Remuneration Report – Management Board and Supervisory Board

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I. Preamble

The remuneration report of Heidelberger Druckmaschinen Aktiengesellschaft (HEIDELBERG) has been jointly prepared by the Management Board and the Supervisory Board. It summarizes the key elements of the remuneration system for the members of the Management Board and Supervisory Board. The remuneration report was prepared in accordance with section 162 of the German Stock Corporation Act (AktG). In addition to these statutory requirements, the remuneration report takes into account the recommendations of the German Corporate Governance Code (GCGC) as amended April 28, 2022.

This remuneration report illustrates the application of the respective remuneration system for the Management Board and the Supervisory Board in the financial year and explains how the remuneration promotes the long-term development of the Company. In addition, the compensation paid and owed to current and former members of the Management Board and Supervisory Board of HEIDELBERG in the financial year 2023/2024 is disclosed individually. In some cases, rounding may result in discrepancies concerning the totals and percentages contained in this report.

The remuneration reports are published on the Company's website at https://www.heidelberg.com/global/de/about_heidelberg/company/executive_bodies/management_board/remuneration/remuneration.jsp. The remuneration report 2023/2024 has been formally and substantively audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and will be presented to the Annual General Meeting on July 25, 2024 for approval in accordance with the provisions of section 120a (4) AktG.

II. Review of the financial year 2023/2024

In the course of fulfilling its duty to continuously review the Management Board remuneration system, the Supervisory Board approved a revised remuneration system for the members of the Management Board of Heidelberger Druckmaschinen AG (2023+ remuneration system) in June 2023, which further developed and updated the content of the 2021 remuneration system taking into account the requirements of section 87a (1) German Stock Corporations Act (AktG) and based on observable market practice.

The 2023+ remuneration system was submitted to the Annual General Meeting on July 26, 2023 for resolution in accordance with section 120a (1) AktG and approved with 98.47 percent votes in favor and from that day on has applied and will continue to apply to all new, amended or extended Management Board contracts. In addition, all existing Management Board contracts were retroactively adjusted to the amended 2023+ remuneration system with effect from April 1, 2023 following approval by the Annual General Meeting, which is why the new remuneration system was applied for the first time in the past 2023/2024 financial year.

With the aim of creating a closer alignment with the business strategy and at the same time implementing the feedback received from investors and voting right consultants, the 2023+ remuneration system places a particular focus on the following aspects:

- Elimination of the Supervisory Board's discretionary freedom, including the possibility of granting special remuneration and bonuses
- Linking short-term and long-term variable remuneration to additional strategic performance targets derived directly from HEIDELBERG's business strategy and value creation program
- Even greater relevance of the shareholder perspective and increased retention effect of share price-based remuneration by extending the performance period for long-term variable remuneration to four years.

Say on pay
The remuneration report on the remuneration of the Management Board and the Supervisory Board to be prepared in accordance with section 162 AktG was presented to the Annual General Meeting on July 26, 2023 for its approval. The Annual General Meeting approved it with 78.31 percent of the votes cast.

The Supervisory Board and Management Board were prompted by the result of the vote to review the reporting on the remuneration system of the Management Board once again in order to ensure an even more transparent and even more comprehensible description of the key issues.

In particular, the transparent disclosure of the performance targets for variable remuneration components was discussed as part of the investor dialogue. The Management Board and the Supervisory Board intend to have transparent reporting that also incorporates the disclosure of target and actual figures for the financial and non-financial performance targets of the variable remuneration components. For competitive reasons, it is still considered proper to disclose these ex-post in the remuneration report.

Business performance
In a challenging environment, HEIDELBERG succeeded in achieving its targets for the financial year 2023/2024 despite difficult economic and geopolitical conditions and a decline in incoming orders (see the comments in HEIDELBERG's 2023/2024 combined management report). The overall target achievement level of 133.5 percent of the short-term, one-year variable remuneration reflects the achievement of the financial and non-financial performance targets set and illustrates the existing pay-for-performance correlation of the variable remuneration.

III. Management Board remuneration in the financial year 2023/2024

1. Principles of Management Board remuneration

1.1. Principles for determining Management Board remuneration
The applicable remuneration system for the Management Board in the financial year 2023/2024 makes a significant contribution to the implementation of HEIDELBERG's strategic objectives. It incentivizes the long-term development of the Company and introduces effective incentives for its value-adding prosperity.

In designing and defining the structure and amount of the remuneration for the individual Management Board members, the Supervisory Board applies the following principles in particular:

Corporate strategy	Pay for performance	Suitability and standard conditions
By selecting strategically relevant benchmarks, the remuneration makes a significant contribution to promoting the corporate strategy and thereby supports a long-term and sustainable performance of the Company	The remuneration ensures that outstanding performance by the Management Board is rewarded accordingly and that a failure to meet targets results in a substantial reduction in the remuneration	The amount and structure of the remuneration are consistent with standard market conditions (horizontal proportionality) and reflect the size, complexity and economic position of the Company
Sustainability	**Shareholder interests**	**Vertical proportionality**
Remuneration ensures that environmental, social and governance aspects are appropriately taken into account by integrating ESG criteria into short-term and long-term variable remuneration	The personal investment and long-term variable compensation components ensure that shareholder interests are taken into account to an appropriate extent	The remuneration takes into account the general remuneration structure within the Company in order to ensure proportionality within the Company (vertical proportionality)

1.2. Suitability of Management Board remuneration and standard conditions

The Supervisory Board ensures that the Management Board remuneration is commensurate with the responsibilities and tasks of the Management Board members and the situation of the Company, and that it does not exceed the standard remuneration without good cause.

In addition to taking into account the industry, size, complexity and economic performance of the Company, the review of the suitability of Management Board remuneration ensures that it is consistent with other companies (horizontal comparability) and with the remuneration structure within the Company itself (vertical comparability).

Horizontal comparability is determined by reference to a peer group. This involves comparing the total remuneration at companies that are comparable in terms of industry, size, character, complexity, international activity, earnings power and economic performance. As part of the review of horizontal practice carried out in the financial year 2023/2024, a benchmark comparison was made with the SDAX with regard to the structure and amount of total remuneration entitlements.

In addition to horizontal comparability, the Supervisory Board takes account of the remuneration situation at the level of management below the Management Board and the workforce as a whole when defining the Management Board remuneration (vertical comparability). In determining the fixed annual compensation for the Management Board, it ensures that there is an appropriate gap to the average remuneration of the employees at the next highest level of management and the workforce as a whole.

