
Other liabilities	21	110,335	105,249
		832,379	873,936
Total equity and liabilities		**2,168,952**	**2,194,717**

Statement of changes in consolidated equity as of September 30, 2021 [1)]

Figures in € thousands	Issued capital	Capital reserves	Retained earnings
April 1, 2020	779,102	33,225	– 299,724
Profit carryforward (+)	–	–	– 343,002
Total comprehensive income	–	–	– 71,325
Consolidation adjustments/other changes	–	–	1,400
September 30, 2020	**779,102**	**33,225**	**– 712,651**
April 1, 2021	779,102	33,225	– 689,672
Loss carryforward (–)	–	–	– 42,890
Total comprehensive income	–	–	8,812
Consolidation adjustments/other changes	–	–	29,762
September 30, 2021	**779,102**	**33,225**	**– 693,988**

[1)] For further details, please refer to note 16

		Other retained earnings		Total other retained earnings	Total capital reserves, retained earnings and other retained earnings	Net result after taxes	Total
Revaluation of land	Currency translation	Fair value of other financial assets	Fair value of cash flow hedges				
168,515	– 136,280	– 430	1,016	32,822	– 233,677	– 343,002	202,423
–	–	–	–	–	– 343,002	343,002	–
–	– 7,415	3	– 1,386	– 8,798	– 80,123	– 8,518	– 88,641
–	–	–	–	–	1,400	–	1,400
168,515	**– 143,695**	**– 427**	**– 370**	**24,024**	**– 655,402**	**– 8,518**	**115,182**
168,512	– 136,281	– 280	–2,674	29,278	– 627,169	– 42,890	109,043
–	–	–	–	–	– 42,890	42,890	–
–	4,437	163	–126	4,474	13,286	12,665	25,951
– 28,251	–	–	–	– 28,251	1,511	–	1,511
140,261	**– 131,844**	**– 117**	**– 2,800**	**5,501**	**– 655,262**	**12,665**	**136,505**

Interim consolidated statement of cash flows – April 1, 2021 to September 30, 2021

Figures in € thousands	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Net result after taxes	– 8,518	12,665
Depreciation, amortization, write-downs and write-ups [1]	40,373	40,808
Change in pension provisions	– 76,612	– 7,143
Change in deferred tax assets/deferred tax liabilities/tax provisions	4,528	– 414
Result from disposals	– 205	– 9,945
Change in inventories	686	– 84,070
Change in sales financing	1,816	3,464
Change in trade receivables/payables	6,121	76,807
Change in other provisions	– 18,583	– 25,415
Change in other items of the statement of financial position	– 40,931	10,458
Cash used in/generated by operating activities	**– 91,325**	**17,215**
Intangible assets/property, plant and equipment/investment property		
Investments	– 25,526	– 25,936
Income from disposals	3,169	55,415
Financial assets/company acquisitions		
Investments	– 2,009	–
Income from disposals	9,157	26,948
Cash used in/generated by investing activities before cash investment	**– 15,209**	**56,427**
Cash investments	54,690	–
Cash generated by investing activities	**39,481**	**56,427**
Borrowing of financial liabilities	58,670	4,024
Repayment of financial liabilities	– 268,216	– 78,279
Cash used in financing activities	**– 209,546**	**– 74,255**
Net change in cash and cash equivalents	**– 261,390**	**– 613**
Cash and cash equivalents at the beginning of the reporting period	**372,719**	**204,371**
Change from assets held for sale	– 8,044	–
Currency adjustments	– 2,258	1,631
Net change in cash and cash equivalents	– 261,390	– 613
Cash and cash equivalents at the end of the reporting period	**101,027**	**205,389**
Cash used in/ generated by operating activities	– 91,325	17,215
Cash generated by investing activities	39,481	56,427
Free cash flow	**– 51,844**	**73,642**

[1] Relates to intangible assets, property, plant and equipment, investment property and financial assets

Notes

1 Accounting policies

The interim consolidated financial statements as of September 30, 2021 are consistent with and were prepared in line with the regulations of IAS 34 (Interim Financial Reporting). They should be read in conjunction with the consolidated financial statements as of March 31, 2021, which were prepared in line with the International Financial Reporting Standards (IFRS) as endorsed in the EU.

