KOENIG & BAUER

Annual report
2022

we're on it.

Contents

Letter to the shareholders

Dear shareholders,
As the International Monetary Fund aptly put it in October 2022, we are experiencing a fundamental change in the global economy. It is becoming more unpredictable, more volatile and more marked by geopolitical tensions. Europe is particularly affected by the consequences of the Russian attack on Ukraine, while high inflation is weighing on consumer confidence in the United States and the pandemic-related restrictions are continuing to place a damper on companies in China.

Metamorphosis – with "more"
Obviously, these fundamental changes have not left Koenig & Bauer unscathed and require it to constantly adapt to new circumstances and to engage in a metamorphosis with foresight and intellect. Once a focused, highly successful manufacturer of printing presses, the Company initiated a transformation some time ago to become an agile, fast and flexible technology group. In nature as in business, it is not the strongest or the loudest that survive, but the ones who are the most flexible and adaptable. Accordingly, the history of Koenig & Bauer, which now spans more than 200 years, can also be simply described as a "successful and steady metamorphosis". It is perhaps no coincidence that the word "more" can be found, albeit somewhat concealed, in the word "metamorphosis"; the Company is constantly becoming "more": More sustainable. More modular. More flexible. Yet, one thing hasn't changed in over 200 years: our commitment to our customers and their success. Or, to put it perhaps a little more boldly: Koenig & Bauer has been constantly changing since its establishment. The Company has not stopped at newspaper printing, but has become a packaging printing Company with printing expertise on all substrates with all printing technologies. The Company has been constantly questioning, optimising and, wherever this makes sense, expanding its activities. Most recently, Koenig & Bauer significantly broadened its expertise in corrugated board, an impressive growth market, by acquiring Celmacch Group S.r.l. in July 2022. All in all and in just a few words, the Company is the product of a steady and successful metamorphosis - from a newspaper printer to a packaging printer.

And while we're on the subject of change, the entire Koenig & Bauer Iberica team moved from its previous location in El Prat de Llobregat near Barcelona to Gavà, 15 km away, in March. At this new location, Koenig & Bauer Iberica plans to significantly expand its production. Within the Group, Iberica is responsible for medium- and large-format flatbed die-cutters for cardboard and corrugated cardboard packaging and, thus, for the extremely important postpress activities for packaging printing.

Like probably all manufacturing companies, the Company must contend with high order backlogs on the one hand and a number of challenges, especially with respect to skilled labour, energy prices and supply chains, on the other. However, Koenig & Bauer has repeatedly faced – and overcome – very different crises in its more than 200-year history. What was frequently decisive in this connection was that decision makers acted proactively, creatively and with foresight and always with the needs of the customers in mind and in awareness of their responsibility towards employees and shareholders. To give a specific and recent example: Koenig & Bauer adopted a variable approach to energy supplies years ago. It has also been working on becoming independent from pipeline gas ahead of the imminent gas shortage. As a result, the process gas previously required for production was completely substituted from the end of July 2022. In addition, supplies of fuel for heating energy were adjusted at the main production sites at the beginning of September in the light of the prevailing circumstances. This is just one of several examples of entrepreneurial foresight. Koenig & Bauer continued to benefit from this foresight in 2022. And once again, it became clear that the Company is not only very well positioned but also able to cope with challenges and remain consistently on its growth trajectory.

Sustainability as a brand core
Koenig & Bauer has been in existence as a company for over 200 years. Such a success story, an end of which is not in sight, can only be told if decisions are made with foresight and a sense of responsibility, or, in short, when a company operates sustainably. This is why ESG was part of Koenig & Bauer's identity long before it was discovered by many investors and market participants. And here, too, the Company is working on steadily improving. In keeping with this, Koenig & Bauer assumed responsibility for greater climate protection in the year under review, taking significant steps on the road toward carbon-neutral production. Moving forward, the Company will be covering part of its own electricity requirements sustainably by means of on-site production. This will not only help to improve our climate footprint but also provide a self-sufficient source of energy. Under its "Exceeding Print" Group strategy, Koenig & Bauer is working on

adopting fully carbon-neutral processes at its production plants by 2030. In October of the year under review, a photovoltaic system for producing power went into operation on the roof of the Customer Technology Centre at the Company's headquarters in Würzburg. As a result, Koenig & Bauer is now producing around 200,000 kWh of electricity per year directly for the Würzburg plant. In the summer of 2022, a new water heating system with solar thermal modules went into operation at the Koenig & Bauer vocational school in Würzburg.

In addition, around 8% of the gas consumption at the Company's headquarters can be replaced by utilising the waste heat given off by the new melting furnace in the foundry.

Our customers are also benefiting from the fact that Koenig & Bauer is setting new standards in both digitisation and energy management. Since October 2022, the Company has been supporting its customers by offering them a digital, scalable solution to save energy and reduce costs: The Digital unit has developed an energy management system specially optimised for the printing and packaging industry. Energy consumption is recorded digitally and displayed in visual form, with savings potential simultaneously harnessed. The new energy management system consistently optimises these applications for the requirements of the printing and packaging industry.

However, Koenig & Bauer not only wants to be a sustainability pioneer itself but also motivate other market participants to follow it on this path. In 2022, the Company presented for the first time the Green Dot Award that it had specifically established for this purpose. In this way, Koenig & Bauer wants to honour each year a visionary leader with outstanding ideas who has made innovative contributions to sustainable printing in a special way. The first prize winner was Andres Kull, CEO of Kroonpress in Tartu, Estonia.

Koenig & Bauer also sees itself as having an inherent responsibility as a corporate citizen to look outside the box and, where necessary, to help the most vulnerable in society. In the last years, refugees have also been trained, lately also from Ukraine. With its global presence, Koenig & Bauer considers it be only natural that employees from different countries and cultures should be integrated. In this way, it is making an important contribution to tolerance, openness and integration.

Milestones

Long-term and sustainable success with customers, employees and investors calls for constant questioning and adjustment. It was with this in mind that Koenig & Bauer took a number of steps in the year under review to enhance its operational footprint. To give an example, the number of counterfeit euro banknotes withdrawn from circulation has fallen to a historically low level. Among other things, this is due to the fact that banknotes are becoming increasingly counterfeit-proof. The partnership between Koenig & Bauer Banknote Solutions and the Institute for Industrial Information Technology (inIT) at the Ostwestfalen-Lippe University of Applied Sciences is making an important contribution to this, allowing new authentication solutions that work via smartphone. The coverno joint venture was integrated within Koenig & Bauer's core business in spring 2022.

Need another example? Koenig & Bauer and System Brunner have had a close technology partnership for more than ten years. In the year under review, both sides agreed to extend and deepen this partnership for the benefit of sheetfed offset users. This means that System Brunner's core colour management competence will continue to be incorporated in Koenig & Bauer's sheetfed offset technology in all phases of printing and media production.

With the official approval of a foreign direct investment (FDI) in Italy, the partnership announced on 22 July and the acquisition of 49 percent of the capital of Italian company Celmacch Group S.r.l. by Koenig & Bauer was completed in the year under review.

By partnering with the Desenzano del Garda-based manufacturer of high-board line flexographic printing presses and rotary die cutters for the corrugated board industry, Koenig & Bauer is expanding its broad portfolio. The new partnership combines more than 40 years of experience in the market for corrugated board processing machines and more than 200 years of printing technology on different substrates.

Earnings:
Despite a challenging environment characterised by supply-chain constraints and an associated increase in material and energy costs, which it was not possible to pass on to customers in full, the EBIT of €22m exceeded the company's own forecast of €15-20m. It was additionally spurred by the accelerated implementation of the P24x efficiency improvement programme. At €1,186m, Group revenue reached the upper end of the projected range of €1,160 – 1,190m.

Outlook:
For the 2023 financial year, Koenig & Bauer is planning Group sales of €1.3bn with an EBIT margin of around 3%, despite the challenging macroeconomic environment. In the medium term, we expect to achieve Group revenue of around €1.8bn and an EBIT margin of 8 – 9%. A further objective is to reduce net working capital to a maximum of 25% of annual revenue. Revenue of €1.5bn and a EBIT margin of 6 – 7% are to be achieved in 2025.

Vote of thanks:
As in the past 200 years, Koenig & Bauer will continue to create sustained added value for all its stakeholders – investors, customers, employees and service providers – over the coming years and decades. Bold and strategically correct decisions not only in the reporting year have created a solid basis for this. The Management Board thanks
all the parties involved for this and their many years of loyalty.

Würzburg, 21 March 2023
The Management Board of Koenig & Bauer AG

Dr. Andreas Pleßke
Chief Executive Officer

Supervisory Board report

Dear shareholders,
In 2022, the Group's operating profitability continued to improve. In addition to good capacity utilisation due to the strong momentum in order intake, the P24x efficiency and restructuring programme made a significant contribution to stabilising and boosting earnings. With product innovations, new digital business and systematic M&A activities, the course has been set for further profitable revenue growth. In view of the geopolitical, energy and economic upheavals resulting from the Russia-Ukraine conflict and causing significant supply chain constraints and material shortages, uncertainties over energy supplies and high inflation, the progress achieved is particularly encouraging. The product portfolio and service business, which are geared towards growth and stable niche markets, proved to offer a reliable and promising basis for business success.

In addition to strategic factors for advancing the Group based on the pillars of digitisation, modularisation and sustainability, the Supervisory Board dealt in detail with the business performance, earnings and financial condition of Koenig & Bauer AG and the Group. Business policy, the competitive situation, risk management, compliance, the internal control system, internal auditing, cybersecurity, the capital market strategy and the ESG roadmap were discussed at length. In addition to the Management Board's corporate and investment planning, remuneration matters were further items on the agenda of the Supervisory Board and the committees. All necessary resolutions were passed after detailed examination and intensive discussion.

In the year under review, the Supervisory Board was again informed promptly, regularly and comprehensively by the Management Board of all events that were of material importance for the Company. In 2022, this was mostly done in the form of hybrid Supervisory Board meetings with combined in-person attendance and online participation, in video conferences as well as over the phone and in writing. The Chairman of the Supervisory Board and the Chief Executive Officer meet on a weekly basis, and further regular meetings are held between the Chair of the Audit Committee and the Chief Financial Officer. In addition, the Supervisory Board received continuous reports concerning the Company's key performance indicators.

The Supervisory Board performed its duties with great care in accordance with the law, the Articles of Association and the Rules of Procedure. A total of eight Supervisory Board meetings and seven information events for the Supervisory Board were held on matters of current relevance in 2022. These were supplemented by internal preparatory video conferences held prior to the Supervisory Board meetings. Of the eight meetings of the Supervisory Board, four were held as hybrid meetings with in-person attendance and online participation, two as in-person meetings and a further two as video conferences. Six of the seven information events for the Supervisory Board were held as a video conference and one in a hybrid form with in-person attendance and online participation. The chairpersons of the Supervisory Board committees reported regularly to the full Supervisory Board on the agenda and recommendations of the committee meetings. In the year under review, no members of the Supervisory Board were subject to any conflict of interests. The breakdown of the attendance at the meetings of the Supervisory Board and the committees is set out in the following table:

Name	Member since	Total meetings (8)	Personnel Committee (5)	Audit Committee (6)	Strategy Committee (2)	Nominating Committee (1)	Total participation
Prof. Dr.-Ing. Raimund Klinkner, Chair	2018	8/8	5/5	–	2/2	1/1	100%
Gottfried Weippert, Deputy Chair	2001	8/8	5/5	6/6	2/2	–	100%
Dagmar Rehm, Deputy Chair	2014	8/8	5/5	6/6	–	1/1	100%
Julia Cuntz	2016	8/8	–	–	–	–	100%
Carsten Dentler	2017	8/8	–	–	2/2	–	100%
Marc Dotterweich	2015	8/8	–	6/6	–	–	100%
Werner Flierl	2021	6/8	–	–	–	–	75%
Matthias Hatschek	2006	7/8	–	–	2/2	1/1	91%
Christopher Kessler	2016	8/8	–	–	2/2	–	100%
Prof. Dr.-Ing. Gisela Lanza	2015	7/8	–	–	2/2	–	90%
Dr. Johannes Liechtenstein	2019	8/8	–	6/6	–	–	100%
Simone Walter	2016	8/8	–	–	2/2	–	100%

The office held by Carsten Dentler as a shareholder representative on the Supervisory Board was renewed by the shareholders at the Annual General Meeting on 24 May 2022. Otherwise, there were no changes to the composition of the Supervisory Board during the year under review. The composition of the committees was determined at the constituent meeting of the Supervisory Board held following the Annual General Meeting. Details of the current composition of the Supervisory Board's committees can be found on the Company's website. Similarly, there were no changes to the composition of the Management Board.

The members of the Supervisory Board receive appropriate support from the Company in the form of training and further education. The Supervisory Board training system, which was expanded at the beginning of 2022, comprises semi-annual webinars on selected topics and also optional external events. A webinar on "Due Diligence Requirements of the Supervisory Board with respect to the Supervision of the Management Board" was held at the beginning of April 2022. In October 2022, the Executive Online Programme for Supervisory Boards consisting of five different digital modules organised by the magazine "Der Aufsichtsrat" was made available for the purpose of further training of the Supervisory Board. The diverse and comprehensive courses covered such subjects as the "Role and tasks of the Supervisory Board" and "Successful practical work" as well as currently relevant matters such as "ESG for Supervisory Boards", "Accounting and auditing skills" and "Strategy and risk management". In November 2022, a further training event for supervisory boards on "ESG and the capital market" was held. In addition, the employee representatives are able to make use of the conferences offered by the Hans Böckler Foundation as well as the further education provided by the trade unions and DGB-Bildungswerk. As well as this, the Koenig & Bauer Board Academy is developing its own website as a training and further-education platform for the members of the Supervisory Board.

The meetings of the Supervisory Board and its committees as well as the information events dealt with the following matters in 2022: At the hybrid Supervisory Board meeting held on 2 February 2022 with in-person attendance and online participation, the Supervisory Board approved the Management Board's proposals for the utilisation of the expected unappropriated surplus and for the general structure of the Annual General Meeting on 24 May 2022 as a solely virtual event. At the video conferences of the Supervisory Board on 25 February 2022 and 3 March 2022, the Management Board outlined the preliminary figures for 2021 and the current status of the P24x efficiency/restructuring programme.

At its hybrid meeting of 22 March 2022 with in-person attendance and online participation, the Supervisory Board dealt at length with the annual financial statements for Koenig & Bauer AG and the Group as of 31 December 2021, the combined management report, the non-financial Group report and the corresponding audit reports as well as the 2021 remuneration report for the members of the Management Board and the Supervisory Board. The 2021 annual and consolidated financial statements, the 2021 remuneration report and the Management Board's profit appropriation proposal for the 2021 financial year were approved or adopted. Furthermore, the Supervisory Board approved the Management Board resolutions to submit the remuneration report for 2021 to the Annual General Meeting on 24 May 2022 for approval by the shareholders and to organise the Annual General Meeting as a purely virtual event subject to the arrangements set out by the Management Board. The wording of the invitation to the Annual General Meeting with the ten agenda items and the proposals for the adoption of the corresponding resolutions was also approved. In addition to Management Board remuneration matters, the agenda of the Supervisory Board's meeting in March included strategy and capital market issues as well as the business performance of the subsidiaries.

On 4 May 2022, the Supervisory Board held a video conference to discuss the Q1 figures. In addition, the Management Board provided information on the current forecast for 2022 and a current M&A project. The Supervisory Board's in-person meeting on 23 May 2022 dealt mainly with the preparation of the virtual Annual General Meeting on the following day. In addition to cybersecurity and Management Board remuneration matters, the agenda also included updates on the P24x project, capital market issues and a current M&A project. Furthermore, the Management Board presented plans for safeguarding supplies of electricity and gas. As well as this, the results of the Supervisory Board's efficiency audit, which is conducted internally every year with external support and regularly updated in the light of current matters and legal requirements, were discussed. Following the virtual Annual General Meeting on 24 May 2022, the Supervisory Board held a constitutive meeting, in which the composition of the Supervisory Board committees was confirmed.

On 24 June 2022, the Supervisory Board held a meeting in the form of a video conference during which the Management Board presented a report on the status of a current M&A transaction. In addition to the comprehensive discussion of strategic issues, the Supervisory Board also set the course for continuity on the Management Board with the early renewal of the Management Board contracts with Messrs Christoph Müller and Ralf Sammeck until 30 June 2026 and 30 June 2025, respectively.

On 27 July 2022, the Supervisory Board was briefed on the report for the first half of 2022 in a hybrid in-person/online meeting. The Management Board also provided a preview of the high-level business planning for the years 2023 to 2027. At its strategy meeting on 28 July 2022 in a hybrid session with in-person and online participation, the Supervisory Board discussed in detail the strategic issues submitted by the Management Board on the basis of a comprehensive rolling strategy as well as focus projects within the framework of the “Exceeding Print” Group strategy. The focus of the consultations was also on strategic considerations in priority cross-sectional areas as well as on sustainability/ESG. At a video conference of the Supervisory Board on 4 August 2022, the Management Board provided an update on the status of the P24x efficiency/restructuring programme.

In a hybrid Supervisory Board meeting held on 20 September 2022 with both in-person attendance and online participation, the Management Board presented the high-level business plan for the years 2023 to 2027 and reported that the Celmacch M&A transaction had been closed on 16 September 2022. In addition, the persons responsible for compliance, internal auditing and risk management submitted a status report on their respective areas. In addition to organisational matters such as the definition of the Supervisory Board’s training topics for 2023 and amendments to its rules of procedure, the agenda also included capital market issues. Under a resolution of the Supervisory Board passed at this meeting, the Audit Committee assumed responsibility for sustainability/ESG from the Personnel Committee.

The Supervisory Board held video conferences on 7 November 2022 on the Q3 report and on 10 November 2022 on the status of the P24x project. At the Supervisory Board meeting on 7 December 2022, which was held as a video conference, the Management Board presented in detail the corporate and investment plans for 2023 and provided an outlook for the following years until 2027. The Supervisory Board approved the corporate and investment budget for 2023 and acknowledged the medium-term plans. In addition to Management Board remuneration and personnel matters, the agenda also included the HR strategy and the business performance of the subsidiaries. The Supervisory Board has also passed a resolution on the female representation target on Koenig & Bauer AG’s Management Board for the period until 2025.

Much of the Supervisory Board’s work is performed by its various committees. Five ordinary committees assist the Supervisory Board in the performance of its duties by preparing the resolutions to be passed by the Supervisory Board and the matters to be discussed in the plenary sessions. The Personnel Committee met five times and the Nominating Committee once. Of the six meetings of the Audit Committee, one was held as an in-person meeting, two in hybrid form with in-person attendance and online participation and three as a video conference. In addition to the strategy conference, which was attended by the entire Supervisory Board, a further two meetings of the Strategy Committee were held during the year under review. All the meetings of the Strategy Committee were held in hybrid form with in-person attendance and online participation. As a meeting of the Pandemic Committee, which is composed of Ms Dagmar Rehm, Mr Matthias Hatschek, Mr Gottfried Weippert and myself, Prof. Dr.-Ing. Raimund Klinkner, had not been necessary for a number of months, the Supervisory Board decided at its meeting of 23 May 2022 to disband it for the time being. It was again not necessary for the Mediation Committee appointed under section 27 (3) of the Codetermination Act to convene in 2022.

In addition to examining the quarterly reports and updated annual forecasts, one of the main tasks of the Audit Committee was to review in detail the annual financial statements of Koenig & Bauer AG and the consolidated financial statements as well as the combined management report, the non-financial Group report and the corresponding audit reports as well as the remuneration report for the members of the Management Board and the Supervisory Board. Throughout the entire process of preparing the financial statements, regular meetings were held between the Chair of the Audit Committee and the external auditor. During the discussion of the annual financial statements, the representatives of the statutory auditor reported to the committee on the results of their audit and were available to answer any questions and for detailed discussion of various matters. The Audit Committee prepared the approval and adoption of the financial statements and the remuneration report by the Supervisory Board. It reviewed the quality of the audit of the financial statements, monitored the independence of the external auditor and obtained his declaration of independence. The Audit Committee also prepared the proposal for the election of the auditor of the annual financial statements and the consolidated financial statements for submission to the Annual General Meeting. The Audit Committee reviewed the non-auditing activities performed by the external auditor on a quarterly basis. In addition to determining the priorities of the annual audit of the financial statements, the Audit Committee also discussed the compliance and risk management system, the risk situation in the Group, internal auditing, export controls and cybersecurity. In addition, it received comprehensive and regular updates on the progress of SAP migration. The Management Board presented the newly established M&A process and intercompany pricing policy to the members of the Audit Committee. Special attention was paid to the internal control system (ICS) and sustainability/ESG at two extraordinary meetings of the Audit Committee. After assuming responsibility for sustainability/ESG from the Personnel Committee, the Audit Committee underwent a comprehensive onboarding process on all ESG matters. The Chief Executive Officer and the Chief Financial Officer regularly attended the meetings of the Audit Committee.

In the year under review, Management Board matters, remuneration and structural matters dominated the meetings of the Personnel Committee. The Personnel Committee prepared various draft resolutions for the Supervisory Board concerning the remuneration of the Management Board, the early renewal of the Management Board contracts with Messrs Christoph Müller and Ralf Sammeck, the Supervisory Board's target for female representation on the Management Board and further training of the Supervisory Board in the following year. The Nominating Committee prepared the recommendations for candidates for submission to the full Supervisory Board for the Supervisory Board election scheduled for the next Annual General Meeting. The Strategy Committee was closely involved in the new Group strategy process and was briefed at length by the Management Board in its meetings on the key topics of digitisation, digital printing and service as well as focus markets and projects.

The application and further development of the corporate governance rules by the Company, particularly the implementation of the recommendations of the Code, are regularly monitored by the Supervisory Board. The Corporate Governance Statement published on the Company's website describes the activities of the Supervisory Board with regard to the Declaration of Conformity pursuant to section 161 of the German Stock Corporation Act.

At its meeting on 21 March 2023, the Supervisory Board adopted the annual financial statements for Koenig & Bauer AG as of 31 December 2022 prepared by the Management Board and the remuneration report for the members of the Management Board and the Supervisory Board for 2022 and approved the consolidated financial statements for the Koenig & Bauer Group as of 31 December 2022, including the combined management report and separate non-financial Group report following a discussion with the auditors, its own careful examination and intensive deliberation. The annual financial statements of Koenig & Bauer AG are thus duly adopted in accordance with section 172 of the German Stock Corporation Act. The resolutions were prepared by the Audit Committee. The chairperson of the Audit Committee reported to the Supervisory Board in detail on the results of the intensive audits and the Committee's findings as well as on the discussions with the auditors and the Management Board. The auditors reported at length to the Supervisory Board on their audit procedures and findings and were available to answer additional questions. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in Frankfurt am Main, Nuremberg branch, issued unqualified audit opinions for both sets of financial statements including the combined management report. Furthermore, the separate non-financial Group report underwent a limited assurance review by PricewaterhouseCoopers GmbH. The Supervisory Board, like the Audit Committee, approved the auditor's findings based on its own review. Neither body raised any objections to the consolidated financial statements, the annual financial statements of Koenig & Bauer AG, the combined management report, the non-financial Group report or the remuneration report for 2022.