1.3. Components of Management Board remuneration

In the financial year 2023/2024, Management Board remuneration is composed of performance-related and non-performance-related components.

The non-performance-related components consist of fixed annual compensation, fringe benefits and a pension contribution.

The performance-based remuneration components consist of a short-term variable remuneration component (short-term, one-year variable remuneration or short-term incentive (STI)) and a long-term variable remuneration component (long-term, multi-year variable remuneration or long-term incentive (LTI)).

The following table shows the remuneration components and the contribution they make to promoting the long-term development of the Company and the corporate strategy:

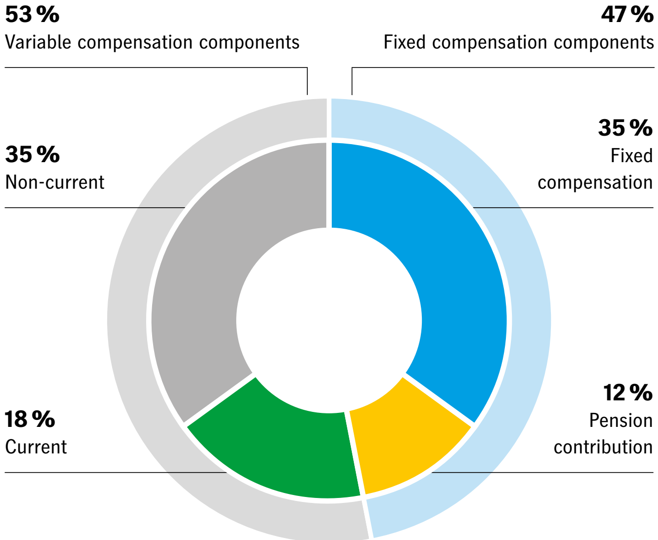
Remuneration component	Structure	Strategic purpose
Non-performance-related compensation components		
Fixed compensation	• Fixed annual compensation • Paid in 12 equal installments	Ensuring competitive capability with attractive, competitive remuneration, thus attracting and retaining qualified Management Board members
Fringe benefits	For example: • Insurance contributions • Company car for professional and private use, expenses for the maintenance of two households	
Pension contribution	Payment of a cash contribution earmarked for private retirement provision in the amount of 35 percent of the fixed compensation	
Performance-related compensation components		
Short-term, variable compensation component – STI		
Plan type	Annual bonus	Incentivizing operational success and annual profitability in line with the business strategy and sustainable management
Performance targets	• 60 percent financial performance criteria • 20 percent strategic milestones • 20 percent sustainability targets	
Cap	Maximum 100 percent of fixed compensation	
Long-term, variable compensation component – LTI		
Plan type	Performance share plan	Incentivizing long-term profitable earnings power and a long-term increase in the shareholder return taking into account the sustainable and long-term development of the Company
Performance period	4 years	
Performance targets	• 30 percent EBIT margin • 25 percent net working capital in relation to sales revenues • 25 percent relative total shareholder return • 20 percent sustainability targets	
Payment	• 100 percent in cash after the end of the performance period	
Cap	Limitation to a maximum of 200 percent of the LTI target amount	
Other contractual components		
Share Ownership Guideline	• Investment in shares of the Company in the amount of 100 percent of the current fixed remuneration • Annual increase due to 20 percent of the performance-related variable remuneration	Increased alignment between the interests of the Management Board and shareholders
Malus/clawback mechanisms	Option for the reduction/repayment of variable compensation components	Incentivizing proper conduct
Maximum compensation	• € 3.6 million for Chief Executive Officer • € 2.4 million for ordinary members of the Management Board	Maximum compensation is in line with regulatory provisions

1.4. Determination and structure of target remuneration

Target remuneration is defined by the Supervisory Board at the recommendation of the Personnel Matters Committee. This includes setting the amount of the remuneration components and determining the overall structure and ratio of the individual components to each other. Once determined, the target remuneration is reviewed at regular intervals. This ensures that the variable remuneration components outweigh the fixed remuneration components. Within the variable remuneration components, the share of long-term variable target remuneration always outweighs the share of short-term variable target remuneration.

Assuming 100 percent target achievement for performance-based remuneration, total target remuneration (not including fringe benefits, including pension contribution) is structured as follows as a matter of principle:

Structure of target compensation



The Supervisory Board has defined the following total target compensation (including fringe benefits and pension contribution) for the members of the Management Board for the financial year 2023/2024. The amount shown for the variable compensation is based on target achievement of 100 percent.

Target compensation

Figures in € thousands	**Dr. Ludwin Monz** Chief Executive Officer since April 1, 2022		**Tania von der Goltz** Chief Financial Officer since January 1, 2023	
	2023/2024	2022/2023	**2023/2024**	2022/2023
Fixed compensation	900	900	500	125
Fringe benefits	6	6	38	8
Pension contribution	315	315	175	44
Total fixed compensation	**1,221**	**1,221**	**713**	**177**
Short-term variable compensation	450	450	250	63
Long-term variable remuneration [1]	900	900	500	125
Total variable compensation	**1,350**	**1,350**	**750**	**188**
Total target compensation	**2,571**	**2,571**	**1,463**	**364**

1) Duration: 4 years

2. Application of the remuneration system in the financial year 2023/2024

2.1. Non-performance-related compensation components

2.1.1. Fixed compensation

Fixed compensation is paid in 12 equal monthly installments. The fixed compensation of the Chief Executive Officer in relation to the remuneration of an ordinary member of the Management Board takes into account the structure, assigned duties and departmental weighting within the Management Board.

2.1.2. Fringe benefits

Generally speaking, the contractually agreed fringe benefits can include benefits such as insurance contributions, the private use of a Company car as a benefit in kind, and expenses for the maintenance of two households, as well as flights and taxes, in accordance with local conditions. In the financial year 2023/2024, 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.

The value of the fringe benefits for ordinary members of the Management Board is limited to 15 percent and for CEOs to 20 percent of a one-year fixed remuneration (based on the relevant euro amounts when determining the specific remuneration).

