- Translation for Convenience -

Ordinary Annual General Meeting of Heidelberger Druckmaschinen Aktiengesellschaft on July 25, 2024

Joint report

of the Management Board of Heidelberger Druckmaschinen Aktiengesellschaft

and

of the Management of Heidelberger Druckmaschinen Sales & Service Management GmbH (formerly Heidelberg Druckmaschinen 1. Verwaltungs-GmbH)

in accordance with section 293a AktG

on the conclusion of a profit transfer agreement between Heidelberger Druckmaschinen Aktiengesellschaft and Heidelberger Druckmaschinen Sales & Service Management GmbH

I. General information

Heidelberger Druckmaschinen Aktiengesellschaft with its registered office in Heidelberg (hereinafter "**Heidelberger Druck**") and Heidelberger Druckmaschinen Sales & Service Management GmbH with its registered office in Walldorf (hereinafter "**HSS**"), a direct wholly-owned subsidiary of Heidelberger Druck, have concluded a profit transfer agreement (hereinafter "**Agreement"**) in which HSS undertakes to transfer its entire profit to Heidelberger Druck. Heidelberger Druck, in turn, undertakes to absorb losses from HSS.

The Management Board of Heidelberger Druck and the management of HSS issue the following joint report on the conclusion of the agreement in accordance with section 293a AktG, which, like the other provisions of sections 293 et seq. AktG, also applies in principle to profit and loss transfer agreements with a dependent limited liability company.

II. Parties

The parties to the Agreement are Heidelberger Druck and HSS.

1. Heidelberger Druck

Heidelberger Druck is a listed stock corporation with its registered office in Heidelberg and entered into the commercial register of the Mannheim Local Court under HRB 330004. Heidelberger Druck employs around 4,359 people worldwide in total and generated consolidated sales of around EUR 2.4 billion in the 2023/2024 reporting year. The purpose of the company according to its articles of association is the manufacture, sale and trade of printing presses and other products in the print media industry and the performance of services and advisory services that relate to this. The purpose of the company also includes other products, services and consulting services in the area of mechanical engineering, electronics, electrical engineering and the metal industry.

Heidelberger Druck is authorized to perform all transactions and measures that appear necessary or expedient to achieve the business purpose. In particular, it may establish branch offices in Germany and abroad and form, acquire or participate in companies in Germany and abroad.

The financial year of Heidelberger Druck is the period from April 1 to March 31.

2. HSS

HSS is a limited liability company founded in January 2024 with its registered office in Walldorf and entered in the commercial register of Mannheim Local Court under HRB 749911. The company's share capital amounts to EUR 25,000.00. The financial year of HSS is the period from April 1 to March 31. The sole shareholder of HSS is Heidelberger Druck.

The purpose of the company in accordance with the Articles of Association is the establishment, acquisition and holding of participations in companies active in Germany and abroad that distribute products in the graphics industry, in particular products of the "HEIDELBERG" brand, and/or provide services and training in connection with such products, or develop, manufacture or distribute such products, as well as the provision of all services associated with the purpose of the company. In particular, the company will provide services relating to the management and support of sales and marketing as well as general services to affiliated companies.

The company may acquire, hold and dispose of other companies of the same or a similar nature or interests in such companies, including as a personally liable partner. The company may establish branches in Germany and abroad under the same or a different name.

The company may conduct all business and take all actions that directly or indirectly serve the purpose of the company.

HSS currently has no employees. HSS had not yet commenced any business activities as of March 31, 2024. The company has been included in the consolidated financial statements of Heidelberger Druckmaschinen since it was founded in the 2023/2024 financial year. It is intended that HSS will act as an intermediate holding company for various domestic and foreign subsidiaries of Heidelberger Druck from approximately July 1, 2024 and that direct and indirect shareholdings in several companies of the Heidelberger Druck Group will be transferred to HSS accordingly. In addition to the holding function, HSS is to provide services for the Group's sales and service companies in particular and consolidate their management.