The external auditor also confirmed that the Management Board had established a risk early detection system meeting the requirements of section 91 (2) of the German Stock Corporation Act. The information and monitoring system, which is appropriate and meets the requirements of the Company, appears to be suitable in terms of its design and actual implementation to identify at an early stage any developments liable to jeopardise the Company's going-concern status. No material shortcomings in the internal control system and the early risk detection system were reported.

The Supervisory Board would like to thank all employees, the Management Board, managers and employee representatives for their great commitment to the Group in 2022, which was a challenging year in view of the demanding underlying conditions. The Supervisory Board wishes to express its gratitude to the shareholders for their confidence in the Company.

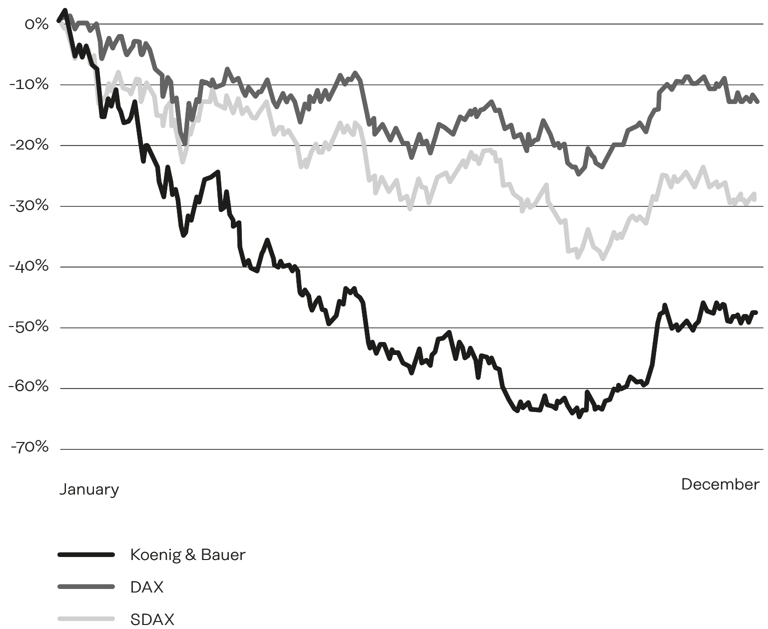
Würzburg, 21 March 2023
The Supervisory Board of Koenig & Bauer AG

Prof. Dr.-Ing. Raimund Klinkner
Chairperson of the Supervisory Board

Koenig & Bauer Shares

External factors take their toll on the equity markets in 2022 – Koenig & Bauer shares unable to free themselves from this effect

Share performance in 2022



High inflation rates, more restrictive monetary policy, rising interest rates, the war in Europe and the pandemic-induced lockdowns in China triggered enormous declines in the stock markets in the year under review. This also applied to Koenig & Bauer shares. At the beginning of 2022, the previous year's strong performance relative to the benchmark indices caused sharp declines in relative terms. Accordingly, Koenig & Bauer shares reached their high for the year at a closing price of €32.00 in XETRA trading as early as on the second trading day of the year under review. The benchmark indices likewise reached their highs for the year on that day. After the Russian invasion of Ukraine, the German blue-chip DAX index dipped below the important mark of 13,000 points. Up until the end of September, the heavy dependence on imports on raw materials led to historically low valuations for the German indices as well as for Koenig & Bauer shares. At the end of 2022, the shares were trading at €16.28, down from €31.30 on 31 December 2021, equivalent to a price correction of 48.0%. Consequently, Koenig & Bauer shares underperformed the DAX and the SDAX by 12.35% and 27.35%, respectively, in 2022. (All figures based on Xetra closing prices.)

Average daily trading volumes of Koenig & Bauer shares increased to 30,000 shares in the year under review. Koenig & Bauer has thus come a little closer to its goal of returning to its former trading volumes.

Koenig & Bauer share performance indicators

in €	2021	2022
Earnings per share	0.83	**0.63**
High for the year	32.15	**32.00**
Low for the year	23.60	**10.90**
Price at the beginning of the year[1]	23.92	**31.30**
Price at the end of the year[1]	31.30	**16.28**
Number of bearer shares outstanding	16,524,783	**16,524,783**
Market capitalisation at the end of the year (m)	517.2	**269.0**
Cash flow per share	5.75	**0.33**
Dividend	0.00[2]	**0.00[2]**

1 Xetra closing price, source: Bloomberg
2 The terms of the KfW loan do not permit any dividend distribution

Koenig & Bauer with a free float of around 90 percent

Under the Deutsche Börse definition, free float includes all shares not held by principal shareholders (i.e. those holding more than 5 percent of the share capital). On the basis of the voting right notifications received, Koenig & Bauer thus has a free float of around 90% of the total of 16,524,783 bearer shares outstanding as of 31 December 2022.The following voting right notifications for shareholdings over the 3% threshold had been received as of 31 December 2022:

Koenig & Bauer AG shareholder structure

	Number of shares	Percentage holding
AlternInvest GmbH, Vienna, Austria	1,683,428	**10.2%**
Universal-Investment-GmbH, Frankfurt/Main	1,680,574	**10.2%**
Hauck & Aufhaeuser Fund Services S.A., Munsbach, Luxembourg [1]	1,680,852	**10.2%**
Union Investment Privatfonds GmbH, Frankfurt/Main	841,693	**5.1%**
Claus Bolza-Schünemann	826,220	**5.0%**
Albrecht Bolza-Schünemann	599,728	**3.6%**
Rota Klaeger	589,514	**3.6%**
Date: 31 December 2022	**Total number of shares outstanding: 16,524,783**	

1 Effective 31 December 2022, all funds managed by LOYS Investment S.A. were transferred to Hauck & Aufhaeuser Fund Services S.A. Accordingly, with a share of 10.17%, the latter temporarily exceeded the reporting threshold. On 9 January 2023, Hauck & Aufhaeuser Fund Services S.A. lowered its share again to 9.69%, stating this in the notification required to be submitted in accordance with section 43 of the German Securities Trading Act for the period during which the 10% threshold was exceeded.

Dialogue with the capital market

In addition to quarterly financial reporting and the annual general meeting, Koenig & Bauer maintains regular dialogue with all capital market participants. This includes investor talks, roadshows and international capital market conferences, some of which took place in person again. These activities focused on the impact of the pandemic, the supply chain bottlenecks and the related increase in the cost of materials and energy, the progress made in the P24x efficiency programme and the Company's financial targets. Koenig & Bauer seeks to inform all stakeholders continuously, promptly, comprehensively and transparently of current and future developments of relevance for the Company and the market in which it operates. This also entails ongoing cooperation with banks and brokers that actively cover the Company and regularly publish assessments of our share price as well as sector studies. As of the date on which this report was published, five analysts rated our shares a buy, while one analyst had issued a "hold" recommendation on the basis of his model. The prescribed annual analyst conference took the form of a telephone conference held on 8 November with the Management Board of Koenig & Bauer AG on the figures for the first nine months.

As always, the Investor Relations department is available to investors at any time by phone on +49 (0) 931 909-4085 or in writing (investors@koenig-bauer.com) to answer any questions concerning the shares and the Company. Updated information is also available in the Investor relations section of the website at www.koenig-bauer.com/de/investor-relations/, where you will also find financial reports, presentations and webcasts as well as the latest financial calendar and information on the share.

97th annual general meeting of Koenig & Bauer AG:

A total of around 64% of the voting share capital – and thus more than in the previous year – was represented at the annual general meeting, which was held online for the third time due to the pandemic-related situation which it had not been possible to conclusively assess when the invitation to the annual general meeting was issued.

A detailed overview of the individual voting results and the key statements can be found under "Annual General Meeting" in the Investor Relations section of the website.

Combined management report

Detailed index

Corporate structures

Company profile

Koenig & Bauer is an international system provider for the global printing industry. Printing presses and systems, which are consistently tailored to meet customer requirements, as well as services enable people all over the world to come into contact with printed, post-printed and finished products.

In addition to various types of packaging for the food, beverage, pharmaceutical, consumer goods and cosmetics industries, this also includes banknotes, decorations and laminates as well as magazines and newspapers. The presses use almost all common printing technologies that apply ink efficiently and precisely to a wide variety of substrates such as paper, cardboard, foil, glass, hollow containers and sheet metal. This gives Koenig & Bauer one of the broadest product ranges in the industry. The comprehensive expertise derived from addressing many sub-markets provides a good basis for innovation and for new applications in the growing packaging printing markets and ensures that production processes can be structured more and more sustainably and efficiently.

Koenig & Bauer holds a leading position worldwide in many markets and is the global market and technology leader in parts of the growing market for packaging printing and banknote printing.

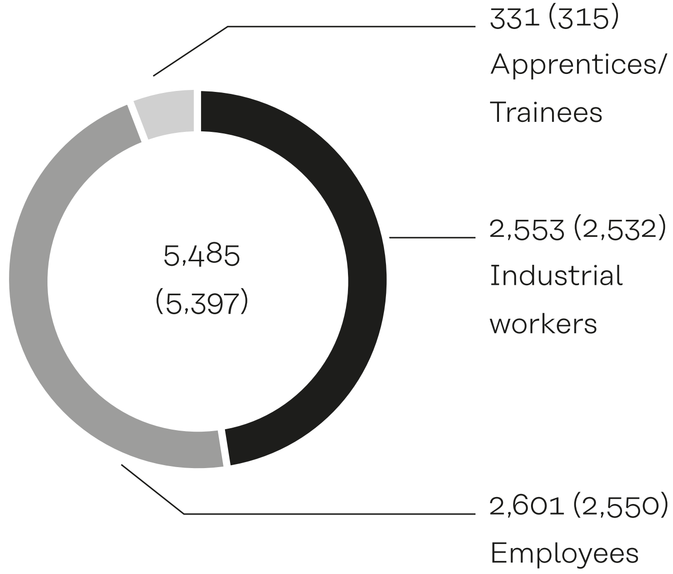
Service business, which is becoming increasingly digital and non-cyclical, is to be additionally expanded and will also account for a long-term share of around 30% of Group revenue.

Global presence and employees

The Group export ratio of 88.6% (previous year: 86.2%) reflects Koenig & Bauer's global presence. At the same time, eleven production sites in Europe ensure vertically integrated production and highly reliable supply chains and production. The many sales and service organisations complement the global presence.

Koenig & Bauer promotes a culture of innovation and has been a pioneer in vocational training since its foundation over 200 years ago in order to maintain its technological lead in the future. The Koenig & Bauer Group had 5,485 employees worldwide at the end of 2022 (previous year: 5,397). Koenig & Bauer expanded its staff in key growth areas, including IT as well as new applications and products for the expanding packaging market, as well as in the digital unit.

Workforce as of 31 December 2022



In connection with the annual intake of new apprentices in September 2022, the Koenig & Bauer Group is retaining its training policy despite the difficult global economy in order to create career openings by offering talented young people an apprenticeship. In this way, the Company is covering its high demand for qualified specialists, especially in the technology sector and in mechanical engineering, by means of in-house training. In 2022, a total of 113 (previous year: 71) apprentices and dual-course students embarked on their first steps in their new careers with the Koenig & Bauer Group. They already have the promise of a permanent employment contract upon the successful completion of their apprenticeships.

Sustainability

With its “Exceeding Print” strategy, Koenig & Bauer is driving forward sustainability - one of three of its strategies - as the greatest challenge facing the packaging industry in the future, thus systematically expanding its already successful activities in this area, which is of crucial importance for the Group’s future development. The statutory reporting obligations are fulfilled with the publication of the non-financial Group report as a separate part of this annual report with references to the combined management report on pages 141 ff. Further information is available on the Company’s website at www.sustainability.koenig-bauer.com.

Decentralised organisation with a holding company structure

The Koenig & Bauer Group is composed of Koenig & Bauer AG as the holding company and its subsidiaries. As of 31 December 2022, 37 (previous year: 37) companies were included in the consolidated financial statements in addition to Koenig & Bauer AG. Two companies are accounted for using the equity method (previous year: one company).

Unlike the IFRS consolidated financial statements of the Koenig & Bauer Group, the annual financial statements of Koenig & Bauer AG are based on the German Commercial Code (HGB), supplemented by the German Stock Corporation Act and can be found on page 50 f.

Koenig & Bauer AG

Sheetfed

Koenig & Bauer Sheetfed AG & Co. KG
Sheetfed offset, digital sheetfed printing, finishing & postprint

Koenig & Bauer Iberica S.A.
Post-printing

Koenig & Bauer Grafitec s.r.o.
Sheetfed offset

Koenig Bauer Duran Karton Ambalaj Teknolojileri Sanayi A.Ş.
Folding box gluers

Digital & Webfed

Koenig & Bauer Digital & Webfed AG & Co. KG
Web offset, web digital printing, engineering services, web printing, corrugated board printing and external

Koenig & Bauer Flexotecnica S.p.A.
Printing of flexible packaging

Special

Koenig & Bauer Kammann GmbH
Glass & hollow body printing

Koenig & Bauer MetalPrint GmbH
Sheet metal printing

Koenig & Bauer Coding GmbH
Marking and coding

Koenig & Bauer Banknote Solutions (DE) GmbH
Security printing (Construction)

Koenig & Bauer (AT) GmbH
Security printing (assembly)

Koenig & Bauer Banknote Solutions SA
Security printing (sales/service)

Industrial

Koenig & Bauer Industrial GmbH | **Albert-Frankenthal GmbH** | **Koenig & Bauer Gießerei GmbH**

As shown in simplified form in the diagram, the producing subsidiaries are allocated to the three segments Sheetfed, Digital & Webfed and Special on the basis of their business activities. The domestic and foreign companies, which mostly offer sales and service functions for several segments, are allocated to the segments in accordance with their activities. Similarly, the business units defined as production service providers (“Industrial”, see diagram) are allocated to the three segments on the basis of their activities.

Business activities in the segments

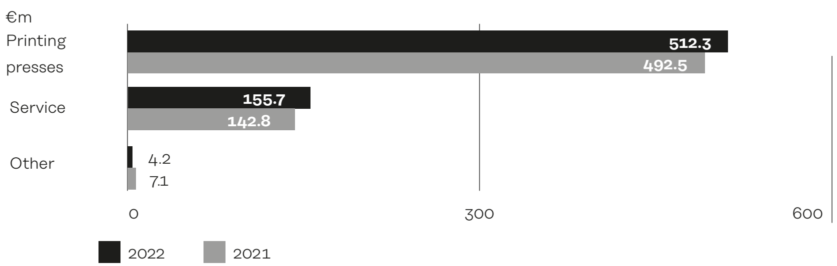
The diagram setting out the Group structure also shows the organisational structure of the Koenig & Bauer Group at the end of the financial year 2022. In line with its operating business, the internal reporting structure is divided into the following segments: Sheetfed, Digital & Webfed and Special. These also form the reportable segments in accordance with IFRS.

Segment revenue is split into printing presses and services, including spare parts, as well as miscellaneous business. In addition to classic services, a variety of digital services are also offered in all segments and are constantly being expanded to supplement printing press technology.

The **Sheetfed** segment, which makes the greatest contribution to revenue, offers a wide range of sheetfed offset presses under the "Rapida" name from half to super-large formats for the packaging and commercial printing market. In addition to classic sheetfed offset printing technology, it offers a digital printing solution in the form of the VariJET. The segment portfolio also includes aggregates for postprint processing of the printed sheets. These are punched out with a rotary or flat bed punch and folded and glued together with the aid of a folding box gluer.

The following diagram illustrates the revenue derived from printing press and service business in the Sheetfed segment, which has consistently grown year-on-year. At 23.2% (previous year: 22.2%), the share of service business was further expanded, thus approaching the Group target of around 30%.

Sales revenue by product group segment Sheetfed



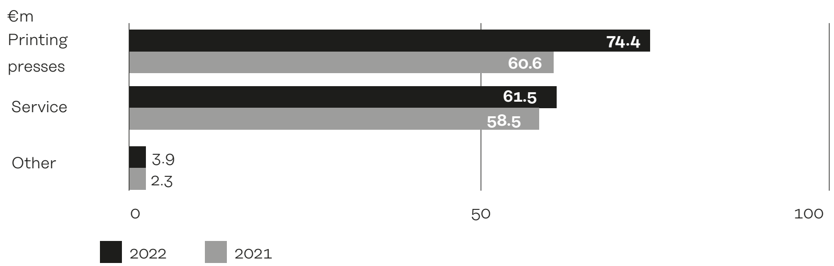
The **Digital & Webfed** segment offers a variety of printing presses and systems that address the three printing processes: letterpress printing (flexo printing), gravure printing and planographic printing (web offset printing). In addition to web offset presses, which are mainly used in newspaper, commercial and publication printing, web presses for digital printing are also offered. The RotaJET platform is the world's only industrial digital printing press that handles commercial printing as well as decorative and beverage carton printing in the industrial printing market. The roll digital printing activities are complemented by the HP Page-Wide T1190 for pre-printing corrugated-board cover layers. This press is assembled in cooperation with HP. Integrated paper logistics are also available to suit the roll presses. This is because automation, an integrated workflow and process optimisation are crucial elements of the "total cost of process" approach.

Through the acquisition in 2022 of Celmacch Group S.r.l., Koenig & Bauer offers solutions under the name "Chroma" in the high-board market in all price and performance classes for direct corrugated board printing. The CorruJET complements direct corrugated-board printing by offering a digital printing solution together with Durst.

The segment offers various flexoprinting presses that are used for producing flexible packaging, especially in the food sector. At the customer's request, the presses can be equipped with a variety of inline integrations.

The following diagram shows the revenue generated over time in press and service business in the Digital & Webfed segment. 44.0% (previous year: 48.2%) of the segment's revenue is accounted for by services, with newsprint presses exhibiting a downward trend. This trend is also evident in newspaper offset press business, which contributed 0.0% (previous year: 6.0%) to segment revenue and 0.0% (previous year: 0.7%) to Group revenue as of 31 December 2022.

Sales revenue by product group segment Digital & Webfed



The **Special** segment comprises the activities of Banknote Solutions (banknote and security printing), Kammann (direct decoration of hollow bodies made of glass, plastic and metal), MetalPrint (metal packaging) and Coding (marking solutions for all industries).

Specialized printing presses for banknote and security printing and expertise in banknote and security design together with the corresponding banknote design software, prepress solutions, security elements – all these activities are performed by Banknote Solutions for central banks and private printers for the banknote production. The range is complemented by the ValiCash™ (authentication of banknotes) and Smill™ (for sharing digital messages on a banknote) smartphone apps.

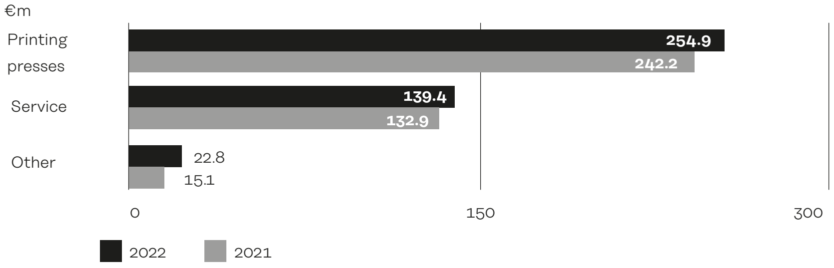
Kammann supplies printing systems for the direct decoration of hollow bodies made of glass, plastic or metal. Directly decorated glass containers are mainly used for cosmetics, perfume and spirits products in the premium segment. In addition to the predominant screen printing process, hot stamping, digital printing and many other decoration processes can be optionally integrated in the precise and flexible transport systems.

MetalPrint provides end-to-end systems for the decoration of 2- and 3-piece cans. To decorate a 3-piece can – which is mainly used for food – complete production lines that print, paint and dry tinplate sheets are utilised. Metal sheets are not used to decorate 2-piece cans for beverages. Instead, cups or bowls are printed directly, painted and then dried with CS MetalCan.

Coding supplements the segment portfolio with solutions for all industries from pharmaceuticals and cosmetics to floristry: variable data, logos and barcodes are printed, marked and coded on different substrates on a just-in-time basis. Production reliability and speed with a typeface of excellent print quality is crucial in order, for example, to apply the legally required best-before date or batch traceability data accurately. Manipulation-proof labelling and seamless product traceability are playing an increasingly important role.

The following diagram illustrates the revenue generated by printing press and service business in the Special segment, which has consistently grown year-on-year. The share of service business stood at 33.4%, compared with 34.1% in the previous year.

Sales revenue by product group segment Special



Industrial is an internal and external production service provider, manufacturing high-precision components for printing presses and external customers in the mechanical and plant engineering sector in conjunction with other companies. It specialises in precision-machined large parts made of cast iron or steel, complex prismatic and rotating parts, gears, curves, sheet metal assemblies, rollers and the environmentally friendly coating of rotating parts. In addition, Industrial offers further services such as assembly, engineering and logistics.

Management and governance

Koenig & Bauer AG is a public limited company ("Aktiengesellschaft") under German law with a dual management structure. Its Management Board is composed of five members:

- **Dr Andreas Pleßke**
  (Chief Executive Officer and responsible for the Special segment),
- **Dr Stephen Kimmich**
  (Chief Financial Officer),
- **Christoph Müller**
  (responsible for the Digital & Webfed segment),
- **Ralf Sammeck**
  (responsible for the Sheetfed segment and Chief Digital Officer) and
- **Michael Ulverich**
  (Chief Operation Officer – production, procurement and logistics).

In 2022, the Supervisory Board approved the renewal of the contracts of Christoph Müller and Ralf Sammeck. Mr Müller will now remain on the Management Board until 30 June 2026 after being initially appointed in 2006. He is responsible for new developments in corrugated board and digital printing as well as strategic partnerships, such as with HP. Mr Müller is also responsible for the smooth integration of Celmacch within Koenig & Bauer's global sales and service network. Ralf Sammeck has been a member of the Management Board since 2007. He is responsible for the digital transformation within the Group. With his experience, he will ensure that the Sheetfed segment continues to expand its successful position in the growing packaging market even after the drupa 2024 trade show and drive forward digitisation. His contract was renewed by a further year until 30 June 2025.

The business allocation plan shows the breakdown of the Management Board duties as well as the distribution of functional responsibilities as of 31 December 2022.

Koenig & Bauer AG's Supervisory Board consisted of twelve members as of 31 December 2022. Under the German Stock Corporation Act (AktG), the Supervisory Board is responsible for appointing or dismissing the members of the Management Board, monitoring and advising the Management Board, adopting the annual financial statements, approving the consolidated financial statements and approving or advising on important aspects of corporate planning and decisions. The Supervisory Board report on page 7ff and the corporate governance declaration provide details of the joint working practices of the Management Board and the Supervisory Board and corporate governance at Koenig & Bauer AG.