2.1.3. Pension contribution

The members of the Management Board receive a taxable pension contribution in cash in the amount of 35 percent of their fixed compensation (gross) for each financial year. The pension contribution is available for personal use but must be used for pension investment. The pension contribution is paid out against proof of intended purpose. No further pension contributions are granted once the respective member of the Management Board reaches the relevant statutory standard retirement age. The amount set aside for this in the financial year 2023/2024 is € 490 thousand.

2.2. Performance-related compensation components

2.2.1. Short-term variable compensation component

The short-term variable remuneration component (short-term, one-year variable remuneration or short-term incentive (STI)) is granted each year in the form of an annual bonus. The STI provides members of the Management Board with uniform incentives intended to incentivize the operational performance of the Company in the financial year in particular and the achievement of its corporate strategy, also in respect of sustainability targets. The financial targets are derived from the annual budget, which in turn is determined on the basis of multi-year long-term strategic planning. There are also uniform incentives for sustainable action in the form of sustainability targets that do not have a direct financial impact but that serve to promote the achievement of the Company's long-term strategy.

2.2.1.1. System and weighting of performance targets

The STI target is 50 percent of fixed compensation (gross) and is paid out in this amount if the ascertained total of weighted financial and non-financial performance target achievement (key performance indicators (KPIs)) (overall target achievement) amounts to 100 percent. The maximum overall target achievement is 200 percent, which can lead to a maximum payout of 100 percent of fixed compensation. The assessment period is the respective financial year for which the STI is pledged.

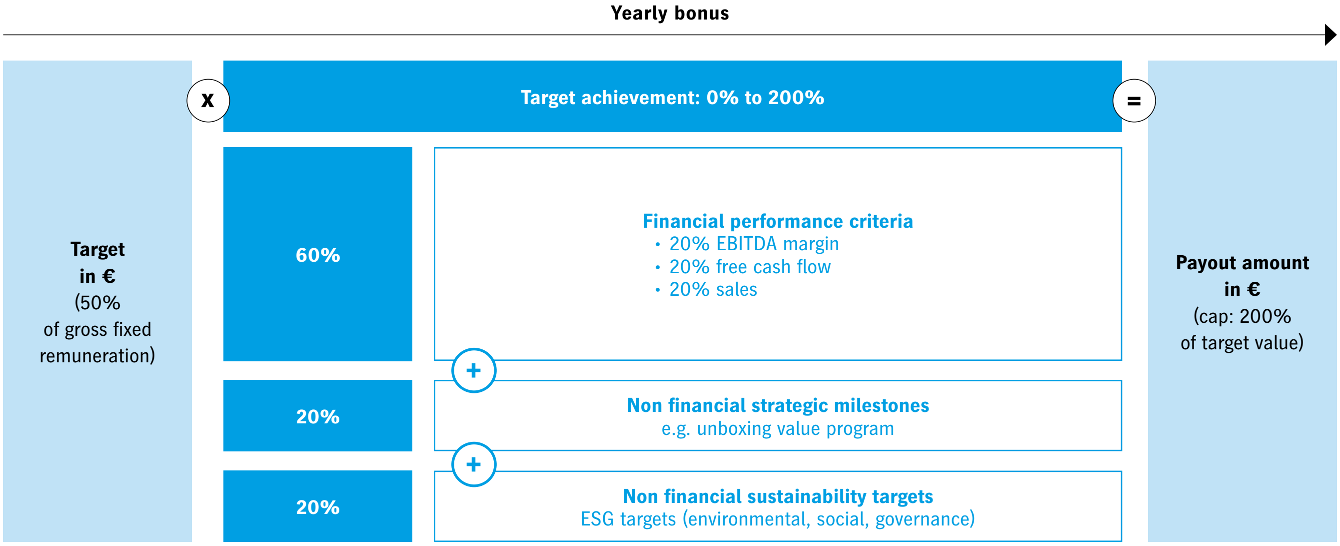
The EBITDA margin, calculated as the ratio of earnings before interest, taxes and depreciation and amortization (EBITDA) to total sales, free cash flow and net sales, each with a weighting of 20 percent, were defined as financial KPIs for determining the overall target achievement in financial year 2023/2024.

All financial KPIs were taken from HEIDELBERG's consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) and were additionally adjusted for exchange rate fluctuations.

In addition, non-financial strategic business objectives with a weighting of 20 percent and non-financial sustainability objectives (environmental/social/governance, ESG) with a weighting of 20 percent were defined in the financial year 2023/2024.

The Supervisory Board determines the target achievement of the financial and non-financial KPIs after the end of the financial year at its balance sheet meeting. This is based on the figures from the Audit Committee's findings.

The system of variable, short-term compensation is as follows in the financial year 2023/2024:



1) All financial performance criteria are taken from the consolidated financial statements prepared in accordance with IFRS regulations; the performance targets "EBITDA margin" and "sales" are also adjusted for exchange rate fluctuations. The Supervisory Board is entitled to exclude unforeseeable special factors when determining individual performance criteria in order to take into account the objective of an undistorted measurement of management performance.

2.2.1.2. Financial performance targets in the financial year 2023/2024

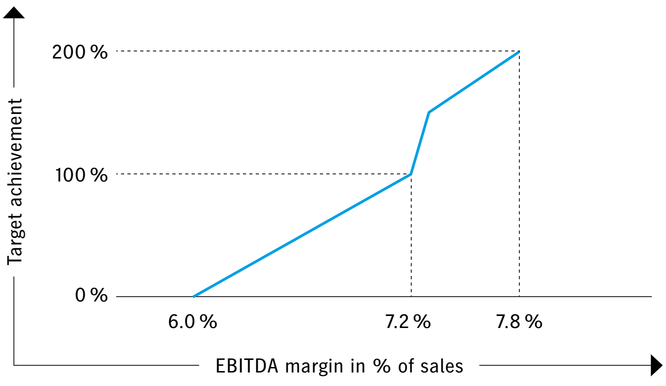
The financial KPIs EBITDA margin, free cash flow and net sales are assigned a target (100 percent target achievement), a lower threshold (0 percent target achievement) and a cap (200 percent target achievement) as well as a low and an upper intermediate target (50 percent and 150 percent). Failure to achieve the threshold results in a target achievement of 0 percent for the respective KPI. Outperforming KPIs can result in a maximum target achievement of 200 percent. If actual performance lies between the threshold and the target or between the target and the cap, the degree of target achievement is determined by linear interpolation. The target and the thresholds are resolved by the Supervisory Board at the proposal of the Personnel Matters Committee for the respective financial year. These targets and thresholds may not be subsequently changed.