The interim consolidated financial statements were prepared using the same accounting policies as the consolidated financial statements for the 2020/2021 financial year. In accordance with the regulations of IAS 34, a condensed scope of reporting was chosen as against the consolidated financial statements as of March 31, 2021. All amounts are stated in € thousand.

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRS IC) have approved the following changes to existing standards, which are to be applied for the first time in financial year 2021/2022.

Standards	Publication by the IASB / IFRS IC	Date of adoption [1]	Published in Official Journal of the EU	Effects
Amendments to standards				
Amendment to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9	25-Jun-2020	1-Jan-2021	16-Dec-2020	None
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	27-Aug-2020	1-Jan-2021	14-Jan-2021	No material effects
Amendment to IFRS 16: COVID-19-related Rent Concessions after June 30, 2021	31-Mar-2021	1-Apr-2021 [2]	31-Aug-2021	None

[1] For financial years beginning on or after this date
[2] From April 1, 2021, for financial years beginning on or after January 1, 2021

Traditionally, Heidelberg generates more sales in the second half of the financial year than in the first. Income that is generated due to seasonal reasons, economic reasons, or only occasionally within the financial year is not brought forward or deferred in the interim consolidated financial statements. Expenses that are incurred irregularly during the financial year are deferred in cases in which they would also be deferred at the end of the financial year.

This interim financial report has neither been audited in accordance with section 317 of the German Commercial Code (HGB) nor reviewed by the auditors.

2 Scope of consolidation

The interim consolidated financial statements of Heidelberger Druckmaschinen Aktiengesellschaft include a total of 67 (March 31, 2021: 68) domestic and foreign companies in which Heidelberger Druckmaschinen Aktiengesellschaft has a controlling influence as defined by IFRS 10. Of these, 53 (March 31, 2021: 54) are located outside Germany. Subsidiaries that are of minor importance are not included.

As of April 1, 2021, Heidelberg Print Finance Australia Pty Ltd., Notting Hill, Melbourne, Australia, was merged with Heidelberg Graphic Equipment Ltd. –Heidelberg Australia–, Notting Hill, Melbourne, Australia.

The newly created company HEI Charge – Heidelberger Druckmaschinen e-Mobility & Charging GmbH, Wiesloch, Germany, was included in consolidation effective June 7, 2021.

docufy GmbH, Bamberg, was sold and deconsolidated effective August 31, 2021 in conjunction with the ongoing focus on the cloud-based digitization strategy in core business. The purchase price was € 28.1 million.

3 Net sales

Net sales of € 983,347 thousand (April 1, 2020 to September 30, 2020: € 804,908 thousand) comprise net sales from contracts with customers of € 974,382 thousand (April 1, 2020 to September 30, 2020: € 797,813 thousand) and other net sales of € 8,965 thousand (April 1, 2020 to September 30, 2020: € 7,095 thousand).

The breakdown of net sales by segment and by region is shown in note 24.

4 Other operating income

	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Income from deconsolidation of docufy GmbH	–	22,174
Income from disposals of intangible assets, property, plant and equipment and investment property	297	12,355
Reversal of other provisions/deferred liabilities	14,627	10,158
Hedging/exchange rate gains	4,940	3,304
Recoveries on loans and other assets previously written down	5,291	2,031
Income from operating facilities	2,708	1,758
Income from deconsolidation CERM N.V.	8,191	–
Other income	15,581	8,686
	51,635	**60,466**

Income from hedging/exchange rate gains is offset by expenses for hedging/exchange rate losses reported under other operating expenses (see note 7).

5 Cost of materials

The cost of materials includes the pro rata interest expense in connection with sales financing business of € 101 thousand (April 1, 2020 to September 30, 2020: € 449 thousand); interest income from sales financing and finance leases of € 2,299 thousand (April 1, 2020 to September 30, 2020: € 2,173 thousand) is reported in net sales.