Business allocation plan of the Koenig & Bauer AG Management Board – valid from 10 December 2021 (replaces the version dated 1 January 2021)

Chief Executive Officer – Dr Andreas Pleßke	**Management Board – Dr Stephen Kimmich**	**Management Board – Christoph Müller**	**Management Board – Ralf Sammeck**	**Management Board – Michael Ulverich**
The Chief Executive Officer represents the Management Board and the management in relations with the Supervisory Board and its committees. He is responsible for:				
• Group human resources • Strategic Group development • "Special" segment • Compliance & Audit • Corporate responsibility (ESG) • Corporate development • Marketing • Public relations • Legal and insurance	• Finances, accounting, taxes • Information technology (IT) • Capital spending • Investor relations • Group controlling & consolidation • Operational corporate planning • M&A processes	• "Digital & Webfed" segment • Management of Koenig & Bauer Digital & Webfed • Group-wide service coordination	• "Sheetfed" segment • Management of Koenig & Bauer Sheetfed • Group-wide sales coordination • Group-wide coordination of the digital transformation • Brand ownership management • Group key account management	• Responsibility for "Industrial" and Foundry • Group-wide strategic purchasing • Operational purchasing and scheduling (holding company, D&W, Industrial, Banknote Solutions, Sheetfed) • Intellectual property • Corporate technical standards • Press platform concept

Goals and strategy

“Exceeding Print” corporate strategy
Against the backdrop of global secular trends and following intense discussions with customers and experts, Koenig & Bauer has defined its medium-term strategic alignment. Secular trends play a crucial role in corporate strategic planning. They describe complex, long-term processes of transformation with enormous dimensions and effects on the economy and society. Their impact is not isolated. Rather, they influence and strengthen each other mutually. Koenig & Bauer has pooled its corporate goals in “Exceeding Print” by focusing on its existing strengths of sustainability, modularity and digitisation. True to the motto “Strengthen strengths”, the Company focuses on its core competencies, expanding them systematically and innovatively. This is also reflected in the path that Koenig & Bauer has already adopted, leading to greater digitisation and modularity and resulting in more economic success in its core markets, especially packaging printing, as one thing is quite clear: printing processes will require less material and energy, thus becoming more sustainable. Accordingly, Koenig & Bauer is developing rapidly but with foresight, transitioning from a traditional mechanical engineering company into an agile technology group.

Koenig & Bauer is becoming MORE SUSTAINABLE:
Sustainability is one of the greatest global challenges of our times. It is with this in mind that Koenig & Bauer is designing its products and processes to make them ready for the future and to meet the needs of all its stakeholders. In addition to the European Green Deal, the main drivers are the Company’s own sustainability goals. Beyond its responsibility towards its customers and employees, the Group wants to fulfil its environmental, social and community obligations even more effectively as a member of the world’s largest sustainability initiative, UN Global Compact. It is aiming to reduce the carbon emissions of its own production plants by 75% by 2025 and to make Scope 1 and 2 emissions carbon-neutral from 2030 onwards. To support its customers in reducing their ecological footprint, the Company is pursuing the following goals:

- Accelerate the portfolio of solutions for a circular economy through products, substrates and process expertise

- Create new innovations to replace non-ecological packaging and reduce waste

- Enable customers to reduce energy and resource requirements

Koenig & Bauer is, for example, a member of the 4evergreen alliance network, where it can look for suitable solutions at an early stage with producers of paper, cardboard and folding cartons, brand owners, suppliers of technology and materials as well as the waste collection, sorting and recycling industry. Working with ClimatePartner, Koenig & Bauer supports carbon offsets by promoting certified climate protection projects. In addition, it is a partner in industry association VDMA’s “BlueCompetence” sustainability initiative and is the first printing press manufacturer to join the “Healthy Printing” network.

For Koenig & Bauer, sustainability also means social responsibility, diversity and anti-discrimination. Greater diversity with regard to gender, age and international background also forms part of the Company’s strategic orientation as a social goal. One priority is the promotion of female representation, for example through mentoring and career programmes, and extensive measures for achieving a viable work-life balance. It also focuses on anti-discrimination and anti-racism initiatives. Social responsibility is also part of Koenig & Bauer’s DNA. For more than 150 years, it has been running its own vocational training centre, which has been a state-accredited private school since 1993 and to this very day guides potential career-beginners and ensures them of a permanent employment contract upon the successful completion of their apprenticeships. The world’s oldest vocational school, it has also laid the foundation for the dual model of vocational training – today it provides successful training for young people in line with practical requirements, something from which the Company also benefits. As well as this, Koenig & Bauer has had its own in-company health insurance fund since 1855.

Koenig & Bauer is becoming MORE DIGITAL:
In addition to digital printing presses, digitalisation also means digital business models and processes for the Company and also involves stepping up the digital transformation within the Koenig & Bauer organisation. Alongside hardware, digital services are becoming increasingly important for networking presses, for collecting and analysing data and for managing processes efficiently. Koenig & Bauer is developing digital services on the basis of highly scalable cloud platforms, making them available to customers via a collaboration portal. The analysis of printing press data forms the basis for evaluating performance, setting benchmarks and defining indus-

trial analytics scenarios. In combination with machine learning, Koenig & Bauer can detect potential disruptions in processes at a much earlier stage and more reliably, triggering service and maintenance on a fully automated basis. This can reduce unplanned downtimes and modify service intervals appropriately. Koenig & Bauer's products thus boost efficiency for customers, allowing cost benefits to be harnessed. In addition, Koenig & Bauer's high-performance digital presses for packaging printing offer new business models for short printing runs, addressing rapidly changing requirements, security elements, track-and-trace solutions as well as personalisation and individualisation. The focus is on the entire value chain to enhance cost optimisation and sustainability. Simple human-machine interfaces help to make operation more intuitive for customers. Koenig & Bauer is responding to the trend towards hybrid printing processes for paper, cardboard, corrugated board and foil by combining analogue and digital printing and finishing technologies. This is widening the range of substrates that can be used for printing. With its forays into the food and beverage carboard industry, Koenig & Bauer will be able to print full-colour digital prints on cardboard packaging. The digital transformation within Koenig & Bauer is also helping us to turn "big data" into "smart data" internally and to harness the opportunities arising from this. Group-wide networking with Google Workspace permits mobile work across different time zones, the advantages of which became particularly evident during the pandemic. Koenig & Bauer relies on the established SAP S/4 HANA system for efficient corporate processes. This system is already in use and is being gradually rolled out across the remaining core companies.

Koenig & Bauer is becoming MORE MODULAR:
Koenig & Bauer masters all industrial printing processes on almost all substrates in its core markets. In order to offer its customers a broad range of products and solutions, the Company is working on a modular platform for the further development and production of its printing presses and postprint systems. Modularisation and standardisation offer not only flexibility and efficiency benefits but also cost-saving potential through the systematic shared use of common parts, systems, modules and platforms. This can be explained in very simplified terms by taking the modular sheet construction kit as an example. In sheet-fed printing presses, the sheets for printing are transported from a sheet feeder via the printing units to a sheet delivery unit and then deposited on a stack. Printing presses in the Sheetfed and Special segments have a sheet feeder with a very similar function. One of the purposes of the sheet construction kit is, for example, to achieve the greatest possible standardisation in the feeder model at a wide variety of different levels, such as the aggregate, individual assemblies, components and individual parts. On the one hand, this increases the number of shared parts, generating volume and scale effects that can also have a positive impact on procurement and production. At the same time, the availability of spare parts can also be increased and inventory management simplified. On the other hand, it is possible to optimise product development and design processes and assembly. From the customer's point of view, a modular platform for future generations of printing presses offers substantial gains in efficiency and effectiveness, ensuring that new technologies reach the market more quickly, press operation is more consistent across the range and more uniform maintenance activities can be adopted. At the same time, there are more opportunities for innovation and individualisation, allowing bespoke solutions to be developed. However, the "Exceeding Print" strategy goes one step further: in order to master the complexity of the Koenig & Bauer range, we are also working on Group-wide sales activities in addition to the modular printing press platform. With the establishment of the Group Sales division, Koenig & Bauer has been able to take a further step forward in leveraging the synergistic benefits of cross-segment sales and optimising cross-selling on the basis of a shared service promise. In addition to Group key account management as a trusted advisor for comprehensive customer support across Koenig & Bauer's range, brand ownership management is an essential part of these activities as a basis for entering into a dialogue with international manufacturers and their packaging suppliers about possible printing and packaging technologies and trends.

P24x efficiency programme on track again in 2022
In order to strengthen the Company's position as one of leading suppliers for the printing industry and to increase operating profitability, the efficiency programme "Performance 2024", which has been in place since 2019, was further developed and extended in 2020 in response to the impact of the Covid-19 pandemic and renamed "Performance 2024 extended" (P24x). In 2022, the "x" measures were largely implemented and the planned efficiency targets achieved. As well as enhancing efficiency, the programme also aims to scale the Group. The primary aim of the four-year programme is to strengthen long-term competitiveness, with a focus on the growth market of packaging. A variety of initiatives are being taken to enhance the range of printing presses in line with market needs, digitalise processes and reduce production costs.

Specifically, the programme provides for the following measures:

- A change in the supply chain organisation by adapting Group-wide structures, harmonising procurement and production processes and adopting innovative approaches to parts and component optimisation.

- Adjustment of cost and personnel structures and improvement of productivity by streamlining and standardising processes.

- Increased development and design effectiveness and efficiency through product, process and organisational optimisation such as design-to-cost projects.

- Continuation and acceleration of the development of new products for packaging in sheetfed and web printing with analogue and digital printing technology, hollow-body printing, finishing as well as solutions for banknote production.

- Reduced administrative expenses through the further bundling of tasks as shared services, adjustments to sales and service structures.

- Optimisation of production and assembly plants, including intra-group sharing, relocation and realignment of production and assembly.

Assuming that all innovation processes as well as process and product developments are continued and stepped up, this should yield savings of over €100m by 2024.

Markets addressed and growth opportunities

With our range of products and services we address the sub-markets of packaging, banknote, security, industrial, commercial and publication printing and seek to make proactive use of the market opportunities currently arising. Each of these markets offers different growth opportunities, which we describe below.

Future opportunities in packaging printing and industrial printing
The Koenig & Bauer Group's focus is on structural and sustained growth in packaging printing, which is expanding in tandem with the growth in global gross domestic product (GDP) and the world's population. Within this market, there are attractive niches on which we are also focusing. In addition to rising global consumption, packaging consumption is benefiting from the boom in e-commerce, smaller sizes due to a greater number of one-person households and heightened regulatory requirements. New online food markets and the trend towards quick commerce, the next stage of e-commerce, are additionally spurring packaging consumption. What is clear, however, is that e-commerce has emerged as the permanent winner of the Covid-19 crisis. On average, global packaging printing is growing at a rate of around 4% p.a. according to various industry studies, with higher growth rates being registered for corrugated-board packaging, which is one of Koenig & Bauer's core competences. For Koenig & Bauer, the packaging printing markets for food, beverages and pharmaceuticals are particularly attractive due to their lower cyclical sensitivity. Alongside the rising demands of consumer goods producers with respect to quality, flexibility, cost efficiency and delivery periods, trends in favour of more complex, elegant and colourful packaging will additionally spur capital spending by packaging printers. Packaging is increasingly becoming a brand ambassador, an element supporting sales and an integral part of the product experience. Unboxing is a core element of the shopping and brand experience. This trend has also been spurred by the pandemic and is continuing. In view of the amount of time spent at home, all customer contact arises in printed form during the "unboxing" stage. This means that flyers, brochures and other printed products are enclosed in the corrugated cardboard box. In addition, more and more exclusive department stores are sending products ordered online in corrugated cardboard boxes that are printed in several colours on the inside.

Growth opportunities through digital printing and in industrial printing
Analogue technologies such as flexo, gravure, offset and screen printing currently dominate the global packaging printing sector. Currently, the proportion of digital printing accounts for no more than 4% (in terms of quantity) of total global printing output and around 17% in terms of value. This latter figure will rise to 27% by 2023. Although digital printing is more expensive compared to analogue processes, it has some important advantages for customers as it permits individual, personalised and versioned printing, even in small print runs. And it reduces customers' operating expenses by eliminating the need for expensive storage of the sheets. As well as this, a skilled printer is not required to operate a digital printing press, something which not only saves costs but also offers a clear advantage given the current shortage of skilled workers. In addition, makeready times and waste materials are eliminated. This provides customers with clear efficiency, costs and sustainability gains.

For reasons of cost, productivity and quality, digital processes such as inkjet printing will only be successful in industrially oriented packaging printing for applications that are economically viable for customers. Technically and economically solid digital printing offers good market opportunities for business models specialising in short runs, greater personalisation and versioning, greater format flexibility and short time-to-market periods alongside other advantages. This calls for strong customer orientation, operational flexibility and quality standards. Following the latest RotaJET orders, Koenig & Bauer sees great potential for the sophisticated, high-quality digital printing solution, because digital web printing opens up entirely new possibilities in the customisation of products, i.e. very small print runs, through to disruptive approaches by changing value chains. We assume that gravure and flexo presses in particular will be replaced by high-performance digital presses for industrial applications over the next few years. Digital printing technology not only simplifies the complexity of design handling but also shortens the time from design to print and offers greater flexibility in order placement and customisation of products. This is an advantage in the light of the trend towards shorter runs, more individualised products and fast time-to-market production. Decors for furniture and flooring are printed products that are becoming more and more sophisticated and creative and are also being replaced increasingly quickly in everyday use. Digital printing is spurring the trend towards individuality and design change as it permits swift production even in very small printruns. In addition, manufacturers are able to test new ideas on the market at low cost and with minimum effort. With digital preprint and direct printing on corrugated board, products can not only be placed in the market safely using water-based, food-certified ink jet ink, for example, but also communicate product information to the end consumer and attract their attention by means of seasonal corrugated-cardboard displays at the point of sale (POS), for example. Packaging is thus increasingly taking on the function of a marketing and sales tool. The multitude of new products and the trends towards versioning and personalisation together with ever shorter marketing cycles are ushering in a change in production requirements for liquid packaging (beverage cartons) and, in the future, also film packaging. As a general principle, improved total cost of ownership is the main driver for the shift from analogue to digital production.

Service business in security printing creates stability
Thanks to its good project situation and very low cyclical exposure, Koenig & Bauer expects business in security printing presses to remain stable. Cash remains an indispensable and secure means of payment, especially in the second and third world. In the last three years, more dollar bills have been printed worldwide than ever before. In view of the highly intense competition, the newly developed, innovative security features are a decisive differentiator and a unique selling point. Despite the increased use of digital payment methods and the Covid-19 pandemic, global banknote production continues to grow at a moderate rate. Growing prosperity and rising population numbers in emerging markets with their high cash ratios as well as widespread scepticism towards electronic payments mean that there will be no reversal in this trend in the market in the medium term, although developments in some countries will vary. Alongside intensive work on new products and security features, service business for the large installed base is being systematically expanded and will make a good contribution to Group earnings in the medium to long term. With packaging printing steadily contributing a larger share of Group revenue, the influence of volatile security printing business will recede.

Restrained development in the media-related print sectors
Koenig & Bauer anticipates stable business in sheetfed offset presses for commercial printing. The global book market is proving to be flat to slightly expansionary. Web offset presses for newspaper and commercial printing are expected to decline in tandem with lower service business due to a further increase in press shutdowns and printshop closures.

Expansion of service with a focus on digitalisation
The Koenig & Bauer Group is more than just a producer of printing and postprint systems. The Company sees itself as a provider of end-to-end solutions that help its customers to achieve success on the market. Our services include inspection, maintenance and calibration as well as retrofits/upgrades and service contracts. We also offer spare parts, consumables and accessories for the presses, which can be ordered online via webshops. Training and consulting services are also provided because innovative presses together with qualified personnel and the identification of potential for improvement in the printshop workflow are crucial for achieving greater productivity and quality along the entire production process. Workflows in the printing industry are becoming increasingly digital and networked. Ever smaller print runs have to be produced in ever shorter times in a high quality and at a competitive price – in this respect, a large, established, yet flexible company such as Koenig & Bauer is able to set itself apart from the competition. For this reason, the Koenig & Bauer Group offers integrated workflow solutions to boost productivity and competitiveness.

Remote diagnosis tools have been part of our control centre technology since 1995. Digitalisation is creating increasingly effective services in this area. “Visual ServiceSupport” gives users and helpdesk technicians a tool allowing them to view exactly what printers or service technicians see when they are standing in front of the press. They can view processes and sequences in the form of moving images and thus gain a quick and comprehensive overview of the state of the press. This facilitates communications, obviates the need for extensive descriptions and reduces the risk of misunderstandings compared with a conventional telephone conversation. “Visual ServiceSupport” thus helps to increase the first-time-fix rate in service cases. The augmented reality data glasses allow remote maintenance technicians to view exactly what the customer’s technicians also see. In this way, Koenig & Bauer saves its customers a lot of money and effort.

Koenig & Bauer’s integrated workflow solutions are based on the principle of the “networked print factory”, in which products, presses and tools constantly share information via RFID chips and sensors. The presses self-configure, switch between different jobs fully automatically and support the operators in their work. This requires tight integration of all business processes with production and the measurement and control systems fitted to the presses. It is achieved by linking data from sales, order preparation, planning, production, controlling, logistics and even web-to-print systems. Information from all process steps along the value chain is available enterprise-wide and in real time. This gives management a 360-degree view of the Company. The demonstration centre for digital networking solutions in Radebeul has various workflow solutions on display. As different presses and programmes are used in each individual case, the optimum workflow cannot be bought off the peg, which is why Koenig & Bauer advises its customers individually.

With **“Predictive Maintenance and Services”**, the Company offers its customers a pre-emptive service for its presses and systems up to 28 days in advance to identify faults before they occur and cause unplanned downtimes. This uses the sensor data and performance data of the presses installed and networked in the market to identify and proactively prevent a potential malfunction before it occurs using complex algorithms and artificial intelligence methods.

The digital customer portal **“myKyana”** offers customers a growing number of digital services combined in a user-friendly and device-agnostic user interface. Via this platform, customers also have access to performance data on their presses via dynamic or performance reports, which offer an overview of the key performance indicators (KPIs) of the press. This gives them access to information at any time and from any location, while at the same time providing them with individual support. The automatically filed predictive maintenance service cases and the information provided for customers in this context by our service engineers allow us to turn unplanned downtimes into planned ones, thus increasing press availability and, not least of all, our customers’ productivity.

“Managed Services” is a virtual assistant supporting customers in the marking and coding segment. The Kyana dashboard provides an overview of the integrated systems, thus making monitoring and central control of networked production facilities easier and safer. At the same time, Kyana provides real-time data around the clock and enables optimum remote service. The Kyana chatbot answers questions about the alphaJET inkjet printer at any time.

Partnerships and cooperation

Koenig & Bauer has established itself as a preferred partner to the industry since 2014, not least of all through its partnership with HP. In the development of new products as well as forays into new market segments in the growth area of packaging printing and other sales markets, the Company relies on partnership-based collaboration in a wide variety of forms to achieve the defined goals more quickly and more efficiently. This also applies to the digitalisation initiative under the "Exceeding Print" strategy, which in addition to digital printing presses also encompasses digital business models and processes, the acceleration of the digital transformation within the Company and sustainability.

Since 2014, Koenig & Bauer has had a **partnership with HP** to develop the world's widest digital printing press. The HP PageWide T1190 for pre-printing corrugated-board cover layers is also targeted at the packaging market and complements Koenig & Bauer's web digital printing activities.

The **joint venture with the Durst Group** for developing and marketing single-pass digital printing systems for the folding-carton and corrugated-board industry was established on 11 April 2019. It addresses the market for digitally printed sheets of corrugated cardboard with the CorruJET and the DELTA SPC 130. It also offers a sheetfed digital press under the VariJET 106F name for the production of personalised, individualised and versioned print products, especially for the folding-carton market. It integrates inkjet technology in the platform of the high-performance Rapida 106 press. The system's modular design enables digital inkjet printing to be combined with optional printing and inline finishing options used in offset printing.

Via the partnership with Celmacch announced in July 2022 and the acquisition of 49 percent of that company's capital, Koenig & Bauer is strengthening its presence in the growth market of corrugated board under the name of **Koenig & Bauer Celmacch**. The resultant Chroma range offers customers a comprehensive array of products in all price and performance classes. Initially, the partnership is focusing on joint sales and service, product development and the enlargement of assembly capacity.

Koenig & Bauer and **System Brunner** have nurtured a close technological partnership for more than ten years. In the year under review, both companies agreed to extend and deepen this partnership in the area of sheetfed offset applications. This means that System Brunner's core colour management competence will continue to be incorporated in Koenig & Bauer's sheetfed offset technology in all phases of printing and media production.

To supplement our internal research projects, we also work with research institutes, industry associations and universities.

In the **field of digitisation,** the Company particularly works with the CAIRO (Centre for Artificial Intelligence and Robotics) competence centre at the University of Applied Sciences Würzburg-Schweinfurt and, for many years, with the Steinbeis Research Centre Design & Systems in Würzburg, with which Koenig & Bauer won the renowned Steinbeis Foundation transfer award for its Kyana project in 2019.

In the **field of sustainability**, Koenig & Bauer is a partner in the Blue Competence sustainability initiative launched by German industry association VDMA to promote sustainability in mechanical and plant engineering as well as to publicise sustainable solutions in this industry. In July 2021, the Company became the first printing press manufacturer to join the Healthy Printing Initiative to help drive forward implementation of the "cradle-to-cradle" design approach in the printing industry. As a member of the 4evergreen alliance, Koenig & Bauer is also encouraging cooperation along the entire value chain to widen the use of fibre-based packaging in the circular economy. In addition, it is a member of the Holy Grail 2.0 project. Under the auspices of the European Brands Association (AIM), more than 120 companies and organisations along the packaging value chain are pooling their expertise to achieve an ambitious goal: to explore how digital technology can contribute to better sorting and higher-quality recycling of packaging in the EU to bring about a truly efficient recycling system. Since 2022, Koenig & Bauer has also been a member of the R-Cycle Community, an association of companies and organisations committed to the worldwide standardisation of digital product passports for plastic products. In particular, the focus is on a viable circular economy based on data exchange and transparency throughout the entire life cycle of plastics.

Planning, control and monitoring

Comprehensive set of tools for efficient Group planning and control

The established business management system with differentiated cost accounting provides management with a swift and meaningful set of figures for operational controlling, efficient monitoring and strategic planning and management of the Group and the segments. In addition to central Group controlling for overarching Group and segment management, the individual business units have access to controlling resources. The results of the annual strategy process culminate in high-level business planning and are presented in detail in the ensuing integrated budget planning phase. The planning horizon for high-level business planning and budget planning is five years. P24x is also embedded in high-level business planning – the content of the programme is controlled in the corresponding workstreams and steering committees as well as a corresponding tool at the system level. The budgets prepared by the Group and the segments are based on detailed income statements, balance sheets and cash flow statements for all consolidated Group companies compiled on a monthly basis in the first two years. Forecasts for the current year are updated on the basis of the reported figures at the same time as the semi-annual and quarterly (Q1 and Q3) financial statements are prepared and also shortly before the end of the year. Scenario analyses simulate different market and cost parameters on a case-by-case basis. Detailed monthly reporting tracks the current business and earnings situation as well as trends in net working capital and is discussed in the monthly earnings meetings. Service reporting permits efficient coordination of the service activities. Roll-over liquidity previews with cash management provide an accurate view of the financial situation. A 24-month liquidity budget has been prepared since January 2021. Regular reviews by Group management with the responsible segment managers addressing the economic and financial situation, current trends and forecasts supplement ongoing deviation analyses performed by controlling. Measures are defined in the event of any negative deviation in the interests of a swift and targeted response. Systematic implementation of the measures is tracked by close monitoring. Opportunities and risks are detected at an early stage by means of a roll-over budget, forecast and reporting process. A risk early detection system has been established to monitor developments and to identify possible threats to the Company's going-concern status. The necessary decisions can be made at an early stage on the basis of this comprehensive assessment of Group and segment performance.