In order to establish comparability with the initial figures in line with the capital market information, the Supervisory Board decided to adjust the financial EBITDA margin KPI for short-term variable remuneration in this financial year for two non-recurring effects from legal disputes.

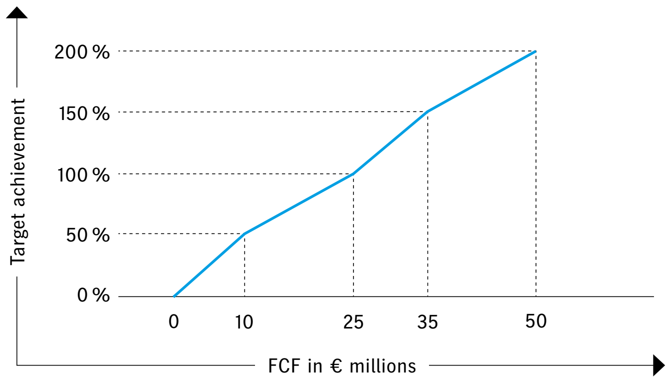
This relates to expenses of € 11 million from product liability cases for machines whose production has already been discontinued and which were produced and sold by the former Linotype-Hell Aktiengesellschaft and its legal successors, as well as income of € 7 million from a legal dispute with a customer in the field of printed electronics. On balance, this results in a positive adjustment effect in the operating result of € 4 million.

The target achievement curves for the financial KPIs are shown below for the financial year 2023/2024:

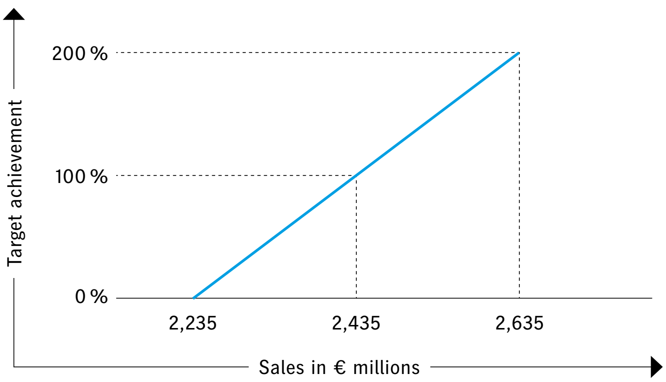
EBITDA margin



Free cash flow



Net sales



The thresholds and targets for the financial KPIs EBITDA margin, free cash flow and net sales set for financial year 2023/2024 and their target achievement are as follows:

Short-term variable compensation Achievement of financial performance targets 2023/2024

	Target achievement						
Figures in € millions	0 %	50 %	100 %	150 %	200 %	Actual figure	Target achievement
EBITDA margin	6.0 %	6.6 %	7.2 %	7.3 %	7.8 %	7.27 %	135 %
Free cash flow	0	10	25	35	50	56	200 %
Net sales	2,235	2,335	2,435	2,535	2,635	2,451	107.5 %

1) After adjustment of the financial performance criteria EBITDA margin and sales for exchange rate fluctuations and elimination of the special effects described within the EBITDA margin

2.2.1.3 Non-financial strategic performance targets in the financial year 2023/2024

The financial targets are also supplemented by non-financial strategic performance targets, which are derived from the focal areas of the corporate strategy and defined by the Supervisory Board for each financial year. These focal areas include, in particular, business development and market exploitation, the implementation of portfolio measures and any measures for optimization and value creation.

As with the financial KPIs, measurable targets are also defined for each individually weighted non-financial strategic KPI, which can lead to target achievement from 0 percent (floor) to 200 percent (cap) at defined intervals. These targets are set based on long-term strategic planning and taking into account the values achieved for the previous year. The achievement of strategic milestones is assessed on the basis of objective assessment criteria defined ex ante. The resulting target achievement is measured by the degree of successful implementation. The individual targets and their achievement are each calculated separately and are included in the overall target achievement according to their individual weighting.

For competitive reasons, we are not disclosing below the specific non-financial strategic performance targets set by the Supervisory Board in the financial year 2023/2024, as the concepts developed and submitted to the Supervisory Board will have a significant influence on HEIDELBERG's future business strategy.

The achievement of the non-financial strategic performance targets was determined as follows in the financial year 2023/2024.

Short-term variable compensation
Achievement of non-financial strategic targets 2023/2024

Strategic performance targets	Weighting	Target achievement
Strategic objective I	5 %	100 %
Strategic objective II	5 %	100 %
Strategic objective III	10 %	100 %

2.2.1.4. Non-financial sustainability objectives in the financial year 2023/2024

For each financial year, the Supervisory Board defines sustainability targets relating to non-financial KPIs such as employee targets, customer targets, environmental targets, diversity targets, transformation targets for digitalization and the establishment of new business models or integrity targets. Among other things, the selected ESG targets support HEIDELBERG's climate strategy, which aims to achieve climate neutrality at the sites by 2030.

As with the financial KPIs, measurable targets are also defined for each non-financial sustainability KPI, which can lead to target achievement from 0 percent (floor) to 200 percent (cap) at defined intervals. These targets are set based on long-term strategic planning and taking into account the values achieved for the previous year. The individual targets and their achievement are each calculated separately and are included in the overall target achievement according to their individual weighting.

For the financial year 2023/2024, the Supervisory Board determined the following target achievements with regard to the non-financial sustainability objectives set:

Short-term variable compensation
Achievement of non-financial sustainability objectives 2023/2024

Sustainability targets	Weighting	Target achievement
Concept for CO_2 efficiency potential with a focus on Scope 3	10 %	150 %
Draft of a new remuneration and target assessment system for managers	10 %	100 %

2.2.1.5. Total target achievement in the financial year 2023/2024

Target achievement and the payouts for each member of the Management Board were calculated as follows based on the respective actual figures and target achievement of financial and non-financial KPIs:

Short-term variable compensation
Total target achievement 2023/2024

Financial and non-financial targets	Target achievement	Weighting	Weighted target achievement
EBITDA margin	135 %	20 %	27 %
Free cash flow	200 %	20 %	40 %
Net sales	107.5 %	20 %	21.5 %
Strategic milestones – strategic objective I	100 %	5 %	5 %
Strategic milestones – strategic objective II	100 %	5 %	5 %
Strategic milestones – strategic objective III	100 %	10 %	10 %
Sustainability target – concept for efficiency potential with a focus on scope 3	150 %	10 %	15 %
Sustainability target – draft of a new remuneration and target assessment system for managers	100 %	10 %	10 %
	Total target achievement		133.5 %