6 Staff costs

	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Wages and salaries	294,322	313,721
Expenses/income from pension plans	–63,667	9,008
Other social security contributions and support expenses	48,799	56,796
	279,454	**379,525**

In the same period of the previous year, the item “Expenses/income from pension plans” also included income of € 72,831 thousand from the reorganization of pension plans for Company employees in Germany which was implemented as of the end of the first quarter of financial year 2020/2021.

7 Other operating expenses

	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Other deliveries and services not included in the cost of materials	70,971	67,960
Special direct sales expenses including freight charges	27,861	36,568
Travel expenses	8,553	11,349
Insurance expense	5,556	7,137
Rent and leases	6,773	4,890
Bad debt allowances and impairment on other assets under IFRS 9	3,693	3,723
Additions to provisions and accruals relating to several types of expense	6,901	3,475
Hedging/exchange rate losses	4,141	1,890
Costs of car fleet (excluding leases)	1,515	1,855
Other overheads	22,373	27,845
	158,337	**166,692**

Owing to an increase in deferrals on account of COVID-19, there was a slight rise in additions to the counter-liability and buyback obligations reported under “Additions to provisions and accruals relating to several types of expense” in the same period of the previous year.

The expenses for hedging/exchange rate losses are offset by income from hedging/exchange rate gains reported under other operating income (see note 4).

8 Financial income

	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Interest and similar income	2,382	2,062
Income from financial assets/loans/ securities	49	56
Financial income	**2,431**	**2,118**

9 Financial expenses

	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Interest and similar expenses	26,361	15,187
Expenses for financial assets/loans/ securities	3,253	4,057
Financial expenses	**29,614**	**19,244**

10 Earnings per share

Earnings per share are calculated by dividing the net result after taxes attributable to shareholders by the weighted number of shares outstanding in the period. The weighted number of shares outstanding was 304,336,334 in the period under review (April 1, 2020 to September 30, 2020: 304,336,334). The weighted number of shares outstanding was influenced by the holdings of treasury shares. The Company held 142,919 (March 31, 2021: 142,919) treasury shares as of September 30, 2021.

The calculation of diluted earnings per share assumes conversion of outstanding debt securities (convertible bond) to shares. Taking into account the corresponding number of shares from the convertible bond issued on March 30, 2015, there is no dilution of earnings per share for the period April 1, 2021 to September 30, 2021 as the net result for the period is simultaneously adjusted for the interest expense recognized in the financial result for the convertible bonds. In the future, this instrument may have a fully dilutive effect.

11 Intangible assets, property, plant and equipment

In the period from April 1, 2021 to September 30, 2021, there were additions to intangible assets of € 7,114 thousand (April 1, 2020 to September 30, 2020: € 4,378 thousand) and to property, plant and equipment of € 24,352 thousand (April 1, 2020 to September 30, 2020: € 27,673 thousand). In the same period, the carrying amount of disposals from intangible assets was € 2,059 thousand (April 1, 2020 to September 30, 2020: € 50 thousand) and € 5,851 thousand (April 1, 2020 to September 30, 2020: € 2,906 thousand) for property, plant and equipment.

12 Inventories

Inventories include raw materials and supplies totaling € 108,789 thousand (March 31, 2021: € 93,362 thousand), work and services in progress of € 255,082 thousand (March 31, 2021: € 231,242 thousand), finished goods and goods for resale of € 255,868 thousand (March 31, 2021: € 210,921 thousand) and advance payments of € 9,727 thousand (March 31, 2021: € 6,444 thousand).

13 Other receivables and other assets

Other receivables and other assets include receivables from derivative financial instruments of € 979 thousand (March 31, 2021: € 1,508 thousand) and prepaid expenses of € 17,258 thousand (March 31, 2021: € 7,417 thousand).

14 Cash and cash equivalents

Restrictions on disposal of cash and cash equivalents due to foreign exchange restrictions amount to € 42,983 thousand (March 31, 2021: € 26,493 thousand).

15 Assets held for sale

The assets of € 31,926 thousand classified as held for sale in accordance with IFRS 5 as of September 30, 2021 (March 31, 2021: € 41,098 thousand) relate to four plots of land whose sale is planned and has been initiated.