The Koenig & Bauer Group tracks revenue and the EBIT margin calculated in accordance with the International Financial Reporting Standards (IFRS) in the version endorsed by the EU on a cross-segment basis as its main target-achievement and management indicators. In addition to these two main financial performance indicators, the Management Board additionally receives reports on order intake, order backlog and service business indicators. Changes in capital employed are monitored on the basis of the cash conversion cycle. The ratio of inventories, prepayments made for inventories and trade receivables less trade payables and customer prepayments to revenue is calculated to determine this indicator. In addition to financial indicators, the Management Board also tracks non-financial performance indicators, particularly quality assurance costs and staff development. Target agreements providing for variable remuneration components tied to Group, segment and/or personal goals for the year for all executives and non-pay-scale employees heighten motivation and commitment towards the achievement of the Company's goals.

Research and development

Koenig & Bauer again focused on workflow and digitisation solutions in 2022. Group research and development expenses equalled 4.6% of revenue in 2022 (2021: 4.2%). As well as this, development costs equivalent to 0.4% of revenue were capitalised (2021: 0.5%). Looking forward, the Koenig & Bauer Group's research and development expenditure will not be curtailed despite the challenging business environment.

All efforts in this area serve one goal, namely to make the products even better, even more efficient and even more sustainable for the customer.

In organisational terms, the Company restructured itself in 2022 and has now consolidated the development of new business models and digital solutions along the entire life cycle of print products in a new cross-Group digital transformation department.

The use of Job Optimiser, an advanced planning software (APS) for the detailed planning of production processes, can substantially boost efficiency for customers. MIS (management information systems) and MES (manufacturing execution systems) integration enables printers to optimise their planning processes for production and logistics and thus to control material flow and capacities efficiently. The automated import of pre-planned work orders from the MIS provides all necessary job information. Press utilisation planning defines the press resources and time windows for the individual production stages of the planned orders. The jobs can also be allocated to suitable printing and post-printing systems by means of control algorithms in the interests of uniform utilisation and greater efficiency. Sequence planning determines the chronological order in which the various jobs are completed on the presses.

A further development from the digital unit is the VisuEnergy X energy management system (EnMS) for energy-efficient printing and packaging production certified according to DIN ISO 50001. This is an example showing that there is no conflict between environmental protection and the goal of reducing production costs.

Another example of successful, customer-centric developments is the new ready-to-use CorruCUT High Board Line rotary die cutter. This development makes it possible to pre-fit the punching cylinder not in use during production and to swap it fully automatically after completion of the print job. Press downtimes are thus reduced and makeready times for the die-cutter by around 70%

In the growth corrugated board market, Koenig & Bauer Durst made use of the recent SPC Open House in the year under review to unveil an addition to its range with the introduction of an entry-level solution, the SPC 130 FlexLine ECO+. The compact entry-level model uses water-based, food-safe and sustainable inks, thus offering printers who handle corrugated cardboard a new path to digital packaging and expanding the possibilities available to them.

The Koenig & Bauer subsidiary Kammann also presented a further development in digital packaging printing with the new high-speed inkjet printing unit. It allows cylindrical and conical articles made of glass, plastic or metal to be printed on more quickly, resulting in a higher output and supplementing the existing range of inkjet printing units. Koenig & Bauer Kammann also developed the mobile hot stamping station K29 S for stamping cylindrical and conical articles.

Business report

Macroeconomic and industry conditions Business environment

In October 2022, the International Monetary Fund (IMF) again lowered its forecast for global growth for 2022, referring to a fundamental change in the global economy, which has now become more unpredictable, more volatile and more exposed to geopolitical tensions. Europe is particularly affected by the consequences of the Russian attack on Ukraine, while high inflation is weighing on consumer confidence in the United States and the pandemic-related restrictions are continuing to place a damper on the corporate sector in China. At the end of January 2023, the IMF updated its growth forecast, as the global economy is coping with the consequences of the war in Ukraine and the continued high inflation somewhat better than initially feared.

It now projects an increase of 3.4% in global gross domestic product. As a result, the Eurozone expanded by 3.5%, thus also exceeding the forecast; with growth of 1.9%, Germany performed significantly better than initially expected but is lagging behind its European peers. India (+6.8%) and the ASEAN countries (+5.3%) achieved the greatest growth rates. At 3.0%, growth in China was slightly slower than originally expected.

The German Mechanical and Plant Engineering Association (VDMA) stated in February 2023 that despite the challenging macroeconomic conditions the mechanical engineering industry had proved resilient in many segments in 2022 and that in many cases the third quarter had even seen stronger production growth than expected following the easing of the supply chain constraints for some intermediate products. However, it cautioned that the shortage of electronic components was still clearly being felt by many companies, adding that revenue in the fourth quarter of 2022 had been weak at the large mechanical engineering sites outside the EU-27.

According to initial figures from the German Federal Statistical Office, production output in the mechanical and plant engineering sector in Germany exceeded the previous year by 0.2% in real terms in 2022. [This is a preliminary figure and subject to change]. This directly reflects global challenges such as the war in Ukraine, supply chain bottlenecks, high energy prices and inflation. In addition, preventive measures to stem the Covid-19 pandemic resulted in far-reaching restrictions on public life in China. The employment market remained resilient. However, the shortage of skilled workers prevented the completion of machinery, machine parts and components in many cases. Many companies would like to hire new staff in response to the high order backlog. However, finding qualified employees is proving to be difficult. It is not only skilled workers that are scarce, but employees in their entirety, according to the VDMA.

Year-on-year gross domestic product (%)

Country/region	2020	2021	2022 (estimate)
Global	-3.0	6.2	3.4
Developed economies	-4.4	5.4	2.7
Eurozone	-6.1	5.3	3.5
Germany	-3.7	2.6	1.9
France	-7.9	6.8	2.6
Italy	-9	6.7	3.9
Spain	-10.8	5.5	5.2
United Kingdom	-9.3	7.6	4.1
United States	-3.4	5.9	2.0
Japan	-4.6	2.1	1.4
Emerging markets and developing countries	-1.9	6.7	3.9
ASEAN*	-3.4	3.8	5.2
Brazil	-3.9	5	3.1
China	2.2	8.4	3.0
India**	-6.6	8.7	6.8
Russia	-2.7	4.7	-2.2

*) Indonesia, Malaysia, Philippines, Thailand, Vietnam.
**) Fiscal year from 1 April to 31 March

Source: IMF World Economic Outlook Update January 2023, for 2020: IMF October 2022 Database.

Business performance

Overall statement on business performance

The Koenig & Bauer Group’s business performance in 2022 was adversely affected by global macroeconomic trends. The war in Ukraine with its consequences for energy prices, inflation and interest rates as well as worldwide supply bottlenecks took their toll. The impact of the Covid-19 pandemic also exerted pressure on business outside China in the first few months of the year, after which it was combined almost solely to China. The massive rise in some raw material and energy prices also led to higher material costs in 2022, which it was only possible to pass on in part and with a delayed effect by increasing prices.

However, the Koenig & Bauer Group took extensive precautions at an early stage to prepare for the challenging situation. In 2022, the Company again worked successfully on the P24x efficiency programme, which had been adopted in September 2020. The accelerated implementation of the programme yielded savings of around €92m as of 31 December 2022. This was particularly spurred by measures aimed at boosting the Group’s productivity as well as adjustments to capacities and lower quality assurance expenses. Furthermore, successful negotiations with suppliers and the optimised use of cash discounts resulted in significant purchasing benefits, which also fundamentally offset the recent price increases. Further potential was leveraged in R&D, e.g. through the series start-up of selected presses. In response to the capacity utilisation shortfalls caused by supply chain constraints, short-time working was also utilised to a minor extent in 2022 at three locations in addition to flexible working hours.

To strengthen the Group’s stability and strategic flexibility, the Company obtained a flexibly repayable KfW loan of up to €120m in November 2020 to supplement the existing syndicated credit facilities. As no dividend distributions are permitted during the term of the KfW loan, the Management Board and the Supervisory Board will be proposing to the Annual General Meeting that the net profit achieved by the holding company Koenig & Bauer AG be retained. For this reason, the Company aims to discharge the KfW loan as quickly as possible so that dividend distributions can be resumed. Financially, the Koenig & Bauer Group is well positioned, with a Group equity ratio of roughly 29.2% (previous year: 28.7%) and more than €250m in freely available cash and cash equivalents. This was also aided by active net working capital management in the year under review.

Group order backlog

€m	2021	2022
Sheetfed	441.6	**582.9**
Digital & Webfed	88.5	**112.3**
Special	277.6	**253.4**
Reconciliation	-0.9	**1.8**
Total	806.8	**950.4**

Group order intake

€m	2021	2022
Sheetfed	751.9	**813.5**
Digital & Webfed	142.3	**163.6**
Special	430.4	**392.9**
Reconciliation	-34.0	**-40.6**
Total	1,290.6	**1,329**

Operating earnings continued to improve from quarter to quarter in 2022. At €950.4m at the end of December, the **order backlog** was high, also compared to previous years. The following picture emerged in the individual segments: While Sheetfed was already able to achieve further growth in **order intake** in the first half of the year after a very strong fourth quarter in 2021, the Digital & Webfed segment posted an increase in the final quarter of 2022. The Special segment, however, displayed a steady increase in order intake up to the third quarter of 2022. Group order intake amounted to €1.33bn at the end of 2022 (previous year: €1.29bn), thus meeting expectations. The book-to-bill ratio of 0.8 in the fourth quarter was in line with the Company's own forecast. The Koenig & Bauer Group generated **revenue** – equivalent to operating revenue – of €1,185.7m in 2022 (2021: €1,115.8m) and **consolidated earnings before interest and taxes** (EBIT) – equivalent to operating EBIT – of €22.0m (2021: €28.5m). The **EBIT margin** of 1.9% (2021: 2.6%) thus achieved corresponds to the operating EBIT margin. The reason for this definition is that special effects of around €23m net had arisen in the previous year as a result of the adjustment to the restructuring provisions for the P24x efficiency programme. There were no special effects in the year under review.

The segments contributed the following revenue in 2022: Sheetfed €672.2m (2021: €642.4m); Digital & Webfed €139.8m (2021: €121.4m), Special €417.1m (2021: €390.2m). At €1,185.7m, Group revenue was therefore at the upper end of the Company's own forecast of €1,160 – 1,190m, as stated in November. The segments contributed the following EBIT in the year under review: Sheetfed €19.0m (2021: €24.0m); Digital & Webfed €–19.3m (2021: €–38.5m), Special €23.2m (2021: €34.9m). The original forecast had assumed a slight increase over the previous year for Group revenue (2021: €1,115.8m) and for the EBIT margin (2021: 0.5%). As a result of the aforementioned special effects occurring in 2021, the Sheetfed and Special segments were down on the previous year, as EBIT had been inflated by the adjustment of the restructuring provisions for P24x by around €9m in the Sheetfed segment and by around €18m in the Special segment. The Digital & Webfed segment, on the other hand, performed better than in the previous year, as EBIT had been roughly €6m lower due to the adjustment to the restructuring provisions for P24x in the previous year. At €22.0m, corresponding to an EBIT margin of 1.9%, EBIT exceeded the Company's own forecast of €15 – 20m (EBIT margin between 1.3% and 1.7%) and market expectations.

To summarise, the Koenig & Bauer Group's business performance and business situation in 2022 were better than expected given the prevailing global challenges.

Earnings

At the end 2022, the Koenig Bauer & Group's **order intake** came to €1,329.3m, up 3.0% on the already good figure of €1,290.6m reported in the previous year. At €1,185.7m, **Group revenue** exceeded the previous year's figure by 6.3%. As in the previous year, almost 30% of revenue was generated from service business in 2022. The Group export ratio widened from 86.2% to 88.6%, with the proportion of business coming from Europe excluding Germany growing to 34.9% (previous year: 32.6%), while the share of North American business also expanded to 20.5% (previous year: 15.8%). The share of revenue coming from Germany (11.4%), Asia/Pacific (24.1%) and Latin America and Africa (9.1%) was down on the previous year (13.8%, 26.0% and 11.8%, respectively).

Gross profit increased to €317.4m (previous year: €298.1m) despite the higher production costs. The **gross margin** widened slightly to 26.8% (previous year: 26.7%), also due to the effects of P24x. At €54.2m (previous year: €46.7m), R&D expenses were up on the previous year, mainly due to the higher depreciation and amortisation of development costs. Selling expenses rose to €147.3m (previous year: €131.1m) primarily as a result of elevated freight, travel and advertising costs. Administrative expenses also climbed by €4.4m over the previous year due to the increase in Group amortisation and depreciation expense as well as higher personnel expenses, amounting to €92.8m (previous year: €88.4m). Net other expenses came to €–0.6m, compared with €–4.4m in the previous year. Among other things, this was due to currency-translation effects. All told, this resulted in **EBIT** of €22.0m (previous year: €28.5m), equivalent to an **EBIT margin** of 1.9%, down from 2.6% in the previous year.

The improvement in operating earnings over the previous year is mainly due to the P24x efficiency programme (roughly €30m) despite the lower use of short-time work in the previous year (roughly €8m), positive volume and mix effects (roughly €19m) and other negative effects that also include loss allowances on receivables and currency-translation effects (roughly €14m). The effects of higher cost of materials and energy (around €31m) were not fully offset by the announced price increases (roughly €21m). This is primarily due to the time lag in the third and fourth quarters of 2022 in particular between price increases and cost increases, for example in connection with energy costs and electronic components.

The net interest expense of €8.8m (€9.5m) was slightly lower than in the previous year, resulting in **earnings before taxes** of €13.2m (previous year: €19.0m). After income taxes, the Group posted **net profit** of €11.1m in 2022 (previous year: €14.5m). This translates into **earnings per share** of €0.63 (previous year: €0.83).

Group revenue

€m	2021	2022
Sheetfed	642.4	**672.2**
Digital & Webfed	121.4	**139.8**
Special	390.2	**417.1**
Reconciliation	-38.2	**-43.4**
Total	1,115.8	**1,185.7**

Group revenue by product group

€m	2021	2022
Service	329.8	**353.7**
Printing presses	774.3	**821.3**
Other	11.7	**10.7**

Group revenue by regions

€m	2021	2022
Germany	153.8	**134.7**
Rest of Europe	364.4	**414.4**
North America	176.7	**243.4**
Asia/Pacific	289.6	**286.1**
Africa/Latin America	131.3	**107.1**
Total	1,115.8	**1,185.7**

%		
Germany	13.8	**11.4**
Rest of Europe	32.6	**34.9**
North America	15.8	**20.5**
Asia/Pacific	26.0	**24.1**
Africa/Latin America	11.8	**9.1**

Group income statement

€m	2021	2022
Revenue	1,115.8	**1,185.7**
Cost of sales	-817.7	**-868.3**
Gross profit	**298.1**	**317.4**
Research and development costs	-46.7	**-54.2**
Selling costs	-131.1	**-147.3**
Administrative costs	-88.4	**-92.8**
Other operating income/expenses	-4.4	**-0.6**
Remeasurement gains and losses	0.9	**0.3**
Other financial result	0.1	**-0.8**
Earnings before interest and taxes (EBIT)	**28.5**	**22.0**
Interest result	-9.5	**-8.8**
Earnings before taxes (EBT)	**19.0**	**13.2**
Income taxes	-4.5	**-2.1**
Group profit	**14.5**	**11.1**
Earnings per share	0.83	**0.63**

% of revenue		
Cost of sales	-73.3	**-73.2%**
Research and development costs	-4.2	**-4.6%**
Selling costs	-11.7	**-12.4%**
Administrative costs	-7.9	**-7.8%**
Other income/expenses	-0.4	**-0.1%**
Interest result	-0.9	**-0.7%**
Income taxes	-0.4	**-0.2%**
Group profit	1.3	**0.9%**

Finances

Cash flow from operating activities fell from €95.0m in the previous year to €5.4m in the year under review, mainly due to increased inventories and trade receivables. The increased prepayments received had the opposite effect. Cash flow from investing activities, which also includes the acquisition of shares in Celmacch, thus changed from €–38.7m in the previous year to €–65.1m in the year under review. **Free cash flow** amounted to €–59.7m. The decrease of €116.0m in cash flow from operating activities was particularly due to changes in **net working capital** in addition to heightened investing activities. Cash flow from financing activities came to €59.4m (previous year: €–68.4m). In the previous year, the partial repayment of around €60m towards the syndicated loan had a substantially stronger effect than in the year under review (of around €6m). At the end of December 2022, cash and cash equivalents of €132.2m (previous year: €129.5m) were available. Adjusted for bank liabilities of €195.9m, **net financial debt** amounted to €–63.7m (previous year: €2.9m).

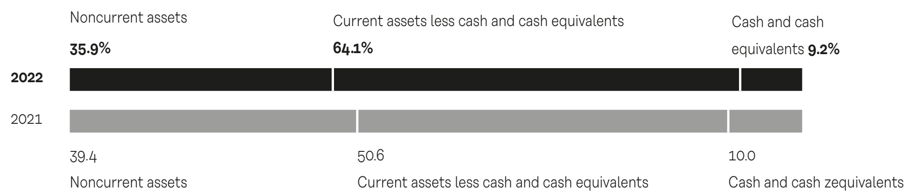
The Group has access to syndicated credit facilities of a total of €400m from a consortium of excellent banks. The syndicated finance, which consists of a guarantee credit facility and a revolving credit facility of €200m each, has a term expiring in December 2024. Against the backdrop of the Covid-19 pandemic and the related funding programmes, Koenig & Bauer was also able to reach an agreement with KfW and the syndicate banks in 2020 to increase the revolving credit facility by €120m on standard market terms in order to ensure the Company's economic stability. This adjusted facility also has a term expiring in December 2024. The Group-wide external financing framework also consists of further bilateral credit facilities, including for guarantee lines.

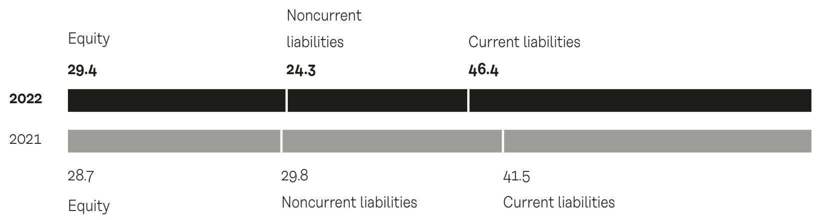
Assets

The increase in **equity** to €422.8m and in the **equity ratio** to 29.2% (31 December 2021: €369.4m and 28.7%, respectively) was mainly due to the higher discount rate applied to domestic pensions and the consolidated net profit of €11.1m (31 December 2021: €14.5m). The Koenig & Bauer Group's **total assets** climbed to €1,449.2m as of 31 December 2022 (previous year: €1,288.7m).

Assets
A total of €49.8m (31 December 2021: €36.5m) was spent on property, plant and equipment and intangible assets in connection with construction and IT projects in the year under review. Capital spending includes capitalised development costs of €5.1m (31 December 2021: €5.5m). This was accompanied by depreciation and amortisation expense of €40.0m (previous year: €37.9m). On balance, intangible assets and property, plant and equipment rose slightly from €387.3m to €393.6m. With financial investments and other financial receivables slightly up on the previous year, together with the acquisition of shares in Celmacch, which is reported together with all transaction costs under "Equity-accounted investments", and lower deferred tax assets, **non-current assets** widened by €18.9m over the previous year to €526.5m as of 31 December 2022 (previous year: €507.6m). **Current assets** increased from €781.1m at the end of 2021 to €922.7m at the end of 2022. This is mainly attributable to the increase of €94.6m in inventories to €426.2m (previous year: €331.6m) as a result of higher costs in the procurement markets as well as greater stockpiling in response to the global supply chain constraints and shortages of material. Trade receivables climbed by €26.9m to €121.6m due to the volume of revenue on the reporting date 31 December 2022 (previous year: €94.7m). As of the end of the year on 31 December 2022, **cash and cash equivalents** increased by €2.7m to €132.2m (31 December 2021: €129.5m). At €1,439.2m, the Group's **total assets** were above the figure of €1,288.7m recorded at the end of 2021.

Equity and liabilities
The increase in the discount rate for domestic pensions together with the consolidated net profit of €11.1m (31 December 2021: €14.5m) was materially responsible for the increase in **equity** from €369.4m at the end of 2021 to €422.8m at the end of 2022. Accordingly, the equity ratio also widened to 29.2% as of the reporting date (end of 2021: 28.7%). Provisions for retirement benefits fell by €54.5m to €86.3m as of 31 December 2022 (previous year: €140.8m) due to the aforementioned increase in the discount rate for domestic pensions from 1.5% in the previous year to 3.9% as of 31 December 2021. In total, **non-current liabilities** fell by €26.0m to €358.7m (previous year: €384.7m). **Current liabilities** increased by €133.1m over the end of 2021, coming to €667.7m (previous year: €534.6m). This was due to the increase of €39.8m in trade payables to €104.7m (previous year: €64.9m) as a result of the larger volume of incoming deliveries from suppliers. In addition, financial liabilities and other financial liabilities rose by €43.0m to €151.9m (previous year: €108.9m) mainly due to greater drawdowns of the syndicated loan. Other liabilities and income tax liabilities climbed by €47.4m to €304.5m (previous year: €257.1m) as of 31 December 2022 primarily as a result of the prepayments received.





Segment performance

In the **Sheetfed segment**, **order intake** in particular was very favourable in 2022 again thanks to higher orders for sheetfed offset presses and the postpress range. More service business also led to an increase of €61.6m to €813.5m. At the end of the year, **revenue** was up €29.8m, rising to €672.2m (previous year: €642.4m). With a book-to-bill ratio of 1.21 (previous year: 1.17), the **order backlog** widened by 32.0% to €582.9m (previous year: €441.6m). At €19.0m, **EBIT** fell short of the previous year's figure of €24.0m, translating into an EBIT margin of 2.8% (previous year: 3.7%). EBIT had on balance been inflated by €8.9m in the previous year as a result of P24x restructuring provisions.