Figures in € thousands	Target amount	Total target achievement	Payment amount
Dr. Ludwin Monz	450	133.5 %	601
Tania von der Goltz	250	133.5 %	334

2.2.2. Long-term, variable compensation component

The long-term variable remuneration component (long-term, multi-year variable remuneration – LTI) is allocated in annual tranches in the form of virtual shares. The LTI reflects the long-term strategy and provides the members of the Management Board with uniform incentives for achieving key goals in line with long-term strategic planning. The LTI also takes into account the development in HEIDELBERG's share price, thus ensuring that the interests of the members of the Management Board are consistent with those of the shareholders. With its four-year term, the LTI is intended to incentivize sustainable and long-term corporate development and to promote the retention of members of the Management Board.

2.2.2.1. System and weighting of performance targets

The annual allocation of the LTI (LTI target) is 100 percent of fixed compensation (gross). The achievement of financial and non-financial performance targets is measured over a period of four financial years (performance period), which serves as the basis for calculating the LTI payment amount. The payout amount calculated in this way is paid out in full in cash at the end of the performance period or in the following financial year.

At the start of the LTI performance period, the LTI target is converted into virtual HEIDELBERG shares and performance targets are defined for measuring target achievement. For this purpose, the arithmetic mean of the closing price of the Company's shares over the 60 trading days immediately preceding the start of the performance period is calculated. The LTI target, divided by the share price calculated in this manner to two decimal places in line with commercial practice, results in the number of virtual shares.

At the end of the performance period, the final number of virtual shares is calculated based on the target achievement of three key performance indicators (KPIs). A target achievement of 100 percent is equivalent to the number of virtual shares allocated at the outset. Maximum target achievement (cap) amounts to 200 percent at most, and can result in a doubling of the virtual shares allocated. Failure to achieve the targets results in a zero payout.

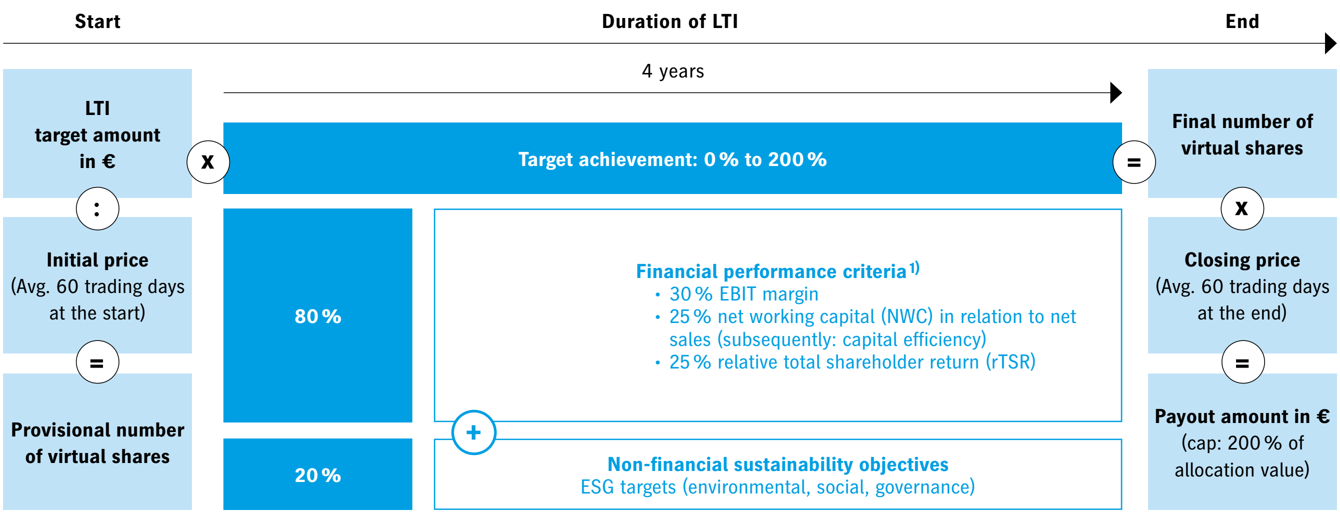
For the LTI allocation in the financial year 2023/2024, the Supervisory Board has set the EBIT margin financial performance targets, defined as the ratio of earnings before interest and taxes (EBIT) to total net sales, with a weighting of 30 percent, net working capital (NWC) in relation to net sales with a weighting of 25 percent and relative total shareholder return (relative TSR) with a weighting of 25 percent. These targets are supplemented by non-financial sustainability objectives with a weighting of 20 percent.

The specific target values of the financial and non-financial performance targets are determined by the Supervisory Board as part of the annual allocation before the start of each LTI tranche. Performance targets are intended to incentivize long-term profitable earnings power in line with the corporate strategy while also ensuring a focus on the interests of shareholders and other stakeholders.

The Supervisory Board determines target achievement at its accounts meeting following the end of the financial year. Overall target achievement is measured over a four-year period and calculated as the arithmetic average of annual target achievement. The final number of virtual shares, also rounded to two decimal places in line with commercial practice, is derived from the ascertained results of the respective target achievement for the KPIs. The cap of 200 percent applicable to the LTI is taken into account.

Based on the arithmetic mean of the closing price of the Company's shares over the 60 trading days immediately preceding the end of the performance period, the final number of these virtual shares is converted into euros and paid out as gross remuneration. Any obligations to buy shares are taken into account.

The system of the multi-year variable remuneration allocated in financial year 2023/2024 is as follows:



1) With the exception of the rTSR, all financial performance criteria are taken from the consolidated financial statements prepared in accordance with IFRS regulations; the performance targets "EBIT margin" and "net working capital (NWC) in relation to sales" are also adjusted for exchange rate fluctuations. The Supervisory Board is entitled to exclude unforeseeable special factors when determining individual performance criteria in order to take into account the objective of an undistorted measurement of management performance

2.2.2.2. Financial performance targets and sustainability targets in the financial year 2023/2024

The Supervisory Board defines a target (100 percent target achievement), a threshold (0 percent target achievement) and a cap (200 percent target achievement) as well as low and upper intermediate targets (50 percent and 150 percent) for each KPI at the start of the performance period. The threshold must be achieved for each KPI – otherwise, the target achievement for this KPI is 0 percent. In the event of outperformance, the maximum target achievement is 200 percent (cap); achievement between values is determined by linear interpolation.