The previous property in Brentford, located between central London and Heathrow Airport, was sold to the real estate developer Fairview New Homes Ltd. in June 2021. Heidelberg expects the transaction, which has a mid-eight-figure agreed purchase price, to close in the final quarter of 2021.

16 Equity

As was the case as of March 31, 2021, the Company still held 142,919 treasury shares as of September 30, 2021. The repurchased shares can only be utilized to reduce the capital of Heidelberger Druckmaschinen Aktiengesellschaft or for employee share participation programs and other forms of share distribution to the employees of the Company or a subsidiary or to individuals who are or were employed by Heidelberger Druckmaschinen Aktiengesellschaft or one of its associates.

Please see note 25 to the consolidated financial statements as of March 31, 2021 for information on the contingent capital and the authorized capital as of March 31, 2021. The Annual General Meeting on July 23, 2021, did not adopt any resolutions that resulted in a change in the contingent and authorized capital.

17 Provisions for pensions and similar obligations

A discount rate of 1.50 percent was used to calculate the remeasurement of net liabilities (assets) from defined benefit pension plans for German companies as of September 30, 2021 (March 31, 2021: 1.40 percent).

Assuming a domestic discount rate of 1.40 percent, the present value of the pension entitlements of employees would have increased by € 13,231 thousand.

18 Other provisions

Other provisions include staff obligations of € 73,786 thousand (March 31, 2021: € 79,377 thousand), sales obligations of € 68,513 thousand (March 31, 2021: € 71,292 thousand) and miscellaneous other provisions of € 139,825 thousand (March 31, 2021: € 156,433 thousand). At € 103,693 thousand (March 31, 2021: € 120,643 thousand), the latter predominantly include provisions for our portfolio and cost efficiency measures.

19 Financial liabilities

			31-Mar-2021			**30-Sep-2021**
	Current	Non-current	Total	Current	Non-current	**Total**
Amounts due to banks	121,086	73,838	194,924	74,754	55,808	130,562
Convertible bond	17,205	–	17,205	17,202	–	17,202
Lease liabilities	21,337	30,055	51,392	19,148	26,558	45,706
Other	7,720	–	7,720	5,035	2,636	7,671
	167,348	103,893	**271,241**	116,139	85,002	**201,141**

Based on its financing structure as of September 30, 2021 with a maturity profile until 2023, Heidelberg has a stable financing basis. The Heidelberg Group was able to meet its financial obligations at all times in the reporting period.

With regard to our financing, please also refer to note 28 in the notes to the consolidated financial statements as of March 31, 2021.

20 Contract liabilities

Contract liabilities essentially comprise advance payments on orders and prepayments for future maintenance and services and amounted to € 258,757 thousand (March 31, 2021: € 202,394 thousand).

21 Other liabilities

Other liabilities include staff-related accruals of € 45,260 thousand (March 31, 2021: € 46,619 thousand), liabilities from derivative financial instruments of € 4,601 thousand (March 31, 2021: € 4,748 thousand) and deferred income of € 11,890 thousand (March 31, 2021: € 12,174 thousand).

22 Additional disclosures on financial instruments

Financial assets and financial liabilities are allocated to the three levels of the fair value hierarchy as set out in IFRS 13 depending on the availability of observable market data.

The individual levels are defined as follows:

LEVEL 1: Financial instruments traded on active markets whose quoted prices can be used to measure fair value without adjustment.

LEVEL 2: Measurement on the basis of measurement procedures whose inputs are derived from observable market data, either directly or indirectly.

LEVEL 3: Measurement on the basis of measurement procedures whose inputs are not derived from observable market data.

The Heidelberg Group is exposed to market price risks in the form of interest rate and exchange rate fluctuations. In general, derivative financial instruments are used to limit these risks. Their fair values correspond to changes in value arising from a notional revaluation taking into account the market parameters applicable at the end of the reporting period. The fair values are calculated using standardized measurement procedures (discounted cash flow and option pricing models). This corresponds to level 2 of the fair value hierarchy set out in IFRS 13, as only input data observable on the market, such as exchange rates, exchange rate volatilities and interest rates, is used.