Order intake in the Digital & Webfed segment continued to recover, increasing by €21.3m to €163.6m (previous year: €142.3m), also due to strong service business. At the end of the year, **revenue** was up €18.4m, rising to €139.8m (previous year: €121.4m). With a book-to-bill ratio of 1.17 (previous year: 1.17), **order backlog** increased **by 26.9%**to €112.3m (previous year: €88.5m). The segment significantly reduced its negative contribution to earnings, posting **EBIT** of €–19.3m, down from €–38.5m in the previous year, equivalent to an **EBIT margin** of –13.8% (previous year: –31.7%). EBIT had on balance been adversely affected in the previous year in an amount of €6.0m by P24x restructuring provisions. With its promising business in industrial digital printing, the versatile corrugated board sector and the growing market for flexible packaging, the segment thus achieved a significant improvement in earnings.

At €392.9m as of 31 December 2022, **order intake** in the **Special segment** fell short the previous year's figure of €430.4m by 8.7%. Orders for Coding (marking solutions for all industries) and Kammann (direct decoration of hollow bodies made of glass, plastic or metal) as well as MetalPrint (metal packaging) were higher in the year under review. Revenue climbed by €26.9m to €417.1m (previous year: €390.2m). With a book-to-bill ratio of 0.94 (previous year: 1.10), **order backlog fell** by 8.7% to €253.4m (previous year: €277.6m). EBIT reached €23.2m in the period under review, compared with €34.9m in the previous year. Accordingly, the EBIT margin came to 5.6%, down from 8.9% in the previous year. EBIT had on balance been inflated by €18.1m in the previous year as a result of P24x restructuring provisions.

Risk report

Group-wide risk management system

All business activity entails risks which may have an adverse effect on the Company's ability to achieve its targets. At the same time, entrepreneurial activity means consciously accepting risks to act on opportunities for enhancing enterprise value. If risks are not detected, allowed for and addressed, they may pose a risk to the Company's successful performance.

The Management Board has implemented a Group-wide system for identifying and managing risks so that management is able to respond to the current risk situation by taking early and appropriate measures. This system ensures that possible risks to the Company's business performance are reported at an early stage and their extent rendered transparent and that they are in line with the risk-bearing capacity and the risk tolerance defined by the Management Board. Extreme risks, i.e. risks that may have a very severe effect, but which have a very low probability of occurring, are also addressed. In addition to reporting critical market and corporate developments including details of their possible impact on the Company's results of operations, financial condition and net assets, the risk management system increases general risk awareness on the part of managers and staff, ensuring that risk assessments are incorporated in the decision-making process and precautions are taken at an early stage to mitigate and avert risks.

The risk management system installed at Koenig & Bauer takes into account "dual materiality". This means that, in addition to identifying and assessing risks that affect earnings, financial condition and net assets (outside-in perspective), the Group-wide risk management system also systematically detects risks that Koenig & Bauer causes, supports or tolerates the environment or the general public (inside-out perspective).

One aspect of Koenig & Bauer's risk management activities involves identifying opportunities. In contrast to risks, however, we do not record them in the risk management system described below, but document, evaluate and pursue operational and strategic opportunities as part of our cross-group strategy and planning process. A description of our main opportunities can be found further down in the opportunities report.

Risk matrix

Impact on Group earnings	Unlikely 10–24%	Fairly unlikely 25–49%	Possible 50–75%	Probable >75%
Very high > €20m		07		
High > €10m – €20m		10, 17	08, 11	
Medium > €5m – €10m	06	01, 02		09
Low > €0.5m – €5m	16, 18	03, 05, 14, 15	12	04, 13

Probability of occurrence

The presentation of the risks within the individual tiles of the risk matrix is a numerically consecutive list and does not reflect the risk classification. Only the material risks for the Group are listed.

Low | Moderate | Significant

Business risks
- **01** General economy and industrial risks →
- **02** Sector risks ↘
- **03** Business environment →

Financial risks
- **04** Credit and country risks →
- **05** Measurement of assets and liabilities →
- **06** Interest and exchange rates →

Operational risks
- **07** Procurement and logistics risks →
- **08** IT →
- **09** Human resources →
- **10** Development risks →
- **11** Planning, control and monitoring →
- **12** Customer centricity →
- **13** Acquisitions and alliances →
- **14** Production ↘
- **15** Infrastructure and processes risks →
- **16** Contract fulfilment →

Other risks
- **17** Disasters and force majeure ↘
- **18** Legal risks ↘

Compared to the previous year, the absolute risk assessment

→ has not changed
↘ has decreased
↘ has increased

Established risk management process

Koenig & Bauer's risk management structure is made up of the central risk coordination unit that reports directly to the Management Board, the risk managers in the companies and business units and the managing directors of the group companies that are included in the scope of risk consolidation. The Management Board controls the risk management system at the Group level and is monitored by the Supervisory Board. The risk management system covers the production units as well as the main sales and service companies. The risk owners at the operating units perform semi-annual local risk inventories and submit corresponding reports. The management of the operating units in question then reviews the reports for any omissions and evaluates the risks.

A bottom-up approach is applied in which possible risks are reported to the responsible executives combined with a top-down approach comprising a list of assumed basic risk defined by the Group. In addition, the owners of the main strategic projects and value-creation processes are responsible for monitoring project and process risks.

In addition to the semi-annual, Group-wide assessment of the risk situation, the Group policy stipulates a duty to report on an ad hoc basis any risks that exceed a defined threshold. In addition, Group Controlling, on behalf of the Management Board, prepares impact analyses based on defined scenarios for current exogenous situations with a potential impact on the order situation, project execution and Group earnings.

The Group's risk management policy documents the tools, processes, relevant factors, reporting channels and risk categories. The Koenig & Bauer Group's risk management system is based on the provisions of German company law and the German Accounting Standards as well as the principles and models of the Institute of Internal Auditors (IAA) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Systematic handling of risks creates high transparency for pre-emptive, goal-oriented action

For the purposes of more accurate coordination of risks as well as risk-avoidance and mitigation measures, risk is calculated as a negative deviation from an expected figure. This approach systematically tracks risks that are already included in corporate planning as well as additional latent risks that are not accounted for.

Due allowance is made for the risk mitigation precautions already established, after which net risk is quantified according to probability and potential impact on Group earnings on the basis of clearly described scenarios. The underlying assessment period extends to the end of the year following the reporting year. A standardised approach is applied to achieve a systematic and uniform evaluation of risks. Quantitative or qualitative risks which either individually or together with other similar risks exceed a value of €0.5m and a probability of 10% are reported to the Management Board. These risks are aggregated in risk groups according to the following matrix and classified as low, moderate or significant on the basis of the combination of two dimensions “Impact on Group earnings” and “Probability”. Particular attention is paid to risks with a high or very high impact on Group earnings or with a possible or high probability. Furthermore, risks that may have a very high impact on the Group’s earnings (extreme risks) but exhibit a comparatively low probability are also analysed in qualitative terms in the risk management process and any necessary measures defined on this basis.

The risk management system is supplemented with monthly Group reports as well as the established and additionally enhanced operational management elements. You can find further information on this in the section on planning, management and control in the chapter entitled “Basis of the Group”.

The risk early detection system pursuant to section 91 (2) of the German Stock Corporation Act installed as part of the risk management system by the Management Board is reviewed annually by the external auditor in accordance with statutory requirements for adequacy and implementation and discussed regularly by the Supervisory Board’s Audit Committee. Internal auditing oversees the reporting process and checks it for plausibility.

Description of risks

The following section describes the material risks to which the Group is exposed. In the absence of any indication to the contrary, they are equally relevant for all segments. For the purposes of Group reporting, individual risks are aggregated in risk groups, which in turn are divided into the following categories: business risks, financial risks, operational risks and other risks. The order in which the risk groups are described within the categories reflects the risk assessment per risk group calculated on the basis of the individual risks. Risks with a higher risk assessment precede those with a lower risk assessment. The risk assessment is based on the combination of the two dimensions “Impact on Group earnings” and “Probability”.

Business risks

General economy and industrial risks
Our business is influenced by underlying conditions in the global economy. Economic activity and growth in our sell-side markets, changes in the value of the euro against other major currencies and interest rates on borrowings may adversely impact sales of our products and our capacity utilisation, while also impairing our forecasts and budgets. Uncertainties also arise from long-term transformation processes in the population with possibly significant effects on the economy and society. Risks are increasingly arising from the stricter climate policies, the heavy debt loads in many economies and the persistent geopolitical tensions. The currently perceptible deterioration in international trade relations and protectionist tendencies in some countries may particularly lead to trade restrictions. This may have an impact on exports of the German economy, which is traditionally dependent on international trade.

In particular, we currently anticipate risks to the macroeconomic environment in the event of continued global inflation, resulting in countervailing monetary policy measures such as increased interest rates, which would make it more difficult for our customers to raise finance. Moreover, continuing uncertainty in the energy markets as a result of the Russian war against Ukraine could have a negative impact on the economy and investment. We see moderate risks to the Koenig & Bauer Group’s future business performance on the basis of the macroeconomic assumptions underlying our forecasts.

To address these risks, we are continuing the P24x efficiency programme, which is described in greater detail elsewhere in this annual report, to enhance our operating profitability and long-term competitiveness. At the same time, we regularly review our Company's strategic orientation. With the "Exceeding Print" corporate strategy, we are responding to global megatrends and resolutely continuing on the path we have already adopted towards greater digitisation, sustainability and modularity.

We are mitigating sales risks arising from regional fluctuation in demand by steadily optimising our international sales and service network in the markets of the future.

Sector risks
Industry conditions may exert strain on demand for our products and services as well as our business performance. Changing ordering practices on the part of our customers or innovations or repositioning by competitors may impact the performance of individual business segments to varying degrees.

The customer structure, which is dominated by government bodies tied by mostly political decisions, limits forward visibility in security printing business, something that gives rise to corresponding capacity and financial risks. Despite the moderate growth expected in global banknote production over the next few years, our large share of the market limits the scope for any increase in revenue from printing presses.

Our competitors often grant considerable price concessions on sheetfed offset presses and in the security printing segment, which may impede sales of our own products and acceptance of the price increases that we have imposed in the last few months in response to higher inflation rates. We consider this practice to be problematic if it means that our peers are unable to cover their own production costs as a result. We reject such practices as we see long-term disadvantages for innovativeness in the sector. At the same time, such conduct makes it more difficult for us to achieve the targets we have defined for order intake and project profitability. We pursue a strategy of boosting the Group's competitiveness and profitability on a sustained basis by offering customers bespoke solutions and by simultaneously continuing to optimise structures and production costs. By actively presenting and communicating the technical advantages of our products and services for customers, we are able to secure reasonable premiums on our prices. At the same time, clear sales targets and ongoing checks support efforts to ensure sustainable pricing for new and used presses.

In summary, we consider the sector risks to be moderate in the light of the measures that have already been taken to address them. The risk assessment has thus improved by one category compared to last year's report. With our diversified product range, which targets different industries, we are able to compensate for exposure to risks in individual industries across the Group. We consider one main task to encompass efforts to continue aligning our range to these new markets of the future of relevance for us by means of new products and applications.

Business environment
Changing location-based factors such as infrastructure, environmental regulations and taxes or due to political decisions such as legislative or regulatory changes can render our business activities more difficult, expensive or impossible. By observing the business environment and taking pre-emptive action, such as adapting our internal processes, products and purchasing and manufacturing strategies in good time, we can currently mitigate these risks.

Financial risks

Credit and country risks
We monitor credit risks particularly closely. Against the backdrop of further interest rate hikes in response to inflation or the possible aftermath of the Covid-19 pandemic, it is conceivable that there will be an increasing number of insolvencies and payment disruptions which are not yet apparent today due to the availability of development loans and loan-repayment holidays. In addition, the high volume of individual projects with government contractors may yield risks for Koenig & Bauer, particularly in security printing business.

Many printing companies face considerable obstacles in obtaining credit-based finance for capital spending projects as loans are only granted subject to a relatively high risk premium in this sector. In line with customary market practice, Koenig & Bauer must therefore offer sales finance to assist customers in the Sheetfed segment in particular in funding their capital spending projects. In these cases we work, for example, with banks or leasing companies with which we agree on customer-specific risk participation on a case-by-case basis.

We perform credit checks of our customers as well as credit-worthiness reviews in the event of any financing risks. Standard measures for addressing possible payment default risks include government export credit insurance as well as requests for predelivery collateral. After delivery, we retain the ownership rights pending full payment. Proactive receivables management ensures an appropriate response to counterparty and country risks. Sufficient impairments and provisions have been recognised to cover potential defaults, buyback obligations and the recovery of used presses. There is no customer or regional clustering of credit risks. Management receives regular breakdowns of receivables by maturity and region. In this way, it is possible to detect any risk concentration at an early stage and to take suitable precautions. In view of the measures that have been taken and expected market trends, we consider this risk to be moderate.

Risks from measurement of assets and liabilities
Management has discretionary powers in the application of accounting policies. Future developments must be estimated if no market prices are available for the measurement of assets and liabilities. This fundamentally results in the risk of remeasurements becoming necessary in subsequent financial years. This applies, for example, to provisions for retirement benefits, which are measured on the basis of underlying interest rates. Due to the high volume of goods and services exchanged within the Group, risks may arise from the determination of taxable profits in the event of a subsequent correction to intra-Group transfer prices by the tax authorities despite the reliance on worldwide tax advice and close cooperation with the responsible tax authorities. We generally see low risk potential here.

Interest and exchange rate risks
Exchange-rate fluctuations and interest-rate changes may expose the Koenig & Bauer Group to financial risks. Koenig & Bauer holds financial instruments whose fair value and the resultant cash flows are influenced by market interest rates. In selected cases, we make use of derivative financial instruments to hedge or eliminate any risks. The notes to the consolidated financial statements set out the type, extent and market value of the financial instruments used. On the basis of the loan agreements entered into, we currently consider interest and exchange-rate fluctuations to pose only a minor risk as invoices are mostly issued in euros and in view of the financial instruments used.

Liquidity risks
Liquidity risk is the risk of not being able to meet existing payment obligations on time due to insufficient liquidity or exhausted credit facilities. Ensuring solvency requires maintaining sufficient liquidity resources against the backdrop of existing risks. Koenig & Bauer mainly generates funds from prepayments. In addition, the Group has had access since 2017 to a syndicated facility consisting of a guarantee and a revolving credit facility with a consortium of excellent banks. Against the backdrop of the Covid-19 pandemic and the related funding programmes implemented in response to it, Koenig & Bauer was also able to reach an agreement with Kreditanstalt für Wiederaufbau (KfW) and the syndicate banks in 2020 to increase the revolving credit facility significantly in order to safeguard its economic stability. The facility is primarily being drawn on to fund current business and a large part of the investments and to prefinance working capital. The guarantee credit facilities are required as collateral for our customers' prepayments among other things.

We hedge liquidity risks by means of roll-over, Group-wide liquidity planning. The short-term solvency of all Group companies is tracked and controlled in a daily liquidity status. In addition to Group-wide cash management, an updated Group liquidity and finance plan is prepared complete with reports in short intervals. This roll-over planning system covers a period of twelve months. In addition, we prepare monthly cash flow statements for all consolidated Group companies for the first and second planning year as part of the annual Group planning process. No material risks are seen here as incoming and outgoing payments are monitored on an ongoing basis on the basis of budgets. As well as the syndicated credit facility, the Group-wide financing framework includes further significant bilateral credit lines as well as local guarantee facilities. Unforeseeable cash flow fluctuations in operating business can be bridged with the financial resources available.

Some of the loan agreements entered into within the Koenig & Bauer Group contain provisions that enable the creditor banks to manage credit risk. These financial covenants are customary in the market, follow corresponding standards and are structured on the basis of the current and expected future economic situation. On the basis of the current target figures, these financial covenants do not have any negative implications for Koenig & Bauer.

All in all, these risks are below the threshold indicated in the above risk matrix and are therefore not included in it.

Operational risks

Procurement and logistics risks
Risks in the supply chain cannot be ruled out in view of the prevailing uncertainties over the availability of materials from our suppliers, e.g. crucial electronic components such as semiconductors for controlling our printing presses, steel, aluminium and other light metals. These are currently noticeable for Koenig & Bauer in the form of long delivery times and high purchase prices.

In the absence of alternative options, short-term shortfalls in supplies may lead to production stoppages and delays in our own deliveries with negative effects on capacity utilisation and earnings. In addition to close market monitoring and extensive supply chain management, in which we monitor the quality and reliability of our key suppliers, we address the risks of disruptions to the production process by means of detailed demand planning and control processes at the Group level. In particular cases, we are currently securing the availability of parts by accumulating inventories in excess of normal levels, something which may result in increased working capital and higher costs. In the case of single-source suppliers, we pay particular attention to ensuring that back-up solutions are in place. We manufacture strategic components and critical parts ourselves or obtain them through long-term supplier relationships.

We address price risks, which are continuing to primarily arise from supply chain constraints and in the energy segment, through Group-wide category management, by bundling purchasing volumes and also by entering into long-term supply contracts. In the light of the existing supplier relationships, we otherwise do not expect any significant price increases. By working closely with our suppliers and performing regular audits, we are able to continuously improve the quality of the parts supplied. The quality and backlog rates recorded in supplier management are within the expected range.

Given the mounting deterioration of international trade relations together with protectionist tendencies, the risk of geopolitical incidents or of decoupling has steadily increased over the last few years. On the basis of a review of critical supply chains and adjustments to sourcing strategies, we will be reducing our exposure to suppliers and countries in the future and lowering the effects of possible procurement-side trade restrictions by diversifying our supply chains.

The risks with regard to energy prices and energy supply remain high. In view of these uncertainties, we adapted our energy infrastructure to the prevailing conditions in 2022 by installing mobile standby power plants to avert unforeseen fluctuations in the electricity grid and fully substituted process gas with an energy mix consisting of LPG, heating oil and district heating, among other things. In this way, our own production is largely safeguarded at all European plants even in the event of any gas shortages.

In the light of the precautions described here, we currently rate procurement risks as moderate.

IT risks
Society's growing dependence on technology and the increasing online networking of information systems increases the risk of intentional or unintentional damage to the Group through the exploitation of vulnerabilities in the IT products and systems used. The consequences of unauthorised internal and external access may include disruptions to the availability of work and production systems and supply chains, data theft, blackmail and sabotage or damage to the Koenig & Bauer Group's image. The Covid-19 pandemic has significantly accelerated the digitisation process and stepped up innovations and changes to business models, such as online sales and service, or impacted working methods such as mobile working for the Group's employees. This is reinforcing the need for IT security and a defence response to cyber risks. We are addressing these risks through policies and defined IT processes, compliance with common IT security standards, various lines of defence and the implementation of IT security programmes by a Group-wide Chief Information Security Officer (CISO). In addition, there is adequate insurance cover for cyber risks, including a possible interruption to business.

Following the Group-wide roll-out of the SAP ERP system, the Koenig & Bauer Group is exposed to risks with regard to the smooth phasing-out of legacy systems and the migration of business processes to the new system. To mitigate these IT risks, Koenig & Bauer utilises the services of renowned software consulting companies and has installed an SAP project group. If the legacy systems are not replaced and the ERP software is not installed on time and free of any disruptions, the resultant restrictions to operations or cost overruns for the SAP roll-out project may have considerable financial consequences. In order to reduce these risks, the rollout at the operating companies will be executed successively and on the basis of a uniform platform. In view of the successful rollout of the system at the first six companies, the experience gained from similar complex projects and the high degree of involvement of external experts, we see no discernible risks beyond the usual project risks. We consider the existing IT risks to be generally moderate.

Human resource risks

Our success depends materially on our ability to recruit and retain motivated and highly qualified engineers, specialists and executives. In the current employment market, there is a risk that we will not be able to attract and retain the necessary qualified employees and that we will be unable to assemble a suitable group of management trainees. Especially in areas requiring high travel activity, we see a risk of no longer being able to fill all the required positions with trained and experienced employees. As a result of demographic change, a growing number of highly qualified employees are reaching retirement age and leaving the Company. On the other hand, it is becoming increasingly difficult to retain suitable skilled workers and junior staff at Koenig & Bauer due to the shortage of skilled workers and the lower number of school leavers.

We are actively addressing this risk by significantly expanding vocational training at our state-approved vocational schools from the 2023 apprenticeship intake year. For more than 150 years, industrial/technical apprentices have undergone vocational training that closely interlinks theory and practice and applies state-of-the-art technology. In this context, we are increasing apprentice intake as well as the number of training courses at our locations in Radebeul and Würzburg. This also includes training for commercial and IT professions as well as dual study programmes.

Further essential building blocks for improving employee retention include a wide range of measures for improving employees' work-life balance, e.g. mobile working, flexitime, flexible working time models such as part-time work and reduced full-time working hours, holiday care or the possibility of sabbaticals as well as other social benefits including company pension schemes, the Company's own health insurance scheme and canteen, various mobility offers, etc. We are preparing the next generation of specialists and executives for their future tasks by means of trainee and further development programmes as well as the Koenig & Bauer Academy, which offers more than 1,000 training courses, together with long-term development plans. At the same time, we are working on our external presentation to improve the way in which we are perceived as an attractive and innovative employer. In addition, the production, service and sales companies both inside and outside Germany, have access to specialists whose growth potential is regularly reviewed.

Instruments such as working time accounts or leased employees are available to address our customers' demand for short delivery times and also to temporarily cushion fluctuations in capacity utilisation at our factories. If our employees are unwilling to accept flexible working hours or qualified external staff are not available in peak-capacity periods, there is a risk that customer orders cannot be executed within the required period and, hence, that orders may be lost or delays experienced. Similarly, there is a risk of existing capacities generating empty costs in the event of utilization shortfalls due to missing parts. However, we can mitigate this in the short term by reducing overtime and the number of leased employees used.

In view of the precautions that have been taken and current conditions in the job market, we consider the personnel risk to be moderate.

Development risks

Koenig & Bauer regularly invests substantially in the development of improved or entirely new products and processes in order to preserve its competitiveness, satisfy market requirements and gain new customers. This gives rise to risks with respect to technical implementation and feasibility as well as ultimate market acceptance of the new or revised products. In particular, there is a risk that it may not be possible for the expenses incurred to be recouped from sales of the products and services developed, thus adversely affecting the return on investment. We address the risks by means of a Group-wide stage-gate process with appropriate analyses of market requirements before development begins, continuous profitability and risk assessments during development and marketing activities in the course of the product launch. Any necessary impairments are recognised for capitalised development costs that are not considered to be recoverable. Technical risks are reduced by means of comprehensive project and quality management as well as field-testing with beta users. We currently consider the resulting risks to be moderate due to the risk-mitigation measures described above and despite the recently accelerated launch of new products and entry into new markets.

Planning, control and monitoring
Our Group targets and annual budgets are based on assumptions that are subject to uncertainties. For the purposes of sales planning, volumes with corresponding margins are defined as the basis for the companies' capacity and resource planning. Among other things, budgets include expected increases in pay scales and the cost of materials as well as the savings achieved as a result of planned improvements. There is a risk that the assumptions underlying our plans do not fully materialise, contrary effects occur or there are delays in the implementation of the necessary measures. In addition to continuous observation and analysis of our business environment, we address this risk by regularly reviewing our budgets when preparing forecasts and by controlling our operating business efficiently together with strategic projects.