The target **EBIT margin** is set by the Supervisory Board for each of the four performance years at the beginning of the performance period. The EBIT margin is a key financial performance indicator for HEIDELBERG and reflects the Company's profitability in relation to total sales. The final determination of target achievement for the EBIT margin performance criterion is based on the average value of annual target achievement.

As a further financial KPI, the LTI is based on net working capital (NWC) in percent of net sales. This figure is an indicator of the Company's internal financing power and is a relevant control parameter, particularly in HEIDELBERG's value creation process. The target value is set by the Supervisory Board for each of the four performance years at the beginning of the performance period. The final determination of target achievement is based on the average value of the annual target achievement.

Finally, the third financial KPI is based on the **relative total shareholder return (relative TSR)**, which takes into account the share price performance of the HEIDELBERG share plus theoretically reinvested gross dividends during the four-year performance period in relation to other share price developments. A combination of the two equally weighted indices, DAXsubsector Industrial Machinery and MSCI Europe Capital Goods, is used as a peer group in order to take into account reference values of national and international listed companies with a comparable business segment. To calculate target achievement, the arithmetic mean of the closing prices (with up to four decimal places) for the HEIDELBERG share and the two indices over the last 60 stock exchange trading days before the start of the performance period and over the last 60 stock exchange trading days before the end of the performance period is determined and compared. The 100 percent target value for the relative TSR requires an outperformance of up to one percentage point compared to the defined peer group. Defined ranges for over- and under-performance are set by the Supervisory Board at the beginning of the performance period and are based on the prevailing market practice.

The non-financial targets include **sustainability objectives** (environmental/social/governance, ESG). Here, too, targets and ranges for over- and underperformance are defined by the Supervisory Board. At the beginning of the performance period, the Supervisory Board sets targets relating to non-financial KPIs such as environmental targets, employee targets, efficiency targets and other sustainability objectives that can be set by the Supervisory Board. The sustainability objectives selected by the Supervisory Board are always in line with the strategic orientation and differ from the sustainability objectives defined as part of the STI.

2.3. Share Ownership Guideline

For the duration of their appointment to the Management Board, the members of the Management Board must build up and hold a portfolio of shares in the Company. The portfolio and the necessary share investment are valued at the time when the variable remuneration is paid out. The portfolio must be built up to match the amount of current gross fixed compensation (minimum value). Shares in the Company already held are counted towards this value.

The Company is entitled to invest 20 percent of the STI (before deduction of taxes and contributions) in the form of shares in the Company. The Company commissions a bank or financial services provider to execute the transaction, i.e. to acquire the shares in the name and for the account of the Management Board member, and bears the associated processing and custody costs. The Company's entitlement to invest elements of the STI to build up the share investment portfolio in the form of shares ends when the member leaves office.

Shares can only be sold from the share investment portfolio during their term in office if the above minimum value is demonstrably complied with and statutory and regulatory restrictions do not prohibit the sale.

At the end of the financial year 2023/2024, the members of the Management Board held the following number of shares:

Share Ownership Guideline[1)]

	Target		Status quo
	in € thousands	in € thousands	in %
Dr. Ludwin Monz	900	70	8%
Tania von der Goltz	500	10	2%

1) The purchase of shares in Heidelberger Druckmaschinen AG to fulfill the Share Ownership Guideline is made from the amount paid out as variable remuneration.

2.4. Malus/clawback

The Company has the right to claim back payments made to members of the Management Board under the STI and/or LTI, or to delay or cancel pending payments not yet made, if it emerges that the payout was wholly or partially unwarranted because targets were not actually achieved or not achieved to the extent assumed when the payment was calculated.

Furthermore, the Company can claim back variable remuneration already paid out if the member of the Management Board was significantly involved in or responsible for conduct that led to significant losses for the Company or regulatory sanctions, or has severely violated relevant external or internal regulations concerning suitability and conduct. The claim to repayment can be triggered by misconduct on the part of the member of the Management Board regarding compliance and appropriate conduct or a miscalculation of variable remuneration. Moreover, a claim to repayment of variable remuneration already paid out can arise if it emerges after the end of the performance period that a target was not achieved (bonus-malus).

Furthermore, a payout can be canceled in full or in part if, after determination but before payout, a material deterioration in the situation of the Company is found to have occurred.

If the appointment of a member of the Management Board is revoked for cause in the course of a financial year in accordance with section 84 (4) AktG, the Supervisory Board can decide at its own discretion whether any claim to the payment of variable remuneration components for the current, past or future financial years will be canceled.

Furthermore, in the event of the actions of the Management Board not being formally approved by the Annual General Meeting or for cause, including in particular ongoing internal or external investigations, the Supervisory Board has the option of delaying the payment of these components after deliberation.

Remuneration can be canceled in full if there is cause for which a member of the Management Board is responsible that entitles or would have entitled the Supervisory Board to revoke their appointment or to cancel their Management Board contract for cause as referred to by section 626 of the German Civil Code (BGB).

As of the reporting date, there are no cases that would have required the reduction or repayment of variable compensation components for the financial year 2023/2024.

2.5. Early termination benefits

If the appointment of a member of the Management Board is revoked and there is cause as referred to by section 626 BGB, their contract also ends as of the date that the revocation of their appointment becomes effective. In such an event, no further payments will be made to the member of the Management Board from the date that the revocation becomes effective.

In the event of the early termination of a Management Board contract, outstanding variable remuneration components relating to the period before contract termination and earned pro rata temporis will be paid out according to the originally agreed targets, comparative parameters and the periods established in the remuneration system.

Payments to a member of the Management Board in the event of early termination of work on the Management Board must not exceed the value of two years' remuneration (severance cap) and must not constitute compensation for more than the remaining term of the member's contract. In the event of a post-contractual non-compete clause, the severance payment counts towards the compensation.

2.6. Compliance with maximum compensation

The remuneration system sets out maximum compensation in accordance with section 87a (1) sentence 2 no. 1 AktG. The annual maximum compensation is € 3.6 million for the Chief Executive Officer and € 2.4 million for each ordinary member of the Management Board. The Supervisory Board ensures that the defined maximum compensation is complied with.