Securities are classified as financial assets at fair value through other comprehensive income and recognized at fair value. This classification was chosen in accordance with the strategic orientation of these financial investments. The underlying quoted prices for the measurement of the vast majority of securities correspond to level 1 of the fair value hierarchy set out in IFRS 13, as only quoted prices observed on active markets are used in measurement. If the fair value of securities cannot be reliably determined, they are carried at cost.

The financial assets and financial liabilities recognized at fair value were assigned to the IFRS 13 fair value hierarchy as follows:

				31-Mar-2021				**30-Sep-2021**
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	**Total**
Securities	2,308	43	–	2,351	2,576	43	–	2,619
Derivative financial assets	–	1,508	–	1,508	–	979	–	979
Financial assets measured at fair value	**2,308**	**1,551**	**–**	**3,859**	**2,576**	**1,022**	–	**3,598**
Derivative financial liabilities	–	4,748	–	4,748	–	4,601	–	4,601
Financial liabilities measured at fair value	**–**	4,748	**–**	4,748	–	**4,601**	–	**4,601**

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

The carrying amount of trade receivables, other financial receivables reported in other receivables and other assets, and cash and cash equivalents is generally assumed as an appropriate estimate of the fair value.

The fair value of the convertible bond calculated on the basis of the stock exchange listing, which is reported under financial liabilities, amounts to € 16,614 thousand (March 31, 2021: € 16,262 thousand), compared to the carrying amount of € 17,202 thousand (March 31, 2021: € 17,205 thousand) and is assigned to level 1 of the IFRS 13 fair value hierarchy.

The fair value of the development loan agreed with the European Investment Bank in March 2016 is € 56,179 thousand (March 31, 2021: € 68,120 thousand) as compared to the carrying amount of € 56,638 thousand (March 31, 2021: € 69,230 thousand).

The fair value of the promotional loan to finance the investment in relocating our research and development activities to our Wiesloch-Walldorf production site that was arranged with a syndicate of banks with refinancing by KfW (Energy Efficiency Program – “Energy-efficient Construction and Refurbishment”), is € 12,835 thousand (March 31, 2021: € 16,100 thousand), as compared to the carrying amount of € 12,842 thousand (March 31, 2021: € 16,211 thousand).

The fair value of the loan borrowed in May 2017 is € 10,776 thousand (March 31, 2021: € 11,939 thousand), as compared to the carrying amount of € 10,779 thousand (March 31, 2021: € 12,064 thousand).

The fair value of the loan assumed in connection with the purchase/sale of the research and development center in Heidelberg in the financial year 2018/2019 is € 27,334 thousand (March 31, 2021: € 26,530 thousand), as compared to the carrying amount of € 27,245 thousand (March 31, 2021: € 28,483 thousand).

The fair value of the loan borrowed in July 2019 to finance investment in our IT landscape is € 3,300 thousand (March 31, 2021: € 3,871 thousand) as compared to the carrying amount of € 3,300 thousand (March 31, 2021: € 3,900 thousand).

The fair value of the loans borrowed in July and August 2019 to finance investment in two buildings at our Wiesloch-Walldorf production site amounts to € 2,116 thousand (March 31, 2021: € 2,518 thousand) and € 1,850 thousand (March 31, 2021: € 2,234 thousand) as compared to their carrying amounts of € 2,116 thousand (March 31, 2021: € 2,536 thousand) and € 1,852 thousand (March 31, 2021: € 2,232 thousand).

The fair value of the amortizing loan provided by the Italian State Guarantee Fund for Small and Medium-sized Enterprises issued in August 2020 is € 4,574 thousand (March 31, 2021: € 4,513 thousand) as compared to the carrying amount of € 5,000 thousand (March 31, 2021: € 5,000 thousand).

The fair value of each of these eight financial liabilities reported under financial liabilities was calculated on the basis of the discounted cash flow method using market interest rates and is assigned to level 2 of the IFRS 13 hierarchy.

The carrying amount of other financial liabilities, trade payables and other liabilities is generally assumed as an appropriate estimate of the fair value.