Short-term fluctuations in capacity utilisation at our plants due to volatile incoming orders may have a negative impact on profitability. Accordingly, we regularly review the necessary production capacities and coordinate them as far as possible with short-term sales planning. Furthermore, we make use of flexible working hours and leased employees to adjust our capacities dynamically in the light of the order situation.

We see a moderate risk of the assumptions underlying plans failing to eventuate in the expected form or of the savings potential factored into our budgets not being achieved in full.

Customer centricity
Our end markets demand a high degree of innovation and bespoke solutions. Our customers' requirements and preferences are changing all the time. For this reason, it is of decisive importance to detect technical trends and customer requirements and to align the product range, services and sales structures to these in good time. There is a moderate risk of lost revenue if customer requirements are not recognised or are not integrated in Group-wide processes early enough.

Acquisitions and alliances
Acquisitions and alliances may arise as part of our strategic development and our focus on markets of the future. The purpose of such activities and expenses is to achieve an appropriate degree of economic viability for the Group by means of a product portfolio oriented to future requirements. However, this may cause considerable acquisition and follow-up costs. For this reason, careful advance analyses are necessary and are often carried out with external support. The ensuing integration of acquisitions involves risks associated with the harmonisation of company cultures or the combination of processes and systems that may result in the loss of expertise or unplanned additional expenses. We consider the risk of such activities resulting in unforeseen costs in the performance of analyses to be moderate. This also applies to the risk of the expected positive impact on business failing to eventuate or not eventuating within the planned time period.

Production risks
Poor quality, rejects and missing parts can result in production and assembly risks. A temporary increase in demand may cause delays in the delivery of individual components. A delivery delay or contractual non-compliance for which Koenig & Bauer is responsible may result in contract penalties or customer credits, thus impairing margins. We have local quality assurance departments at all plants and relevant business units. Continuous quality controls based on standardised processes systematically analyse sources of error and optimise production processes. Internal schedule management is based on regular coordination of schedules and our reporting system. Cost control and management entails periodic cost reports, which are based on our cost accounting system together with structured processes for planning, forecasting and variance analysis. To optimise the entire supply chain in order to permanently reduce delivery times, we are working on operational and strategic adjustments to the internal production network to reduce costs and lead times and to increase productivity. The scope for lowering the quality costs for our technically complex products on a sustained basis exerts considerable influence on our earnings. In the light of all the precautions that are in place, we consider exposure to production risks to be low. The risk assessment has thus improved by one category compared to last year's report.

Infrastructure and processes risks
The risk of an interruption to our business cannot be completely excluded. Delays in production due to the failure of or disruption in individual means of production or the technical infrastructure may have adverse effects on production efficiency and leave noticeable traces on our business. We

therefore regularly evaluate and audit our production sites with external support and take out appropriate property and selected business interruption insurance to cover fire, severe weather and other risks. As part of our maintenance management system, we analyse possible vulnerabilities and enhance the availability and operational safety of our machines through preventive measures. This limits unplanned outages and plant shutdowns as well as the associated costs. Overall, we consider infrastructure and process risks to be low.

Contract fulfilment risks

In the case of complex mechanical and plant engineering orders, contract fulfilment risks cannot be entirely ruled out. A failure to deliver in accordance with the contract, a delay in delivery or a breach of ancillary obligations for which Koenig & Bauer is responsible may result in a reduction in margins due to contractual penalties or concessions made to the customer. Delays for which the customer is responsible, such as the completion of print shop buildings, may have a negative impact on incoming payments and the recognition of earnings. In addition to professional project management and the ongoing optimisation of internal coordination and quality assurance processes, we address this risk by drafting the contracts appropriately. Accordingly, we consider this risk to be low.

Other risks

Disasters and force majeure

Koenig & Bauer is exposed to risks arising from epidemics and pandemics, natural and environmental disasters and social unrest. Given our highly globalised and interconnected world, local disasters may have a major impact on the Koenig & Bauer Group's business.

The worldwide restrictions resulting from the Covid-19 pandemic have had a major impact on the Koenig & Bauer Group's business performance over the past three years. An end to the pandemic cannot be predicted despite the fact that the World Health Organization (WHO) declared at the end of January 2023 that the pandemic may be approaching a turning point. Even so, Covid-19 remains a dangerous infectious disease. In Germany, the Covid-19 vaccination currently provides protection against the risk of severe progression of the disease caused by the most widespread variants and, according to many experts, has forced the pandemic to enter an "endemic phase". In many regions of the world, however, Covid-19 is far from being overcome and there is a risk that new variants of the virus may emerge. This may again necessitate a change in the risk assessment with regard to the health risks to the population in Germany and worldwide, together with the necessary drastic restrictions. On the basis of what is currently known, we assume that the risk associated with the Covid-19 pandemic has subsided compared to last year's report and currently rate the risk as moderate. The risks associated with Covid-19 may occur alternatively or cumulatively to the business risks, financial risks and operational risks already reported.

Restrictions caused by Covid-19, for example, may make it difficult or impossible to generate new business, resulting in lost revenue and profit. Expected project awards are being delayed due to the postponement of investment decisions by our customers. Despite the currently high capacity utilisation of many packaging printers, customers are postponing new investments in view of the uncertainties resulting from the Covid 19 pandemic.

Likewise, pandemic-related restrictions would affect our business activities in connection with the fulfilment of existing contracts, as these also have a major impact on human resources. Staff shortages and production interruptions or supply chain disruptions may occur at our production plants, preventing customer orders from being executed on time. Travel restrictions may limit or prevent the deployment of assembly staff and service technicians for the installation of new presses or for service calls if specific countries or locations cannot be visited. In such cases, our contracts generally include appropriate clauses which exclude our liability in the event of circumstances beyond our control. Even so, there is a risk that revenue and earnings targets may be missed due to the loss of possibilities for generating revenue.

Depending on the prevailing situation with regard to the pandemic, we primarily take measures to protect our employees, customers and suppliers. The recommendations of the Robert Koch Institute and the German Foreign Office are observed in service assignments worldwide. In addition to the risk of infection, our local staff are also exposed to the risk of restrictions to their freedom of movement and behaviour. We address this by means of very carefully considered decisions on field deployment.

In connection with service and press installations, we rely on the expertise of our worldwide sales and service companies, which have their own mechanics to provide on-site service despite the international travel restrictions. Furthermore, we offer comprehensive hotline services via our "Visual Press Support" video system, remote maintenance and PressCalls to help our customers maintain maximum press availability.

Furthermore, direct damage from natural and environmental disasters such as natural hazards is covered by insurance as far as possible and economically reasonable.

Legal risks

Koenig & Bauer is subject to a wide range of legal and statutory regulations. The breach of contracts, licensing provisions or intellectual property rights, the negative outcome of legal disputes as well as the failure to observe regulatory requirements may cause considerable financial damage in the form of penalties, compensation payments, sanctions or reputational damage. Existing and potential legal disputes are therefore continuously tracked, analysed, evaluated to determine their legal and financial effects and taken into account in the recognition of provisions in cases in which an obligation is likely. The size of such provisions is very largely based on estimates, e.g. in the case of litigation. They are continuously reviewed in quarterly litigation reports and adjusted in good time in the event of any changes. The Group is not involved in any litigation or administrative proceedings with a material impact on its overall economic position. Generally speaking, we consider the risk of litigation and administrative proceedings having a negative impact to be low, although the exposure of globally active mechanical engineering companies to legal risks cannot generally be discarded. We address this risk by using standard contracts and by obtaining comprehensive legal advice from internal and external experts on non-standard business transactions. In addition, the established compliance management system is aimed at identifying and pre-emptively addressing legal risks at an early stage.

Damage to image

In technically demanding capital goods business there is always the latent risk of barely quantifiable harm to the Company's image arising in the event of quality problems, breaches of industrial property rights or the like. At present, we do not see any notable risks to our image.

All in all, these risks are below the threshold indicated in the above risk matrix and are therefore not included in it.

Summary of the risk situation

As in previous years, we have already taken sufficient account of the ongoing challenging macroeconomic conditions, which are particularly reflected in supply chains constraints, global inflation with the likelihood of rising interest rates, geopolitical tensions, particularly the Ukraine-Russia war, and containment of the global Covid-19 pandemic. Given this persistently volatile environment, we now see for the first time a slight improvement in the risk situation for the Koenig & Bauer Group compared to the previous year after a long period on the basis of the risks described above.

The Group has sufficient risk-bearing capacity in the light of the current challenges and the associated risks. As things currently stand, we do not see any risks that either individually or cumulatively are liable to jeopardise the Koenig & Bauer Group's going-concern status. Our broad-based product range, which is geared to fundamentally intact sell-side markets, the continued successful implementation of the P24x efficiency programme as well as our strong market position and financial stability are limiting risk potential.

Underpinned by our ongoing efforts to optimise risk management, risk awareness within the Koenig & Bauer Group is improving steadily. Detailed and comprehensive risk reporting improves the scope for tracking risk-mitigation precautions and for encouraging a responsible approach to opportunities and risks within the Company on a sustained basis.

This risk report is necessarily based on available information as well as expectations and estimates believed to be true at the time of reporting and refers to future trends. It is not possible to exclude other or additional risks which may have an influence of the Group but are currently not known or believed to be significant. Moreover, risks may change during the forecast period, resulting in a significant discrepancy in the estimate presented here.

Opportunities

The following section describes the main opportunities available to the Koenig & Bauer Group. In the absence of any indication to the contrary, these affect all segments equally. However, they represent only a selection of the opportunities available to us. The order in which the opportunities are presented reflects the assessment of their relative significance for the Koenig & Bauer Group and provides a basis for assessing them. The assessment of opportunities is also subject to continuous change, as our Company, the technology we use, our markets and our customers are constantly evolving. New opportunities may arise from this, existing ones may cease to exist or the significance of an opportunity may change.

Industry
We see the greatest opportunities for Koenig & Bauer in the printing industry itself. Above all else, we have opportunities for improving our business performance by harnessing the development potential of special applications, such as packaging and industrial printing, the growing importance of digital printing in the packaging sector in the future and the transformations that we expect to continue emerging with regard to digital products, processes and services. Looking forward, we will continue to work intensively on expanding our service business. We are trying to take advantage of additional opportunities, by structuring our service with a focus on digitisation. These aspects are expressly addressed by our "Exceeding Print" strategy, which aims to make the Group more sustainable, digital and modular. Further detailed information can be found in "Goals and Strategy" on page 21 as well as "Markets addressed and growth opportunities" and "Partnerships and cooperation". Opportunities for growth may also arise from gains in market share if a competitor exits the market or abandons an area of business.

Opportunities through acquisitions and alliances
We continuously monitor our current and potential markets to identify opportunities for strategic mergers, acquisitions, investments and partnerships that we can use to complement our organic growth. These activities could help Koenig & Bauer to strengthen its position in our current markets, to open up new markets or to complement our portfolio in strategic areas. Further detailed information can be found in "Partnerships and cooperation".

Macroeconomic and cyclical opportunities
The containment of inflation in particular would spur the recovery of the global economy and, along with it, the printing industry. This would also be aided by an easing of the current procurement and transport situation as well as energy costs. In a number of countries there are also opportunities for social and political changes, government intervention, customs regulations and legislative amendments that may have a positive impact on the Koenig & Bauer Group's business performance. The recent legislative measures and government action to accelerate the response to halt global climate change, especially in Europe, through the Green Deal, are a recent example of this.

Planning, control and monitoring
The forecasts of our future business performance are based on assumptions that are subject to certain uncertainties. In addition to the risks already described, they also entail opportunities. Higher revenue than that assumed for budgeting purposes, a more advantageous cost situation and overachievement of the savings targets defined by the P24x efficiency programme would have a positive impact on earnings.

Financial opportunities
A shift in exchange rates in our favour would have a positive impact on the Koenig & Bauer Group's revenue and earnings performance. In a favourable capital market environment, an increase in the discount rate for future retirement benefits (as well as the performance of plan assets) offers an opportunity for reducing provisions for retirement benefits and similar obligations and for an increase in equity due to actuarial gains.

Summary of the situation with respect to opportunities
We view the overall situation with regard to opportunities as moderate. Even though the macroeconomic conditions are duly factored into our expectations and business plans, we do not believe that the opportunities presented here outweigh the risks described above given the protracted uncertainties in connection with inflation, the associated risks in the supply chains and mounting geopolitical tensions. There are no changes in the opportunities available to the Koenig & Bauer Group compared with the previous year.

Due and proper accounting through the internal control system in accordance with section 289 (4) and section 315 (4) of the German Commercial Code

The internal control system for the accounting process comprises all principles, methods and measures within the Koenig & Bauer Group for ensuring effective, economical and proper accounting in accordance with all applicable legal requirements. Policies and work instructions supplement the organisational and control structures.

The internal control system forms part of Koenig & Bauer's internal governance, risk management and compliance (GRC) system and comprises a series of process-integrated control activities. The ICS is based on the "three lines of defence" model and clearly defines the responsibilities of the three lines: the operational level at the first line, the central ICS department as a coordinating and advisory link at the second line and internal audit at the third line, followed by the external auditor.

The internal control system for the financially relevant core processes has the task of ensuring the correctness, reliability and accuracy of accounting and external reporting activities.

In formalising the elements of the internal control system, national legislation as well as internationally recognised frameworks (such as COSO) have been duly observed. The focus is on the controls integrated in the core processes and IT systems.

Continuous improvement and further development to enhance robustness and functionality is ensured by the formalised control mechanism.

In addition to the preventive controls, the balanced standard set of process-integrated controls also includes downstream controls, which are both fully automated and partially automated, as well as the few necessary manual controls in accordance with the dual sign-office principle or in the form of self-controls.

The ICS roles are clearly defined in the ICS role pyramid, under which responsibility for the design of the controls lies with the control owners and responsibility for monitoring these controls with management staff.

The central ICS department updates the Management Board and the Audit Committee at least annually on the internal control system. Any significant changes to the internal control system are immediately reported to the Management Board.

In addition to accounting for the holding company and a number of associated companies, Koenig & Bauer AG holds responsibility for Group accounting and controlling as well as Group compliance/internal auditing, corporate finance/treasury, taxes and human resources/training. The controlling, human resources, compliance and, in some cases, accounting functions are located at the individual Group companies. The responsibilities are clearly assigned with an unambiguous separation of functions in the units involved in the accounting process. All departments involved in the accounting process have the appropriate resources. The allocation of appropriate rights ensures that the IT systems used for financial and payroll accounting are protected from unauthorised access.

The ERP environment, which has previously been characterised by proprietary developments, is gradually being migrated to the SAP system widely used in the mechanical and plant engineering sector. Following comprehensive planning of the enterprise-wide SAP project and an intensive period of fine-tuning, the staggered roll-out is currently underway. The roll-out is being executed in stages at other Group companies following the migration at the holding company Koenig & Bauer AG and Koenig & Bauer Industrial GmbH including Koenig & Bauer Giesserei GmbH, as well as Koenig & Bauer Banknote Solutions (DE) GmbH, Koenig & Bauer Banknote Solutions SA, Koenig & Bauer (AT) GmbH and Koenig & Bauer Digital and Webfed AG & Co.KG.

Group accounting is performed on a monthly basis using a consolidation program. Meticulous checks are performed on a quarterly basis. Accounting and measurement guidelines ensure that the principles defined by the International Accounting Standards Board (IASB) as endorsed by the European Union are uniformly applied. The risk management manual defines the process for identifying risks and the procedure for disclosing reportable risks. This ensures early detection of any risks at Koenig & Bauer AG and its subsidiaries and notification of the Management Board. The guidelines are regularly updated and expanded.

Random samples as well as manual or physical checks are performed to prevent any errors or omissions in accounting data. This includes annual inventory counts and work on the annual financial statements as well as asset counts in certain intervals. In addition, specially programmed plausibility checks are performed. The double sign-off principle is applied to all material transactions. Regular training and independent monitoring ensure that the consolidated financial statements comply with all applicable rules. Significant accounting-related processes and areas undergo analytical reviews particularly by internal auditing and controlling. The efficacy of the controls is verified by means of automated input, output and processing checks. External experts are also consulted where necessary, e.g. in the measurement of pension obligations.

Units granting approval are also separated from the units executing the transaction in question. In addition, write and read rights are assigned. There is a strict segregation of duties in the entry of transactions. Detailed powers and access restrictions are applied to employees with respect to the IT applications. Individual employees in the functional areas do not have any access rights to the full accounting process level (incoming goods, inventories, invoice checking, payment approval, remittance). The defined principles, methods and measures ensure that financial reporting complies with the statutory requirements.

Outlook

Expected macroeconomic and industry conditions

With respect to 2023, almost all observers and all forecasts assume that the Russian war against Ukraine will have a massive impact and that some of the effects of the global supply chain bottlenecks will ease. However, many experts expect energy and raw material prices to continue to rise or remain very high.

In its latest forecast, the IMF projects growth of 2.9% in global gross domestic product for 2023. This is 0.2 percentage points more than was expected in October 2022. An increase of only 0.1% is projected for Germany. It is estimated that the Eurozone will narrowly hold its ground with an increase of 0.7%, while China is expected to grow by 5.2% due to gradual easing of the Covid policies and catch-up effects after the easing of the supply chain problems, which abounded in 2021. The greatest growth rates will again likely be posted by India (6.1%) and ASEAN (4.3%).

The high uncertainty over the forecast for 2023, which is due to many factors that are difficult to predict, such as inflation expectations and central bank responses, is also reflected in the significant range of differing estimates. In contrast to the IMF, the Kiel Institute for the World Economy projects expansion of 0.3% in gross domestic product for Germany. Nevertheless, the VDMA points out a number of risks that could place a damper on the economic outlook. For example, the pandemic situation and the crisis afflicting the real estate sector could deteriorate in China, while the war in Ukraine could escalate and a debt crisis could break out in emerging and developing countries.

According to the industry association VDMA, mechanical engineering in Germany is facing a challenging year in 2023. The VDMA economists expect real production to contract by 2%. However, this forecast is subject to a high degree of uncertainty as further economic trends hinge on many factors that are currently difficult to estimate. The war is still progressing in Ukraine but appears to have stalled, raising the question as to whether energy supplies in the corporate sector are secure in the coming winter months. Many companies still have a solid order backlog, but this will be run off in part in the course of the year due to a further easing of supply chains together with ordering reticence in the face of numerous uncertainties. The shortage of skilled workers is a particular cause for concern. Many companies want to hire staff but are unable to find sufficient qualified employees. Despite all the adversities, almost half of all companies are optimistic about the coming year, although 38% of respondents also reveal a mixed mood. Only 14% of companies are pessimistic. Source: VDMA, "Situation in the mechanical and plant engineering sector in 2022/Outlook for 2023, 10 February 2023

Forecast

The expected macroeconomic, political and industry-specific conditions in the markets addressed by the Koenig & Bauer Group provide the basis for the forecast for 2023 (1 January 2023 to 31 December 2023) and subsequent years.

This forecast assumes that there are no further setbacks or tightened restrictions compared with the current situation as a result of the war in Ukraine, the availability of energy supplies, the disruptions to global supply chains and the efforts to contain the pandemic.

Despite this challenging macroeconomic environment, Koenig & Bauer projects Group revenue of around €1.3bn, accompanied by an EBIT margin of roughly 3%, for 2023. For 2023, the company expects the Digital & Webfed segment to make a disproportionate contribution to both EBIT and revenue growth.

Medium-term targets also adjusted for inflation effects
In the medium term, the Koenig & Bauer Group expects Group revenue of around €1.8bn and an EBIT margin of 8 – 9%. A further objective is to reduce net working capital to a maximum of 25% of annual revenue. Revenue of €1.5bn and a EBIT margin of 6 – 7% are to be achieved in 2025. It is expected that the Digital & Webfeed segment will make a disproportionately large contribution to revenue and EBIT growth in 2023.

As no dividend distributions are permitted during the term of the KfW loan, the Management Board and the Supervisory Board will be proposing to the Annual General Meeting that the net profit generated by the holding company Koenig & Bauer AG be retained. For this reason, we aim to discharge the KfW loan as quickly as possible so that we can resume dividend distributions, as Koenig & Bauer attaches great importance to ensuring that our shareholders are appropriately involved in the Company's success.

Legal disclosures

Takeover-relevant disclosures pursuant to section 289a (1) and section 315a (1) of the German Commercial Code

Disclosures in accordance with section 289a (1) No. 1, 2 and 3 and section 315a (1) No. 1, 2 and 3 of the German Commercial Code
On 31 December 2022, the share capital of Koenig & Bauer AG, Würzburg, stood at €42,964,435.80, divided into 16,524,783 bearer shares with a nominal value of €2.60 each. In accordance with article 14.7 of the articles of association, each no-par share conveys one voting right. There are no restrictions on voting rights or the transfer of shares and there are no special rights imparting powers of control. We understand that AlternInvest GmbH in Vienna, Austria and Universal-Investment-Gesellschaft mit beschränkter Haftung in Frankfurt am Main each hold shares of 10.2% in the share capital and thus exceed the 10% threshold. Effective 31 December 2022, all funds managed by LOYS Investment S.A. were transferred to Hauck & Aufhaeuser Fund Services S.A. Accordingly, with a share of 10.17%, the latter temporarily exceeded the reporting threshold. On 9 January 2023, Hauck & Aufhaeuser Fund Services S.A. lowered its share again to 9.69%, stating this in the notification required to be submitted in accordance with section 43 of the German Securities Trading Act for the period during which the 10% threshold was exceeded. Other institutional and private investors have stakes of between 3% and 6% in Koenig & Bauer AG accounting for around 20% of the capital.

Executive bodies
On 31 December 2022, the shares held by the members of the Management Board and the Supervisory Board of Koenig & Bauer AG equalled 0.16% of its share capital. The members of the Management Board held 0.12% (Dr Andreas Pleßke 0.03%, Dr Stephen Kimmich 0.06% and Michael Ulverich 0.03%) and the members of the Supervisory Board 0.04%.

The appointment and dismissal of the members of the Management Board and amendments to the articles of association comply with the statutory regulations (sections 84, 85, 179 of the German Stock Corporation Act, section 31 of the Codetermination Act). Under article 10.2 of the articles of association, the Supervisory Board may pass resolutions to amend the articles of association provided that such amendments concern only the wording. This authorisation particularly applies to the utilisation of authorised capital. In accordance with the Act on the Equal Participation of Women and Men in Executive Positions in Private and Public Sector, the Management Board and the Supervisory Board have defined targets for gender representation quotas. The Supervisory Board has decided that its female representation quota for the Management Board is to remain at 0% until 2025. It has considered closely the planned female representation target on the Management Board to be implemented by 2025 and ultimately set it at 0%. This decision must be seen solely in the light of the service contracts of the members of the Management Board, which continue until 2025 or 2026 and must therefore be respected by the Supervisory Board. Setting a target of more than 0% would have implied that the Supervisory Board was not willing to act in accordance with these service contracts or its own decisions. This is why no woman is currently a member of the Management Board.

The next time a new member is to be appointed to the Management Board, the female representation quota will of course be duly taken into account in accordance with the requirements of the Second Executive Positions Act (FüPOG II). The Supervisory Board pays attention to diversity in the composition of the Management Board, while the Management Board observes these requirements when filling management positions in the Group. In cases in which female and male candidates have comparable qualifications, the proportion of women is to be increased as far as possible when new appointments are made.