Maximum compensation refers to all remuneration components pledged in the financial year within the meaning of section 87 of the German Stock Corporation Act (AktG). In the financial year 2023/2024, no statement can yet be made on compliance with the maximum compensation, as the actual compensation to be compared with the maximum compensation can only be determined at the end of the four-year performance period of the first LTI granted under the new remuneration system.

3. Compensation paid and owed in the financial year 2023/2024

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 2023/2024 in accordance with section 162 (1) sentence 1 AktG. The short-term and long-term variable compensation components are reported as of the end of the financial year in which the one-year or four-year performance period ends. In addition to the performance of the underlying activity, the inclusion of the respective amount implies that the variable compensation components have been vested and that all conditions precedent or subsequent have been fulfilled or no longer apply. This enables the reporting of the variable compensation components payable for the respective period and a comparison with the Company's performance in the corresponding financial year for which target achievement is calculated (pay for performance).

Regarding the LTI tranche allocated for financial year 2022/2023 on the basis of a relevant price of € 2.5862 per share and taking into account new members during the year, the "target number" of virtual shares for payment in shares is 198,167.20 for the two active members of the Management Board. Of these shares, 174,000.47 relate to Dr. Ludwin Monz and 24,166.73 to Tania von der Goltz. The relevant three-year performance period will end as of March 31, 2025.

3.2. Remuneration of former Management Board members

Former members of the Management Board were granted and owed pension benefits of € 2,474 thousand in the financial year 2023/2024, of which € 14 thousand was attributable to Dr. Gerold Linzbach.

Compensation paid and owed

	Dr. Ludwin Monz Chief Executive Officer				**Tania von der Goltz** Chief Financial Officer			
	2023/2024		2022/2023		**2023/2024**		2022/2023	
	in € thousands	in %	in € thousands	in %	in € thousands	in %	in € thousands	in %
Fixed compensation	900	49 %	900	53 %	500	48 %	125	51 %
Fringe benefits	6	1 %	6	0 %	38	3 %	8	3 %
Pension contribution	315	17 %	315	18 %	175	17 %	44	18 %
Total fixed compensation	**1,221**	**67 %**	**1,221**	**71 %**	**713**	**68 %**	**177**	**72 %**
Short-term variable compensation								
STI 2023/2024	601	33 %	–	–	334	32 %	–	–
STI 2022/2023	–	–	490	29 %	–	–	68	28 %
Long-term variable remuneration 1)								
Tranche 2023/2024 – 2026/2027	–	–	–	–	–	–	–	–
Tranche 2022/2023 – 2024/2025	–	–	–	–	–	–	–	–
Total variable compensation	**601**	**33 %**	**490**	**29 %**	**334**	**32 %**	**68**	**28 %**
Total compensation in accordance with section 162 AktG	**1,822**	**100 %**	**1,711**	**100 %**	**1,047**	**100 %**	**245**	**100 %**

1) Due to Dr. Monz and Ms. von der Goltz joining the Company in the financial year 2022/2023, no payment will yet be made from the long-term variable remuneration.

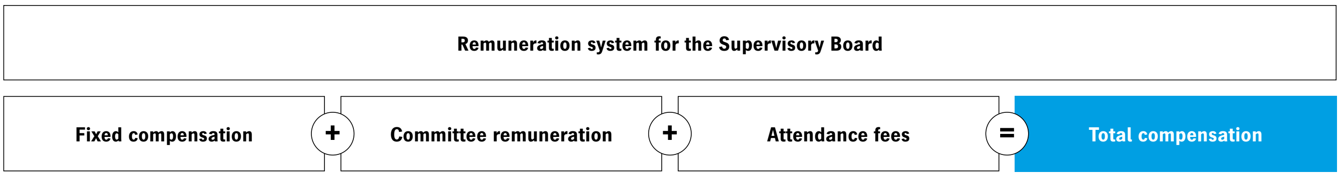
IV. Supervisory Board remuneration in the financial year 2023/2024

1. Principles of Supervisory Board remuneration

The remuneration system for HEIDELBERG's Supervisory Board was approved by the Annual General Meeting on July 23, 2021, with 99.09 percent of the votes cast.

The remuneration of the members of the Supervisory Board is governed by Article 16 of the Articles of Association and reflects the responsibility and activities of the members of the Supervisory Board. By monitoring the management activity of the Management Board in line with its duties, the Supervisory Board contributes to the promotion of the corporate strategy and the long-term development of the Company. The remuneration system for the Supervisory Board also complies with the recommendations and suggestions of the GCGC.

Supervisory Board remuneration is composed of fixed compensation and attendance fees for the meetings of certain committees (committee remuneration) as well as attendance fees for meetings of the full Supervisory Board.



Each member of the Supervisory Board receives fixed annual compensation of € 40,000. The Chair of the Supervisory Board receives three times this amount, the Deputy Chair twice this amount.

The members of the Management Committee, the Audit Committee and the Committee on Arranging Personnel Matters of the Management Board receive additional compensation for work on these committees. Each committee member receives compensation of € 1,500 per meeting for participation in a meeting of one of these committees. The Chair of the Audit Committee receives compensation of € 4,500 per meeting; the Chair of the Management Committee and the Chair of the Committee on Arranging Personnel Matters of the Management Board receive compensation of € 2,500 per meeting.

The members of the Supervisory Board also receive an attendance fee of € 500 per meeting for attending a meeting of the Supervisory Board. For the meetings of the Management Committee, the Audit Committee or the Committee on Arranging Personnel Matters of the Management Board, the members of the corresponding committee also receive an attendance fee of € 500 if the committee meeting does not take place on the day of the Supervisory Board meeting. Furthermore, the expenses incurred by members of the Supervisory Board and any VAT payable on them are reimbursed.

In order to reinforce the Supervisory Board's role as a controlling body, compensation does not include a variable, performance-based component. The members of the union and of the Works Council have declared that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines of IG Metall.