23 Contingent liabilities and other financial liabilities

The contingent liabilities for warranties and guarantees amount to € 1,959 thousand as of September 30, 2021 (March 31, 2021: € 5,257 thousand).

The other financial liabilities of € 20,748 thousand (March 31, 2021: € 19,266 thousand) relate to investments and other purchase commitments.

24 Group segment reporting

Segment reporting is based on the management approach.

The segments were reorganized as of April 1, 2021 to better reflect the focus on the respective customer requirements, profitability and potential in line with the new operating model introduced in conjunction with Heidelberg's reorganization, and to align business management more closely to the target markets and their respective customer requirements. The previous Heidelberg Digital Technology, Heidelberg Lifecycle Solutions and Heidelberg Financial Services segments were restructured.

The Heidelberg Group's structure has since been broken down in line with the internal organizational and reporting structure into the segments Print Solutions, Packaging Solutions and Technology Solutions. Print Solutions comprises the client categories Digital, Commercial, Industrial and Print Other. The client categories Folding Carton, Label and Packaging Other together form the Packaging Solutions segment. The Technology Solutions segment combines the businesses of Zaikio, E-Mobility and Printed Electronics. The prior-year figures have been restated accordingly.

Segment information April 1, 2021 to September 30, 2021:

	Heidelberg Print Solutions		Heidelberg Packaging Solutions		Heidelberg Technology Solutions		**Heidelberg Group**	
	1-Apr-2020 to 30-Sep 2020 [1]	**1-Apr-2021 to 30-Sep-2021**	1-Apr-2020 to 30-Sep-2020 [1]	**1-Apr-2021 to 30-Sep-2021**	1-Apr-2020 to 30-Sep-2020 [1]	**1-Apr-2021 to 30-Sep-2021**	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
External sales	440,638	547,479	356,780	414,728	7,490	21,140	804,908	983,347
EBITDA [2] (segment result)	39,394	55,334	27,732	17,385	– 474	2,226	66,652	74,945

[1] Prior-year figures restated
[2] Result of operating activities before interest, taxes, depreciation and amortization

The segment result is reconciled to the net result before taxes as follows:

	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
EBITDA (segment result)	66,652	74,945
Depreciation and amortization	39,417	38,277
Result of operating activities	**27,235**	**36,668**
Financial income	2,431	2,118
Financial expenses	29,614	19,244
Financial result	**– 27,183**	**– 17,126**
Net result before taxes	**52**	**19,542**

External sales relate to the segments and regions as follows:

	Heidelberg Print Solutions		Heidelberg Packaging Solutions		Heidelberg Technology Solutions		**Heidelberg Group**	
	1-Apr-2020 to 30-Sep-2020 [1)]	**1-Apr-2021 to 30-Sep-2021**	1-Apr-2020 to 30-Sep-2020 [1)]	**1-Apr-2021 to 30-Sep-2021**	1-Apr-2020 to 30-Sep-2020 [1)]	**1-Apr-2021 to 30-Sep-2021**	1-Apr-2020 to 30-Sep-2020	**1-Apr-2021 to 30-Sep-2021**
Europe, Middle East and Africa								
Germany	56,549	83,312	38,001	38,101	7,490	20,673	102,040	142,086
Other Europe, Middle East and Africa region	118,586	144,176	94,146	74,324	–	204	212,732	218,704
	175,135	227,488	132,147	112,425	7,490	20,877	314,772	360,790
Asia/Pacific								
China	68,114	75,841	74,598	106,063	–	–	142,712	181,904
Other Asia/Pacific region	62,836	60,708	48,002	55,106	–	–	110,838	115,814
	130,950	136,549	122,600	161,169	–	–	253,550	297,718
Eastern Europe	52,710	71,424	41,937	59,184	–	263	94,647	130,871
North America								
USA	57,339	76,396	41,560	58,258	–	–	98,899	134,654
Other North America region	15,364	26,085	10,372	13,564	–	–	25,736	39,649
	72,703	102,481	51,932	71,822	–	–	124,635	174,303
South America	9,140	9,537	8,164	10,128	–	–	17,304	19,665
	440,638	**547,479**	**356,780**	**414,728**	**7,490**	**21,140**	**804,908**	**983,347**

1) Prior-year figures restated

25 Supervisory Board/Management Board

The composition of the Supervisory Board and the Management Board as of March 31, 2021 is presented on pages 166 to 168 of the consolidated financial statements as of March 31, 2021.