The Supervisory Board has anchored the promotion of women in the Management Board's personnel objectives ("Level Playing Field"). The Supervisory Board and the Management Board want to not only increase the number of women in management positions but also generally raise the number of female employees in the Company and across the Koenig & Bauer Group. Thus, the previous female representation target of 17% at the first level below the Management Board of 7% for the second level below the Management Board has been clearly exceeded (see below for more information). The new targets have been set at 30% for the first level and at 11% for the second level below the Management Board.

Authorised capital
On 31 December 2022, the Company had authorised capital of €8,580,000, equivalent to 3,300,000 shares, which may be utilised on or before 23 May 2026. The authorisation granted at the annual general meeting is documented in Article 5.3 of the articles of incorporation. The Company did not hold any treasury stock on 31 December 2022.

Disclosures in accordance with section 289a (1) No. 8 and 9 and section 315a (1) No. 8 and 9 of the German Commercial Code
Koenig & Bauer AG has entered into the following material agreements or special arrangements governing a change in or acquisition of control in the event of a takeover bid: The syndicated credit facility refinanced in November 2020 with the assistance of KfW and the current syndicate banks contains in the version applicable on the reporting date standard change-of-control clauses and grants the respective contractual partner additional information and termination rights in the event of a change in the control or majority shareholding structure of the Company. In addition, a joint venture agreement includes a change-of-control clause. There are no compensation agreements with the members of the Management Board or employees for this case.

Corporate governance statement in accordance with sections 289f and 315d of the German Commercial Code

The corporate governance statement in accordance with sections 289f and 315d of the German Commercial Code is published on the Company's website at www.koenig-bauer.com/de/investor-relations/ corporate-governance/erklaerung-zur-unternehmensfuehrung/ together with the corresponding statements for previous years.

Koenig & Bauer AG (notes according to the German Commercial Code)

The annual financial statements of Koenig & Bauer AG were prepared in accordance with the provisions of the German Commercial Code (HGB).

As a holding company Koenig & Bauer AG does not conduct any operating business of its own but performs central and strategic functions for the Group. Central functions performed for the Koenig & Bauer Group include compliance/auditing, controlling, corporate development, innovation promotion, investor relations, corporate responsibility, accounting, purchasing, IT, corporate accounting, patent and licensing, human resources, legal and insurance, tax and central marketing/corporate communications. In addition, Koenig & Bauer AG provides IT hardware and operates the computer centre for Group tasks and grants licences and brand rights to the subsidiaries. The number of employees on the reporting date, 31 December 2022, excluding apprentices, was 423 (2021: 384).

In addition to income from the services recharged to the operating Group companies and the fees for the use of licences and brand rights, Koenig & Bauer AG's business performance depends on the dividend income and profit transfers received from the subsidiaries and, hence, their business performance. The direct and indirect investments held by Koenig & Bauer AG are shown in a list in the notes to the consolidated financial statements. The economic environment in which Koenig & Bauer AG operates is essentially the same as the Group's as described in detail in the business report.

Earnings
At €98.9m, revenue was slightly above the previous year's figure of €94.8m and chiefly comprised income from transfer pricing for shared services provided by Koenig & Bauer AG for the operating Group companies and fees for the utilisation of licences and brand rights as well as land and buildings. The slight decline in gross profit is mainly due to increased production costs, mainly for building costs and shared services. On a year-on-year basis, they increased by €5.6m to €–70.3m (previous year: €–64.7m). The gross margin thus contracted to 28.9%, down from 31.8% in the previous year. General administrative expenses rose slightly by €2.5m to €28.0m (2021: €25.5m). The other operating income of €2.3m (2021: €6.8m) mainly

reflects the reversal of provisions. The other operating expenses of €11.5m (2021: €6.2m) primarily result from the absorption of Group transfer payments. On balance, this resulted in operating earnings of €-8.6m, compared with €5.2m in the previous year.

Net investment income consists of dividend distributions (2022: €6.1m; 2021: €19.6m), income from profit transfers (2022: €16.8m; 2021: €10.9m), impairments of financial assets (2022: €–10.6m, 2021: €–0.0m) and writeups (2022: €7.9m; 2021: €8.6m) and loss absorption expenses (2022: €2.4m; 2021: €22.7m) from subsidiaries. It climbed by €1.4m to €17.8m as of 31 December 2022 (2021: €16.4m).

Finance expense came to €11.3m (previous year: €8.8m) primarily as a result of higher income from investments and interest. Net interest expense fell slightly to €–6.5m as of 31 December 2022 (previous year: €–7.6m). Tax expense stood at €0.1m (2021: €2.4m). On balance, this resulted in net profit for the year of €2.6m (2021: €11.3m). Together with the retained profit of €35.2m and the allocation of €36.5m to other retained earnings, the unappropriated surplus stands at €1.3m. The previous year's figure of €35.2m had been mainly influenced by profit carried forward of €29.5m.

The Management Board and the Supervisory Board acting in accordance with section 58 of the German Stock Corporation Act have passed a resolution to retain an amount of €36.5m. The Management Board acting with the Supervisory Board's approval proposes that the unappropriated surplus of €1.3m be retained.

Assets and finances

As of 31 December 2022, Koenig & Bauer AG's total assets stood at €741.2m, up from €658.2m in the previous year. Non-current assets increased by a total of €20.2m to €549.5m (31 December 2021: €529.3m). This increase resulted mainly from the capitalisation of the customising expenses for our SAP ERP system. Shares in financial assets in associates increased as a result of the acquisition of 49% of the shares in Koenig & Bauer Celmacch. As of the reporting date, financial assets were valued at €423.3m, up from €408.4m in the previous year. The increase in intangible assets from €43.7m to €53.8m due to the capitalisation of the aforementioned IT projects was accompanied by a decline in property, plant and equipment from €77.2m to €72.4m as a result of higher depreciation and amortisation. The increase in current assets from €126.9m to €189.4m was mainly due to higher receivables from affiliated companies. They include receivables under loans to affiliated companies of €25.0m (31 December 2021: €22.9m), receivables from offsetting cash flows of €58.5m (31 December 2021: €41.0m) as well as trade receivables of €19.1m (31 December 2021: €13.0m). In addition, cash in hand and at banks rose from €35.6m to €64.2m.

At the end of 2022, equity amounted to €309.1m (31 December 2021: €306.5m). This translates into an equity ratio of 41.7% relative to the increased total assets (31 December 2021: 46.6%). Provisions rose slightly from €108.6m in the previous year to €110.6m. The pension provisions of €77.1m and the tax provisions were lower. On the other hand, other provisions increased slightly to €32.1m. All told, liabilities climbed from €242.1m to €320.7m as of 31 December 2022. Liabilities to banks increased from €115.9m to €186.2m mainly due to the utilisation of the syndicated loan. Trade payables, liabilities to affiliated companies and other liabilities also increased year-on-year.

Risk report

Koenig & Bauer AG is exposed to the risks of its subsidiaries. The extent of such exposure depends on the size of its share in the respective company. Reference should be made to the Group's risk report on pages 35ff for further information. In addition, strain may arise from the contingent liabilities in existence between Koenig & Bauer AG and its subsidiaries.

Forecast

Koenig & Bauer AG's future economic performance is closely linked to the Group's operating performance. The opportunities report on page 45f and the forecast on page 48ff provide information on our prospects and plans for operating business.

Financial and non-financial performance indicators and, hence, a forecast of these in accordance with DRS 20, play a subordinate role for Koenig & Bauer AG as a single entity. However, this does not prejudice compliance with the requirements of company law.

Group financial statements 2022

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Group balance sheet to 31 December 2022

in €m	Note	31.12.2021	31.12.2022
Assets			
Non-current assets			
Intangible assets	(G) (1)	137.5	144.9
Property, plant and equipment	(G) (1)	249.8	248.7
Investments and other financial receivables	(G) (2)	25.0	25.5
Investments accounted for using the equity method	(G) (2)	–	16.0
Other assets	(G) (2)	3.0	1.6
Deferred tax assets	(G) (6)	92.3	89.8
		507.6	**526.5**
Current assets			
Inventories	(G) (3)	331.6	426.2
Trade receivables	(G) (2)	94.7	121.6
Other financial receivables	(G) (2)	26.0	33.7
Other assets	(G) (2)	190.4	200.2
Current tax assets		5.1	5.3
Securities	(G) (4)	3.8	3.5
Cash and cash equivalents	(G) (5)	129.5	132.2
		781.1	**922.7**
		1,288.7	**1,449.2**

in €m	Note	31.12.2021	31.12.2022
Equity and liabilities			
Equity	(G) (7)		
Share capital		43.0	43.0
Share premium		87.5	87.5
Reserves		237.6	290.6
Equity attributable to owners of the Parent		**368.1**	**421.1**
Equity attributable to non-controlling interests		1.3	1.7
		369.4	**422.8**
Liabilities			
Non-current liabilities			
Pension provisions and similar obligations	(G) (8)	140.8	86.3
Other provisions	(G) (9)	47.9	31.7
Bank loans and other financial payables	(G) (10)	117.6	158.6
Other liabilities	(G) (10)	9.9	9.1
Deferred tax liabilities	(G) (6)	68.5	73.0
		384.7	**358.7**
Current liabilities			
Other provisions	(G) (9)	103.7	106.6
Trade payables	(G) (10)	64.9	104.7
Bank loans and other financial payables	(G) (10)	108.9	151.9
Other liabilities	(G) (10)	251.2	299.0
Current tax liabilities		5.9	5.5
		534.6	**667.7**
		1,288.7	**1,449.2**

Group income statement 2022

in €m	Note	2021	2022
Revenue	(H) (15)	1,115.8	1,185.7
Cost of sales	(H) (16)	-817.7	-868.3
Gross profit		**298.1**	**317.4**
Research and development costs	(H) (16)	-46.7	-54.2
Distribution costs	(H) (16)	-131.1	-147.3
Administrative expenses	(H) (16)	-88.4	-92.8
Other operating income	(H) (18)	17.2	25.9
Other operating expenses	(H) (18)	-21.6	-26.5
Impairment gains and losses on financial assets	(H) (18)	0.9	0.3
Other financial results	(H) (19)	0.1	-0.8
Earnings before interest and taxes (EBIT)		**28.5**	**22.0**
Other interest and similar income		1.0	1.3
Other interest and similar expenses		-10.5	-10.1
Interest result	(H) (19)	**-9.5**	**-8.8**
Earnings before taxes (EBT)		**19.0**	**13.2**
Income tax expense	(H) (20)	-4.5	-2.1
Net profit		**14.5**	**11.1**
of which			
attributable to owners of the Parent		13.7	10.4
attributable to non-controlling interests		0.8	0.7
Earnings per share (in €, basic/dilutive)	(H) (21)	**0.83**	**0.63**

Statement of comprehensive Group income 2022

in €m	2021	2022
Net profit	**14.5**	**11.1**
Items to be reclassified to consolidated profit or loss		
Foreign currency translation	3.1	-0.6
Measurement of derivatives	-3.8	3.7
Deferred taxes	1.0	-1.1
	0.3	**2.0**
Items not to be reclassified to consolidated profit or loss		
Defined benefit plans	18.1	51.4
Deferred taxes	-4.9	-12.2
	13.2	**39.2**
Gains recognised directly in equity	**13.5**	**41.2**
Total comprehensive income	**28.0**	**52.3**
of which		
attributable to owners of the Parent	27.2	51.6
attributable to non-controlling interests	0.8	0.7

Statement of changes in Group equity 2022

			Reserves							
			Recognised in equity*							
in €m	Share capital	Share premium	Defined benefit plans	Revaluation of land	Derivatives	Exchange differences	Other	**Equity attr. to owners**	Equity attr. to non-controlling interests	**Total**
1 January 2021	**43.0**	**87.5**	**-105.2**	**18.3**	**0.1**	**0.5**	**296.6**	**340.8**	**1.4**	**342.2**
Net profit	–	–	–	–	–	–	13.7	**13.7**	0.8	**14.5**
Gains/losses recognised directly in equity	–	–	13.2	–	-2.7	3.0	–	**13.5**	–	**13.5**
Total comprehensive income	**–**	**–**	**13.2**	**–**	**-2.7**	**3.0**	**13.7**	**27.2**	**0.8**	**28.0**
Other	–	–	–	–	–	–	0.1	**0.1**	-0.9	**-0.8**
31 December 2021	**43.0**	**87.5**	**-92.0**	**18.3**	**-2.6**	**3.5**	**310.4**	**368.1**	**1.3**	**369.4**
31 December 2021	**43.0**	**87.5**	**-92.0**	**18.3**	**-2.6**	**3.5**	**310.4**	**368.1**	**1.3**	**369.4**
Changes in accordance with IAS 29	–	–	–	–	–	2.6	0.3	**2.9**	0.5	**3.4**
1 January 2022	**43.0**	**87.5**	**-92.0**	**18.3**	**-2.6**	**6.1**	**310.7**	**371.0**	**1.8**	**372.8**
Net profit	–	–	–	–	–	–	10.4	**10.4**	0.7	**11.1**
Gains/losses recognised directly in equity	–	–	39.2	–	2.6	-0.6	–	**41.2**	–	**41.2**
Total comprehensive income	**–**	**–**	**39.2**	**–**	**2.6**	**-0.6**	**10.4**	**51.6**	**0.7**	**52.3**
Other	–	–	–	–	–	–	-1.5	**-1.5**	-0.8	**-2.3**
31 December 2022	**43.0**	**87.5**	**-52.8**	**18.3**	**–**	**5.5**	**319.6**	**421.1**	**1.7**	**422.8**

* reserves recognised in equity are shown net of deferred taxes

Group cash flow statement 2022

in €m	Note	2021	2022
Earnings before taxes		19.0	13.2
Appreciation/depreciation on intangible assets, property, plant and equipment	(F)	39.3	40.8
Currency measurement	(H) (18)	0.9	-3.6
Non-cash interest income/expense		4.8	5.9
Other non-cash income/expenses		-3.3	1.6
Gross cash flow		**60.7**	**57.9**
Changes in inventories		33.2	-96.1
Changes in receivables and other assets		-8.5	-33.8
Changes in other provisions		-15.0	-13.9
Changes in payables and other liabilities		37.6	102.6
Interest received		0.6	1.5
Interest paid		-5.3	-4.4
Income tax paid		-13.7	-8.6
Income tax refunded		5.4	0.2
Cash flows from operating activities		**95.0**	**5.4**
Proceeds from the disposal of intangible assets, property, plant and equipment		2.9	3.2
Payments for investment in intangible assets, property, plant and equipment		-32.4	-44.0
Proceeds from the disposal of investments		0.1	0.1
Payments for investments		-5.6	-20.6
Dividends received		0.1	0.5
Payments for loans to associates		-3.8	-4.3
Cash flows from investing activities		**-38.7**	**-65.1**
Free cash flow		**56.3**	**-59.7**
Proceeds from loans		2.0	75.4
Repayment of loans		-60.3	-6.0
Payments for lease liabilities		-10.0	-9.2
Changes in equity attr. to non-controlling interests		-0.1	0.4
Other changes in equity		–	-1.2
Cash flows from financing activities		**-68.4**	**59.4**
Change in funds		**-12.1**	**-0.3**
Effect of changes in exchange rates		3.8	3.0
Funds at beginning of period		137.8	129.5
Funds at end of period	(G) (5)	**129.5**	**132.2**

for further information see explanatory Note (I)

Notes to the Group financial statements

(A) Preliminary remarks

The Koenig & Bauer Group (the "Group") develops, assembles and sells sheetfed and web offset, flexo and digital presses, flatbed/rotary die cutters, folding-box gluing lines and special equipment for security, metal decorating, glass and hollow container printing and marking and coding together with comprehensive services. The Parent, Koenig & Bauer AG at Friedrich-Koenig-Str. 4, 97080 Würzburg, Germany, is a public limited company under German law, listed in the commercial register at the local court, Würzburg, under HR B-No. 109. The consolidated financial statements include the Parent and all material affiliates.

Koenig & Bauer has prepared consolidated financial statements and a combined management report for the annual accounting period from 1 January 2022 to 31 December 2022 in accordance with section 315a of the HGB (German Commercial Code), which will be published together in the **Bundesanzeiger** (Federal Gazette).

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) valid on that date, as issued by the International Accounting Standards Board (IASB), London, and all binding interpretations by the International Financial Reporting Interpretation Committee (IFRIC), with due regard for EU directives.

Individual items aggregated in the balance sheet and the income statement are disclosed and explained separately in the notes below. For the income statement we used the cost of sales method. The reporting currency is the euro, and all amounts disclosed in the financial statements represent million euros (€m), unless otherwise indicated.

On 21 March 2023 the Koenig & Bauer management board authorised the submission of the Group financial statements to the supervisory board for scrutiny and approval.

(B) New and amended standards and interpretations

The financial statements for 2022 were prepared in accordance with the following International Financial Reporting Standards that are required to be applied for annual periods beginning on or after 1 January 2022.

IFRS 3	Amendments to IFRS 3 - Reference to the Conceptual Framework
IAS 37	Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract
IAS 16	Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
IFRS 1, IFRS 9, IFRS 16 und IAS 41	Collective standard 2018-2020 - Amendments from the annual IASB improvement process (published by the IASB in May 2020)

The above standards were applied in compliance with the relevant transitional provisions. Where appropriate, amendments were made retrospectively, i.e. as if the new accounting policies had always applied. The effects on the periods of time specified in the consolidated financial statements are described below.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments to the standard update the reference to the substantially newer 2018 framework. The amendment adds a requirement that for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 to identify the liabilities it has assumed in a business combination. In the new version, the standard explicitly states that an acquirer does not recognise contingent assets acquired in a business combination. This does not result in any material changes for 2022.

Amendments to IAS 37 – Onerous Contracts: Costs of Fulfilling a Contract

The amendment clarifies the assessment of whether a contract is onerous; in addition to the additional costs incurred by the contract, other costs directly attributable to fulfilling the contract are also to be included in the determination of costs of fulfilling the contract. This does not have any material impact on Koenig & Bauer AG's consolidated financial statements.

Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits the deduction from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. This will not have any significant impact on Koenig & Bauer.

Collective standard 2018-2020 – Amendments from the annual IASB improvement process

The amendments relate to IFRS 1 "First-time Adoption of International Financial Reporting Standards – Subsidiaries as First-time Adopters", IFRS 9 "Financial Instruments – Fees in the '10% Test'" for the derecognition of financial liabilities and IAS 41 "Agriculture – Taxation in Fair Value Measurements". These amendments do not have any material effect on these consolidated financial statements.

The Koenig & Bauer Group did not apply in advance the following IASB standards, interpretations and amendments to existing standards that are not yet mandatory.

		Application from financial year
IFRS 17	Insurance Contracts and amendments to IFRS 17	2023
IAS 8	Amendments to IAS 8 - Accounting Policies, Changes of Accounting Estimates and Errors	2023
IAS 12	Amendments to IAS 12 - Restriction on "Initial Recognition Exception"	2023
IAS 1	Amendments to IAS 1 - Classification of Liabilities as Current and Non-Current	2024
IAS 1	Amendments to IAS 1 - Presentation of Financial Statements	2024
IFRS 16	Accounting for Lease Liabilities in a Sale and Leaseback (Amendments to IFRS 16)	2024

Amendments to IFRS 17 – Insurance Contracts

The amendments to IFRS 17 are intended to enable entities to improve the usefulness for their decisions of the comparative information presented on first-time adoption of IFRS 17 and IFRS 9. The effects on the consolidated financial statements are currently being reviewed, but no material changes are expected unless they are explained in more detail.

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendment clarifies the distinction between changes in accounting policies and accounting estimates. Changes in estimates are prospective and changes in accounting policies are retrospective.

Amendments to IAS 12 – Restriction on "Initial Recognition Exception"

The amendment to IAS 12 narrows the scope of the initial recognition exception, under which no deferred tax assets or liabilities are recognized at the time an asset or liability is acquired. If, upon a transaction arising, deductible and taxable temporary differences of the same amount arise at the same time, these are no longer covered by the exception, with the result that deferred tax assets and liabilities must be recognised. This may result in changes for Koenig & Bauer if corresponding transactions occur.

Amendment to IAS 1 – Classification of Liabilities as Current or Non-Current

The amendment to IAS 1 clarifies that liabilities are classified as non-current if the entity has substantial rights at the reporting date to defer settlement of the liability for at least one year. If certain conditions exist for the exercise of these rights, they must be fulfilled on the reporting date, otherwise the liability in question is classified as current.

Amendments to IAS 1 – Presentation of the Financial Statements

The amendments to IAS 1 and IFRS guidance document 2 clarify that entities must disclose all material accounting policies. Accounting policy information is material whenever the users of the financial statements would not be able to understand any other material information of the financial statements without it. Insignificant information on accounting policies should not be disclosed.

(C) Accounting policies

The financial statements for Koenig & Bauer AG and its domestic and foreign subsidiaries were prepared using uniform accounting policies.

Measurement basis and judgements

The measurement of financial assets and liabilities is based on the historical or amortised cost, with the exception of financial assets and derivative financial instruments, which are measured at fair value through profit and loss. Changes in the value of equity instruments are recognised in other comprehensive income.

In the process of applying the entity's accounting policies management makes various judgements, essentially on the categorisation of the financial assets measured at amortised cost.

Estimates and assumptions

Where no market prices are available for assessing the value of assets and liabilities, this must be estimated and may give rise to adjustments in subsequent years to the assets and liabilities disclosed. The imputed value is predicated on past experience and current knowledge.

Koenig & Bauer assumes that its business model is only marginally affected by sustainability and climate change risks.

Significant estimates relate to the following matters, which are explained in more detail under the individual items of the balance sheet:

- Recognition and measurement of development costs and the measurement of goodwill - particularly management assumptions using the discounted cash flow method and determination of the discount rate and future cash flows
- Useful lives of intangible assets and property, plant and equipment
- Measurement of the impairment of financial assets
- Recognition and measurement of other provisions - particularly provisions for warranties
- Recognition and measurement of restructuring provisions - management's assessment of the implementation of restructuring, expectations of significant changes to the restructuring plan and estimate of the amount of expected termination benefits using appropriate assumptions
- Recognition and measurement of investments in associates and calculation of goodwill
- Recognition and measurement of provisions for retirement benefits and similar obligations - particularly the calculation of the present value on the basis of actuarial assumptions and the calculation of the discount rate
- Recognition and measurement of deferred tax assets - particularly estimates as to their recoverability
- Revenue recognition - determination of the percentage of completion for over-time revenue recognition
- Disposal of financial assets - management's assessment of the transfer of beneficial ownership

Intangible assets

Purchased intangible assets are disclosed at their purchase price if it is likely that economic benefits attributable to the use of the assets will flow to the enterprise and their cost can be measured reliably. Each asset with a limited useful life is amortised on a straight-line basis over its estimated useful life.