Supervisory Board remuneration

Fixed compensation		
Chair	Deputy Chair	Member
€ 120,000	**€ 80,000**	**€ 40,000**
Committee remuneration (per meeting)		
Committee	**Chair**	**Member**
Audit Committee	**€ 4,500**	**€ 1,500**
Management Committee	**€ 2,500**	**€ 1,500**
Personnel Matters Committee	**€ 2,500**	**€ 1,500**

Attendance fees	
Full Supervisory Board	Audit Committee, Management Committee, Personnel Matters Committee [1)]
€ 500	**€ 500**

1) If the committee meeting does not take place on the day of the Supervisory Board meeting

2. Compensation paid and owed in the financial year 2023/2024

The following table shows the compensation paid and owed to the individual members of the Supervisory Board in the financial year 2023/2024. The total compensation is broken down into fixed compensation, committee remuneration and attendance fees.

Supervisory Board remuneration

	Fixed compensation		Committee remuneration		Attendance fees		Total compensation	
Figures in € thousand	**2023/2024**	2022/2023	**2023/2024**	2022/2023	**2023/2024**	2022/2023	**2023/2024**	2022/2023
Dr. Martin Sonnenschein (Chair)	120	120	23	24	10	10	153	154
Ralph Arns (Deputy Chair)	80	80	17	18	8	9	105	107
Dr. Bernhard Buck (until July 26, 2023)	13	40	0	0	2	5	15	45
Gerald Dörr	40	40	8	9	7	7	55	56
Mirko Geiger	40	40	8	12	5	8	53	60
Oliver Jung	40	40	8	12	7	9	55	61
Li Li	40	40	0	0	4	4	44	44
Dr. Fritz Oesterle	40	40	8	6	6	6	54	52
Petra Otte	40	40	0	0	3	5	43	45
Ferdinand Rüesch	40	40	9	9	9	7	58	56
Ina Schlie	40	40	22	23	6	7	68	70
Beate Schmitt	40	40	16	15	9	8	65	63
Holger Steuerwald (since July 26, 2023)	30	0	0	0	2	0	32	0
Total	**603**	**600**	**119**	**128**	**78**	**85**	**800**	**813**

V. Comparative presentation of remuneration and earnings performance

The following table presents the annual change in the remuneration of the Management Board and Supervisory Board members, the average remuneration of the Company's employees and the Company's earnings performance over the last three financial years in accordance with section 162 (1) sentence 2 no. 2 AktG.

The presentation of the Company's earnings performance is based on the net profit/loss of the Company in accordance with the German Commercial Code (HGB) and Group EBITDA/EBT in accordance with IFRS. These are key performance indicators that reflect the earnings power of the Company's business activity.

The presentation of the remuneration of the Company's employees (FTEs) is based on the workforce of Heidelberger Druckmaschinen Aktiengesellschaft. Average employee remuneration is calculated by dividing IFRS staff costs by the average number of employees of the Company (FTEs).

Comparative presentation

	2023/2024	2022/2023	Change 2023/2024 – 2022/2023	2021/2022	Change 2022/2023 – 2021/2022	2020/2021	Change 2021/2022 – 2020/2021
	in € thousands	in € thousands	in %	in € thousands	in %	in € thousands	in %
Earnings performance							
Net profit/loss of the Company (HGB)	66,814	–60,122	209 %	–10,792	–457 %	119,256	–109 %
EBITDA of the Group (IFRS)	167,788	209,471	–20 %	160,160	31 %	95,473	68 %
Group EBT (IFRS)	54,871	111,677	–51 %	50,800	120 %	–23,367	317 %
Employees							
Avg. employee remuneration	82	85	–3 %	83	2 %	93	–10 %
Management Board							
Dr. Ludwin Monz (since April 1, 2022)	1,822	1,711	6%	–	n/a	–	n/a
Tania von der Goltz (since January 1, 2023) 1)	1,047	245	327%	–	n/a	–	n/a
Former Management Board members							
Dr. Gerold Linzbach (until November 13, 2016)	14	22	–36 %	22	0 %	22	0 %
Supervisory Board							
Dr. Martin Sonnenschein	153	154	0 %	163	–6 %	165	–1 %
Ralph Arns	105	107	–1 %	113	–5 %	115	–1 %
Dr. Bernhard Buck (until July 26, 2023)	15	45	–67 %	34	34 %	–	n/a
Gerald Dörr	55	56	0 %	64	–12 %	65	–2 %
Mirko Geiger	53	60	–10 %	58	4 %	64	–9 %
Oliver Jung	55	61	–10 %	57	8 %	73	–22 %
Li Li	44	44	0 %	44	0 %	44	1 %
Dr. Fritz Oesterle	54	52	4 %	47	11 %	–	n/a
Petra Otte	43	45	–4 %	44	2 %	44	1 %
Ferdinand Rüesch	58	56	4 %	64	–12 %	65	–2 %
Ina Schlie	68	70	–1 %	69	2 %	43	59 %
Beate Schmitt	65	63	5 %	69	–9 %	65	7 %
Holger Steuerwald (since July 26, 2023)	32	–	n/a	–	n/a	–	n/a

1) Due to the arrival of Ms. von der Goltz on January 1, 2023, the amount of remuneration is only comparable with the previous financial year 2022/2023 to a limited extent.

VI. Report on the audit

Independent Auditor's Report

To Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg

Report on the audit of the remuneration report

We have audited the attached remuneration report of Heidelberger Druckmaschinen Aktiengesellschaft, Heidelberg, for the financial year from April 1, 2023, to March 31, 2024, including the related disclosures, prepared to meet the requirements of Section 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of Management and the Supervisory Board

The management and the Supervisory Board of Heidelberger Druckmaschinen Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of Section 162 AktG. The management and the Supervisory Board are also responsible for such internal control as they have determined necessary to enable the preparation of the remuneration report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with the German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

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

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our 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, 2023, to March 31, 2024, including the related disclosures, complies, in all material respects, with the financial reporting requirements of Section 162 AktG.

Other matter – formal examination of the remuneration report

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

Limitation of liability

The terms governing this engagement, in fulfillment of which we performed the services detailed above for Heidelberger Druckmaschinen Aktiengesellschaft, are set out in the General Engagement Terms for German Public Auditors and Public Audit Firms as amended on January 1, 2017. By taking note of and using the information as contained in this auditor's report, each recipient confirms to have taken note of the terms and conditions laid down therein (including the limitation of liability of EUR 4 million for negligence under Clause 9 of the General Engagement Terms) and acknowledges their validity in relation to us.

Mannheim, June 5, 2024

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Mokler	Prof. Dr. Schütte-Biastoch
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]