There were the following changes in the Supervisory Board in the first half of the financial year 2021/2022:

Mr. Joachim Dencker resigned from the Supervisory Board effective June 30, 2021. Dr. Bernhard Buck was appointed to the Supervisory Board as an employee representative by the Mannheim Local Court effective July 1, 2021.

The term of office of the member of the Supervisory Board elected by the Annual General Meeting, Ms. Karen Heumann, ended after the Annual General Meeting on July 23, 2021.

On July 23, 2021, the Annual General Meeting reelected Dr. Fritz Oesterle to the Supervisory Board as a shareholder representative effective from the end of the Annual General Meeting on July 23, 2021. The term of office of Dr. Fritz Oesterle ends at the end of the Annual General Meeting that adopts a resolution on official approval of the Supervisory Board's activities for financial year 2023/2024.

26 Related party transactions

As described in note 42 to the consolidated financial statements as of March 31, 2021, there are business relationships between numerous companies and Heidelberger Druckmaschinen Aktiengesellschaft and its subsidiaries in the course of ordinary business. This also includes joint ventures, which are regarded as related companies of the Heidelberg Group.

In the reporting period, transactions were performed with related parties that resulted in liabilities of € 2,861 thousand (March 31, 2021: € 3,171 thousand), receivables of € 2,317 thousand (March 31, 2021: € 751 thousand), expenses of € 330 thousand (April 1, 2020 to September 30, 2020: € 1,929 thousand) and income of € 5,008 thousand (April 1, 2020 to September 30, 2020: € 6,704 thousand), which includes net sales. All transactions were again conducted as at arm's length and did not differ from relationships with other companies.

In the reporting period, there were trading relationships with companies controlled by a member of the Supervisory Board that resulted in liabilities of € 4,012 thousand (March 31, 2021: € 798 thousand), receivables of € 40 thousand (March 31, 2021: € 181 thousand), expenses of € 12,699 thousand (April 1, 2020 to September 30, 2020: € 12,581 thousand) and net sales of € 152 thousand (April 1, 2020 to September 30, 2020: € 4,642 thousand).

Members of the Supervisory Board who are also employed by a company of the Heidelberg Group received work-based customary market remuneration in the period under review.

27 Significant events after the end of the reporting period

On October 28, 2021, the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft appointed Dr. Ludwin Monz as the new CEO to succeed Rainer Hundsdörfer with effect from April 1, 2022. In addition, it is planned to extend the Management Board contract with CFO Marcus A. Wassenberg until 2027 as scheduled.

Heidelberger Druckmaschinen AG is looking to further increase the volume of business with its digital usage-based subscription model by entering into a strategic partnership with the Munich Re insurance group. On November 8, 2021, the two companies have signed a cooperation agreement for this purpose. From the beginning of 2022, subscription contracts are to be offered on selected markets in collaboration with Munich Re, thus together fully harnessing the global market potential of the successfully established subscription options offered by Heidelberg and significantly boosting the volume of business in this area.

Heidelberg, November 10, 2021

HEIDELBERGER DRUCKMASCHINEN
AKTIENGESELLSCHAFT
The Management Board

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated interim financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group over the remaining months of the current financial year.

Heidelberg, November 10, 2021

HEIDELBERGER DRUCKMASCHINEN
AKTIENGESELLSCHAFT
The Management Board

Rainer Hundsdörfer | Marcus A. Wassenberg

Financial calendar

February 9, 2022 ¬ Publication of Third Quarter Figures 2021/2022
June 9, 2022 ¬ Press Conference, Annual Analysts' and Investors' Conference
July 21, 2022 ¬ Annual General Meeting

Subject to change

Publishing information

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