III. Agreement relating to the profit transfer Agreement

1. Conclusion and entry into effect of the Agreement

Heidelberger Druck and HSS entered into a profit transfer Agreement on April 26 / May 2, 2024. The approval of the Annual General Meeting of Heidelberger Druck is required in order for this Agreement to become effective. The Management Board and the Supervisory Board of Heidelberger Druck therefore propose to the Annual General Meeting scheduled for July 25, 2024, that it approve the version of the agreement signed April 26 / May 2, 2024 that is submitted to the Annual General Meeting.

Furthermore, the Agreement requires the approval of the shareholder meeting of HSS in order to become effective. It approved the Agreement on May 2, 2024.

Finally, in order to become effective, the Agreement must be entered in the commercial register of HSS in accordance with section 294 (2) AktG. Given the intended retroactive effect of the profit transfer agreement, this therefore applies from the financial year of HSS in which the profit transfer Agreement comes into effect as a result of being entered in the commercial register, i.e. presumably from April 1, 2024.

2. Legal and business reasons for concluding the Agreement

The goal of the Agreement is to create a consolidated tax group for income tax purposes, i.e. a consolidated tax group for corporation and trade tax purposes, between Heidelberger Druck and HSS.

By forming a consolidated tax group of this kind, it will initially be possible to attribute the profits and losses of HSS as the controlled company directly to Heidelberger Druck as the controlling company for tax law purposes and thus to enable both companies to optimize their tax positions.

In addition to the positive effects of the business integration, the Agreement will in particular result in benefits for HSS through the financial security it provides, as Heidelberger Druck undertakes to settle any losses that may arise. The obligation to transfer profits is not expected to have any significant impact, as Heidelberger Druck, as the sole shareholder, can claim the full profit in any case.

For Heidelberger Druck, the Agreement results in the obligation to absorb the losses of HSS. No particular consequences for the shareholders of Heidelberger Druck arise beyond this; in particular, no settlement or compensation payments to external shareholders as defined by sections 304, 305 AktG will be owed. It is intended that HSS, acting as the controlling company, will conclude intercompany agreements with its German subsidiaries as dependent companies, under which these subsidiaries must transfer their profits to HSS and HSS may be obliged to settle any net losses of these subsidiaries. Corresponding intercompany agreements still exist between Heidelberger Druck and the subsidiaries concerned until the internal Group reorganization takes effect, so that the conclusion of this Agreement will not result in any changes from the perspective of the shareholders of Heidelberger Druck.

3. Notes on specific regulations

a. Section 1 Profit transfer

Section 1 of the Agreement governs the obligation of HSS to transfer all of its profits to Heidelberger Druck, as the controlling company, in accordance with the provisions of section 301 AktG as amended from time to time. The regulation is based on the legal model of section 301 AktG. The transfer of profits is a central prerequisite for a consolidated tax group for income tax purposes and enables the taxable results of the companies included in that tax group to be offset.

Section 1 (2) of the Agreement states that other retained earnings recognized during the term of this agreement must be reversed by HSS at the request of Heidelberger Druck and transferred as profit. The transfer of amounts from the release of other revenue reserves that were formed prior to the commencement of this Agreement or from capital reserves is excluded. In accordance with section 1 (3) of the Agreement, HSS can transfer sums from the net income for the year to the retained earnings (section 272 (3) of the Handelsgesetzbuch (HGB – German Commercial Code)) with the approval of Heidelberger Druck to the extent that is permitted by commercial law and is economically justifiable in line with prudent business judgment. In accordance with section 1 (4) of the

Agreement, the claim to profit transfer arises at the end of the financial year of HSS. It becomes due on the value date at this time.

b. Section 2 Loss absorption

Section 2 of the Agreement governs the contractual obligation of Heidelberger Druck to absorb losses by referring expressly to the regulation of section 302 AktG as amended from time to time. Heidelberger Druck therefore undertakes to absorb the losses of HSS for the duration of the Agreement. The obligation to compensate losses does not apply if the net loss for the year is settled by withdrawing amounts from the other retained earnings within the meaning of section 272 (3) HGB that have been transferred to these retained earnings during the term of the profit transfer Agreement. In corresponding application of section 302 (3) AktG, HSS cannot waive or settle the claim to loss compensation until three years after the date on which the entry of the termination of the Agreement in the commercial register has been published in accordance with section 10 of the German Commercial Code. According to section 302 (4) AktG, HSS's claims shall expire ten years after the date on which the entry of the termination of the Agreement in the commercial register was published in accordance with section 10 HGB. The obligation to settle losses ensures that the accounting equity of HSS at the time of the Agreement taking effect is not diminished during the term of the Agreement. The obligation to compensate losses serves to safeguard the proprietary interests of HSS and its creditors for the duration of the existence of the profit transfer Agreement.

c. Section 3 Effective date and duration

Section 3 of the Agreement governs the start, duration and effective date of the Agreement. In accordance with section 3 (1), the Agreement comes into effect when it is entered in the commercial register of HSS. The Agreement applies retroactively from the beginning of the financial year of HSS in which the Agreement is entered in the commercial register of HSS. In accordance with section 3 (2) sentence 1, the Agreement is concluded for a minimum term of five years, calculated from the start of its validity in accordance with section 3 (1) sentence 2. If this period of five years ends during an ongoing financial year of HSS, the minimum term of the Agreement is extended in accordance with section 3 (2) sentence 2 until the end of that financial year. Thereafter, the Agreement continues indefinitely unless it is terminated in writing with notice of one month in compliance with the above minimum term. The minimum term of five years is a basic requirement for the recognition of the intended consolidated tax group for income tax purposes (section 14 (1) sentence 1 no. 3 of the Körperschaftssteuergesetz (KStG – German Corporation Tax Act) in conjunction with section 17 (1) KStG).

In addition to the minimum term of the Agreement of five years (cf. section 14 (1) sentence 1 no. 3 KStG in conjunction with section 17 (1) KStG), a requirement for the recognition of a consolidated tax group for income tax purposes is that HSS as a dependent company is financially integrated in Heidelberger Druck as the controlling company such that the controlling company is entitled to the majority of the voting rights in the dependent company without interruption from the start of the financial year. Furthermore, the profit transfer Agreement must also actually be implemented during its term.

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

The result of the termination of the profit transfer Agreement before the end of the statutory minimum term in accordance with section 14 (1) sentence 1 no. 3 KStG in conjunction with section 17 (1) KStG is in principle that the consolidated tax group is retroactively not recognized for tax purposes, unless there is good cause for the termination that is recognized under tax law. This includes in particular the grounds for termination provided as examples in section 3 (3) of the draft Agreement.

d. Section 4 Final provisions

The severability clause contained in section 4 (1) of the Agreement is intended to ensure that the essential content of the Agreement is maintained if individual contractual provisions should prove, contrary to expectations, to be partially or entirely invalid or unenforceable or to contain gaps or omissions. This is a regulation that is typically included in profit transfer agreements. In accordance with section 4 (2) of the Agreement, the provisions of sections 14 and 17 KStG as amended from time to time, or the corresponding successor regulations, apply to the interpretation of the individual provisions of this Agreement. If individual provisions of the Agreement conflict with section 2 (loss absorption), section 2 shall take precedence over these provisions. This, too, is a typical contractual component.

IV. No settlement or compensation rights, no review

As Heidelberger Druck holds all shares in HSS and HSS therefore has no external shareholders, provisions on compensation or settlement claims (sections 304, 305 AktG) are not necessary. There was therefore no need to perform a valuation of the companies involved in order to calculate an appropriate settlement and appropriate compensation. Similarly, no review of the Agreement by a court-appointed auditor (contract auditor) in accordance with sections 293b et seq. AktG is required.

V. Alternatives to the conclusion of the profit transfer Agreement

There is no economically reasonable alternative to the conclusion of the profit transfer Agreement between Heidelberger Druck and HSS that would achieve the objectives described above in an equal or better manner. In particular, the conclusion of a different type of inter-company agreement as defined by section 292 AktG (business lease agreement, business transfer agreement, profit pooling or partial profit transfer agreement) or a business management agreement, a consolidated tax group for income tax purposes cannot be established between Heidelberger Druck and HSS.

Heidelberg, May 2024

The Management Board of Heidelberger Druckmaschinen Aktiengesellschaft

Dr. Ludwin Monz | Tania von der Goltz

Walldorf, May 2024

The Managing Directors of Heidelberger Druckmaschinen Sales & Service Management GmbH

Sascha Donat | Dr. David Schmedding