Development costs for new or significantly improved products are capitalized at cost if the technical feasibility, an intention to sell and the existence of a market can be demonstrated, the attributed expenditure can be measured reliably, adequate development and marketing resources are available and future economic benefits are probable. From the time of marketability of the affected product, the capitalized development costs are depreciated on a straight-line basis over their projected useful life and tested for impairment annually. Adequate allowance is made for future market trends. Research costs and non-capitalised development costs are recognised as an expense as they arise.

Property, plant and equipment

The option provided for by IAS 16 to revalue land at its fair value was exercised for the first time on 31.12.2020 with the use of independent valuation experts. Accordingly, increases in the carrying amount in excess of amortised cost are recognised in retained earnings. However, if an impairment loss previously recognised in profit or loss is reversed, the increase in the carrying amount is recognised in profit or loss up to an amount equaling amortised cost. If, on the other hand, revaluation results in a reduction in the carrying amount, the impairment is recognised in profit or loss unless an increase in the carrying amount previously recognised directly in equity is reversed. In this case, the impairment is recognised within retained earnings. Deferred taxes are recognised accordingly in retained earnings or in profit or loss. Land is revalued at regular intervals of 5 years.

All other items of property, plant and equipment are disclosed at cost less depreciation and accumulated impairment losses, based on the use to which they are put. Each item with a significant value relative to the total asset value is treated as a separate depreciable asset (component recognition). Manufacturing costs for self-constructed plant and equipment include an appropriate proportion of production overheads, material and labour costs.

Where borrowing costs are directly attributable to a qualifying asset they are capitalised as part of the cost of that asset. Subsequent costs associated with the acquisition or replacement of an item of property, plant or equipment are capitalised and written down over the individual useful life. Replaced items are de-recognised accordingly. Costs for maintenance and repairs are also recognised as an expense.

No land or buildings are held as financial investments as defined in IAS 40.

Grants

Government grants reduce the cost of assets and are recognised as a reduced depreciation charge over the asset life.

One condition for the disbursement of research funds is that a complete record must be kept of all the costs incurred, and submitted upon completion of the relevant project.

The Federal Employment Agency in Germany reimburses part of the social security expense relating to short-time employment. The reimbursements are directly offset against the personnel expenses disclosed under the individual functions.

Financial reporting in hyperinflationary economies

In 2022, the Turkish lira, the functional currency of one of the subsidiaries, was classified as hyperinflationary within the meaning of IAS 29 for the first time.

IAS 29 states that, when the accounting standard is applied for the first time, the functional currency of the hyperinflationary economy must be treated as if the economy concerned had always been hyperinflationary. Koenig & Bauer is therefore applying IAS 29 to its subsidiary in Turkey for the first time with retroactive effect from 1 January 2022. The prior-year figures, however, have not been restated.

Financial statements prepared in a hyperinflationary currency must be restated in the light of the conditions prevailing on the reporting date. Adjustments are made on the basis of historical cost. Items in the balance sheet which are not yet held in a monetary unit, which are not subject to price adjustment agreements or which are not otherwise held at updated daily values, must be adjusted on the basis of a consumer price index derived from the data of the Turkish Statistical Institute (CPI base 2003 = 100). The same applies to expenses and income. The net adjustments are recognised in profit or loss and disclosed separately in the notes. The harmonised consumer price index stood at 686.95 basis points as of 31 December 2021 and increased to 1,128.45 basis points as of 31 December 2022.

After being tied to the index, all relevant items in the balance sheet and income statement are translated into the Group's reporting currency in accordance with IAS 21. The exchange rate used for this purpose is the closing rate on the reporting date.

Monetary assets and liabilities do not need to be adjusted if they are subject to price adjustment clauses or are translated at the daily exchange rate.

In the consolidated financial statements, the opening amount of equity is influenced by the cumulative effect of the adjustment of non-monetary items upon initial recognition and the effect of translating these items at the end-of-year exchange rate. The difference between the closing value of equity in the previous year and the opening amount of equity in the year under review results in an adjustment of the opening values in the statement of changes in equity.

In connection with the first-time application of IAS 29, all balance sheet items with the exception of reserves were translated using the consumer price index as of 31 December 2021, as if Turkey had always been a hyperinflationary country. This resulted in a positive effect of €3.4m, which was recognised directly in equity under differences from the currency translation of the financial statements of foreign operations.

Leases

A determination is generally made at the beginning of an contract whether the agreement contains a lease. To this end, the lessor must transfer to the lessee the right of use for a clearly specified asset for a specified period of time in return for payment of a fee. Non-lease components are separated from the lease components at the inception of the agreement and recognised as an expense.

As **lessee**, Koenig & Bauer recognises a right-of-use asset in intangible assets and property, plant and equipment and a lease liability in other financial liabilities on the commencement date of the lease. The right-of-use asset is measured at the present value of the lease liabilities at the commencement date plus initial direct costs, any lease payments already made before the commencement date and the present value of estimated costs at the end of the term, minus lease incentives received. The lease liability is recognised at the present value of the lease payments not yet made at that date, comprising fixed and variable lease instalments and expected payments from residual value guarantees and the exercise price of purchase options if there is sufficient certainty that they will be exercised. Discounting is based on the underlying interest rate for the lease or, if this is not known, the lessee's incremental borrowing rate. The incremental borrowing rate is determined using various external sources and adjusted to the economic environment and the term of the respective lease agreement.

In subsequent measurement, the right-of-use asset is amortised on a straight-line basis until the end of the lease term. In the case of lease agreements with transfer of ownership or the probable exercise of a purchase option, the right-of-use asset is depreciated until the end of the expected useful life. If there is an indication that the right-of-use asset may be impaired, an impairment test is carried out in accordance with IAS 36. If necessary, an impairment loss is recognised or, if the reason for the impairment no longer applies, the impairment loss is reversed. The lease liability is measured at amortised cost using the effective interest method. In the event of contractual changes that may result from a change in the assessment of residual value guarantees, purchase or extension options or changes in future lease payments, the lease is remeasured.

Lease payments from short-term leases as well as leases for a low-value asset are recognised as lease expenses over the term of the agreement with an effect on income.

As the **lessor**, Koenig & Bauer assesses the lease at inception on the basis of certain criteria, such as the lease term, the present value of the minimum lease payments or the likely exercise of purchase options, to determine if the lease transfers all significant risks and rewards to the lessee. If this is the case, the present value of the minimum lease payments is recognised as a lease receivable under other financial receivables and subsequently measured at amortized cost using the effective interest method. If these conditions are not met, the lease instalments received are recognized as a profit.

Depreciation

The systematic straight-line depreciation of intangible assets, property, plant and equipment is based on their useful lives as shown in the chart.

	Years
Industrial property rights and similar rights	3 to 12
Product development costs	4 to 8
Buildings	5 to 50
Plant and machinery	3 to 15
Other facilities, factory and office equipment	1 to 12

In the case of intangible assets and property, plant and equipment, the determination of the economic useful lives is subject to management's assessment. Any change in the economic useful lives may result in an increase or decrease of systematic straight-line depreciation.

If there is any indication that intangible assets, property, plant and equipment might be impaired or that the reason for such an impairment might have become obsolete these assets are tested for impairment on the balance sheet date as per IAS 36. The recoverable amount is defined as the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use. Cash-generating units are the smallest group of units defined by the entity whose products are available for sale on an active market. The discounted free cash flow is the amount recoverable for the unit and corresponds to the value in use, with the discount calculated at post-tax interest rates, which correspond to the weighted average cost of capital. It comprises a risk-free interest rate for equity components, adjusted for business risks, and the average borrowing rate of interest for debts, tax-adjusted for each unit. Future cash flows are calculated on the basis of the five-year integrated detailed plan approved by the management at the time when the impairment test is valid. The perpetual annuity for cash flows which surpass the planning period is calculated using a growth rate of 0.8%. If the recoverable amount approximates the residual carrying amount, both the value in use and the fair value less costs to sell are regularly determined. Where the recoverable amount is lower than the carrying amount the difference is disclosed as an impairment loss. If the reason for an impairment no longer applies, an adjustment in the allowance account is made, up to the amortised cost of acquisition or manufacture.

Depreciation on and impairments in intangible assets, property, plant and equipment are disclosed under the individual functions, reversals of impairment losses are disclosed as other operating income.

Goodwill is tested for impairment annually and attributed to the cash-generating units. Where the recoverable amount exceeds the carrying amount (goodwill included) of the cash-generating unit, the unit is defined as unimpaired. Where the carrying amount exceeds the value in use, an impairment adjustment to the lower market value is made by deducting the impairment loss from goodwill and distributing the difference among the unit assets, taking as the lower value limit the recoverable amount of the individual asset or zero, whichever is higher. The cash flow forecast based on the management's integrated five-year detailed planning together with a subsequent perpetual annuity is used to calculate the value in use of a cash-generating unit, which contains goodwill. Along with the discount rate, planning includes anticipated developments in sales and the EBIT margin. Planning is created based on a past experience, future market predictions and margin developments expected by the management. External data concerning the development of relevant markets is also taken into account. Adjustments are made for the impact of special and one-off effects on past values when predicting individual EBIT margins.

Individual items, depreciation, impairments and impairment reversals under IAS 36 are disclosed under "Changes in Intangible Assets, Property, Plant and Equipment".

Financial assets

If contractual claims exist, financial assets are recognised at fair value upon initial recognition and are accounted for on the settlement date.

For the purpose of subsequent measurement in accordance with IFRS 9 financial assets are classified as "measured at amortised cost", "measured at fair value through other comprehensive income (FVOCI)" or "measured at fair value through profit or loss (FVTPL)". The allocation of a financial instrument to one of these three categories depends on the Group's business model and the characteristics of the instrument in question. The business model is determined on a portfolio basis in the light of past experience and the management strategy for the future, taking into account the risks associated with financial assets. The analysis of the product features includes an assessment of whether contractually agreed cash flows are solely payments of principal and interest.

A financial asset is measured **at amortised cost** using the effective interest method if it is held as part of a business model whose objective it is to collect the contractual cash flows and the terms of the contract result in solely payments of principal and interest. Any changes are recognised in profit or loss.

The **FVOCI** category includes financial assets held within a business model whose objective is both to collect the contractual cash flows and to sell those assets, provided that the terms of the contract result in solely payments of principal and interest. They are remeasured on the basis of their fair value. In the case of equity instruments, dividends are recognised in profit or loss, while other net gains or losses are recognised in other comprehensive income. They are not reclassed to the income statement.

All other assets are measured at fair value through profit and loss (**FVTPL**). Interest income, dividends and other net gains or losses are recognized through profit and loss.

Shares in affiliated, non-consolidated companies are reported under **financial investments** and classified as "FVOCI". As their business individually and in sum is not material for the Group and the fair presentation of financial position, liquidity and capital resources, and profitability, they are measured at cost. Loans are measured at amortised cost.

Associates are companies over whose operating and financial policies Koenig & Bauer is able to exercise significant influence, generally through indirect or direct voting interests of 20% to 50%. **Joint ventures** are companies on which two or more outside parties jointly exercise control. Joint control arises if decisions on the main activities require the unanimous consent of the parties sharing control over the entity in question. Associates and joint ventures are accounted for using the equity method and initially recognised at cost of acquisition. The share of profit or loss of the associate or joint venture after acquisition is recognised in the consolidated statement of income, while the share of changes in equity not recognised in profit or loss is recognised directly in consolidated equity. The cumulative post-acquisition changes also include effects from fair value adjustments and affect the carrying amount of the investment, with any existing goodwill included in the carrying amount of the investment. If the losses of an associate or joint venture attributable to Koenig & Bauer equal or exceed the value of the investment in that entity, no further share of losses is recognised unless Koenig & Bauer has incurred obligations or made payments on behalf of the entity. The investment in an associate or joint venture is the carrying amount of the investment plus any long-term interest that is attributable to the economic substance of Koenig & Bauer's net investment in the entity. Koenig & Bauer tests associates and joint ventures for impairment whenever there is any objective evidence of impairment.

Other financial receivables include derivative financial instruments in the FVTPL category that are carried at fair value and receivables from lease agreements measured at their present value. Miscellaneous other financial receivables are measured at amortised cost.

Trade receivables are measured at amortised cost. Non-interest-bearing or low-interest receivables due for settlement in more than one year are discounted.

The **securities** are financial assets in the FVTPL category that are carried at fair value as of the balance sheet date.

Cash and cash equivalents are measured at amortised cost.

They are assigned to one of three levels of a fair-value hierarchy defined in IFRS 7, where level 1 refers to quoted prices in active markets for the same instrument (without modification or repackaging); level 2 refers to quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data; and level 3 refers to valuation techniques for which any significant input is not based on observable market data. Transfers between levels are made at the end of each reporting period.

Impairment gains and losses are recognised on financial assets measured at amortised cost and for contract assets in an amount equalling the expected credit loss. In the case of receivables and contract assets, this involves checking on each balance sheet date whether there has been any impairment of creditworthiness and whether the credit risk has thus increased significantly. Both quantitative and qualitative information and analyses such as the length of time overdue, the nature and duration of financial difficulties or the geographical location are taken into account and forward-looking assessments are made on the basis of past experience. In addition, the average historical defaults and forward-looking information (such as a Covid surcharge) were taken into account when determining the probabilities of default. There are no material risk concentrations due to the existing broad customer base.

The following table sets out the ranges applicable to each overdue band in the Group as from this year.

Expected Credit Loss %	min.	max.
not overdue	0.0%	0.1%
overdue for ≤ 30 days	0.0%	0.7%
overdue for 31 - 90 days	0.0%	1.3%
overdue for 91 - 180 days	0.0%	1.9%
overdue for 181 - 360 days	0.8%	6.3%
overdue for > 360 days	75.0%	75.0%

If the creditworthiness of an asset is impaired, the expected credit losses are recognised as a loss allowance over the entire term of the financial asset.

If the credit risk has increased significantly since the initial recognition of assets coming within the scope of application of the general model but there is no impairment of creditworthiness, the possible payment defaults over the entire term are taken into account as a loss allowance. In the case of trade receivables and contract assets, expected credit losses are measured on the basis of a loss allowance matrix. For each business segment, the historical default probabilities of the last three years are used as a basis and adjusted to the current economic conditions using scaling factors.

All other financial assets are adjusted by the amount of the expected credit loss that may be incurred within 12 months of the balance sheet date.

The loss allowance model described in IFRS 9 requires discretionary decisions in forecasting the development of future economic conditions. However, the assumptions made are subject to uncertainty, as Koenig & Bauer can only partially influence future business developments.

Derivatives

In accordance with IFRS 9 all instruments such as swaps and future currency contracts are carried at fair value. The derivatives disclosed in the Group financial statements are classified as level 2 and level 3.

Changes in fair value are reported in net profit or loss where no hedge accounting is used.

Where hedge accounting is used, changes in fair value are reported either in equity or in the income statement. With a fair value hedge, changes in the fair value of a hedging instrument and the underlying transaction are reported as a profit or loss. With a cash flow hedge, the portion of the gain or loss in the hedging relationship that is determined to be an effective hedge is recognised directly in equity and the ineffective portion reported in the income statement. Gains and losses are reported in the income statement as soon as the hedged transaction itself is recognised.

The Group is exposed to numerous risks deriving from its global activities.

Currency risk is the risk that the value of business transactions conducted in other currencies, particularly US dollars, will fluctuate due to changes in foreign exchange rates.

Interest-related **cash flow risk** is the risk that future cash flows will fluctuate following changes in market interest rates.

Interest rate risk is the risk that the interest on deposits or loans will fluctuate as a result of changes in market interest rates.

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

These risks are contained by a risk management system. The principles laid down ensure that risk is assessed and documented in accordance with systematic and uniform procedures. Further information can be found on page 35 onwards. Derivatives in the form of marketable foreign exchange transactions (forwards and swaps) and interest rate hedges were used. Where the conditions defined in IFRS 9 for an effective hedging relationship were fulfilled, hedge accounting can be used, more specifically cash flow hedges.

Inventories

Inventories are carried at the cost of purchase or conversion, with the latter including individual items, their proportionate share of total overheads and depreciation based on a normal level of plant utilisation. Where borrowing costs are directly attributable to a qualifying asset they are capitalized as part of the cost of that asset. The cost of inventories that cannot be measured on an item-by-item basis is calculated using the weighted average cost formula.

Inventories whose net realisable value on the balance sheet date were lower than cost, for example due to damage, impaired marketability or prolonged storage, are written down to the lower value. The net realisable value is the estimated sales revenue realisable in normal business minus the estimated cost of completion and pertinent distribution costs.

Equity

The issued capital is calculated from the number of no-par shares issued by Koenig & Bauer AG up to the balance sheet date.

The share premium includes the extra charge from the issue of shares, and is subject to the limitations imposed by section 150 of German Company Law.

Reserves encompass the net profits posted and retained in previous years by consolidated companies, and adjustments arising from the adoption of IFRS, more specifically IFRS 3 in 2004. Other components are the differences arising from the currency translation of foreign individual financial statements, changes in the measurement of defined benefit plans after tax, the revaluation of land after tax and changes in the market value of financial instruments after tax unless these are recognised in profit or loss.

Pension provisions

Pension provisions are measured using the projected unit credit method described in IAS 19, based on actuarial reports that recognise the present and potential benefits known on the balance sheet date, and include an estimate of anticipated increases in salaries and pensions. Actuarial gains and losses are recognised in reserves without an effect on profit or loss.

As a rule, in accordance with national and regional regulations we offer our employees defined-benefit pension plans, with benefits determined by the individual's length of service and compensation.

Pensions are partially financed through a funded benefit system. Obligations not covered by fund assets are carried in pension provisions at the present value of the liability. The interest of the market value of plan assets is calculated with the discount rate of the pension obligation.

If the pension plans are not fully reinsured, the measurement of the retirement benefit obligations is subject to actuarial risks such as longevity risk, the risk of salary increases and interest rate risk. Market price risks exist in particular in connection with plan assets. In the case of Swiss pension funds, there is also the risk of an obligation to make additional contributions in the event of underfunding, i.e. if the benefit obligations exceed the plan assets, there is an obligation to contribute funding.

Current service costs are recognised in the individual functions. Interest income from plan assets as well as expenses from discounting obligations are recognised in the financial result.

Other provisions

These included all other corporate risks and uncertain liabilities to third parties, insofar as an outflow of resources is probable and can be reliably assessed. The amounts disclosed represent the best estimate of the expenditure needed to settle current obligations. Long-term provisions were disclosed at their present value where the interest effect was substantial.

Provisions are recognised for the **realignment** of the Group as soon as management has developed and approved a programme to improve the Group's profitability and competitiveness through capacity and structural adjustments and the measures have been publicly announced. Provisions are estimated on the basis of the planned programs, taking into account past experience. For this purpose, the assessments of both management and external experts are used. If changes occur as a result of new findings or agreements, the amount of the provisions is duly adjusted.

The recognition of provisions for **warranties and goodwill gestures** results from statutory, contractual or individual obligations to customers for reworking, replacement deliveries and compensation payments. A lump-sum provision is recognised as a percentage of average sales in recent years on the basis of past experience. In addition, concrete and expected individual facts are allowed for.

Financial payables

A financial payable is recognised on the balance sheet as soon as contractual obligations arise from a financial instrument. Financial payables which are initially recognised at fair value, net of transaction costs, and subsequently carried at their amortised cost, are reported on the settlement date.

Bank loans are defined as **financial liabilities**.

Other financial liabilities include derivative financial instruments with a negative fair value assigned to the FVTPL category and measured at fair value. Lease liabilities are recognised at their present value.

Income taxes

Deferred tax assets and liabilities are recognised on temporary differences between IFRS and tax bases for Group enterprises, and on consolidation measures. Differences are calculated using the liability method specified in IAS 12, and only tax-relevant temporary differences are taken into account. Deferred tax assets include temporary differences as well as claims to future tax reductions arising from the anticipated use of existing tax loss carryforwards, where this use is probable or verified by convincing substantial evidence. Where the use is improbable, an impairment is disclosed. Deferred tax assets are calculated on the basis of 5-year corporate planning and the expected impact on earnings of taxable temporary differences. However, the assumptions made with regard to the future taxable income available for the utilisation of deferred tax assets are subject to uncertainties.

The tax rates used to calculate deferred taxes were the national rates applicable or notified on the balance sheet date, and ranged from 9% to 31%.

The effect of changes in tax rates on deferred taxes is reported when such changes were published.

The Group tax rate is the same as the Parent tax rate. Differences arising from calculations based on national tax rates are disclosed separately under "variances due to different tax rates".

Actual income taxes are determined and recognised on the basis of the respective tax results and taking into account national regulations, provided that their tax recognition is probable. On the other hand, if there are uncertainties regarding the recognition, a tax liability is created in the amount of the best possible estimate of the expected tax payment. Tax receivables from uncertain tax positions are only recognised if they are likely to be realised. The assumptions and decisions made are reviewed on each balance sheet date and adjusted if necessary based on new knowledge.

Assets held for sale

A non-current asset is classified as being held for sale if management is committed to a plan to sell the asset and it is highly probable that the sale will be completed within one year from the date of classification. The asset is valued at the lower of its carrying amount and fair value less costs to sell. Such an asset will no longer be written down.

Revenue

In the case of the sale of standardised **new or used machines**, the transfer of control after delivery and assembly occurs upon the customer's readiness for production. The invoice is issued at the time of the transfer of control. In addition to individual contractual agreements, payments by the customer are usually staggered and are often divided into a prepayment, a payment at the time of delivery and a final payment after acceptance of the press. Revenue is recognised when the performance obligation is fulfilled and the customer obtains control of the press, neither a right of disposal nor effective control remains with Koenig & Bauer and it is probable that the economic benefits associated with the transaction will flow to the Company.

In the case of **customer-specific production**, control is transferred to the customer over the period in which the performance is completed. The project-specific payment terms usually provide for a prepayment and other progress billings staggered over the term.

Revenue from customer-specific production is recognised over the period in which the service is provided in accordance with IFRS 15, provided that the product has no alternative use for the Company and the Company has a legal claim to payment for the services already provided. The progress made towards complete satisfaction of a performance obligation is measured on an input basis, whereby the progress of work is determined as the ratio of the costs incurred to the calculated contract costs. The ratio of the costs incurred to the calculated contract costs adequately represents the performance progress of a customer-specific production.

In the case of **spare parts and consumables**, control generally passes to the customer upon delivery of the products. The invoice is issued at the same time, the payment period is usually up to 30 days.

Revenue is recognised when the invoice is issued to the customer.

The provision of **services** mainly comprises maintenance, repairs, consulting and similar services. Control passes to the customer and the invoice is issued when the service has been rendered. Service contracts are usually due for immediate payment, the maximum payment period is usually 30 days. In the case of service agreements, the transaction price is allocated to individual service components. Revenue is recognised when the individual service components have been fulfilled.

Revenues are recognised in the amount of the transaction price for the individual performance obligations. The transaction price is the consideration that the Company expects to receive for the promised goods or services. It is generally determined on the basis of contractually agreed amounts for the sale of new and used machines, spare parts, consumables and services. Price reductions, cash discounts, bonuses and volume rebates granted are recognised at their expected value if an adjustment to the transaction price is probable.

The performance obligations for products and services rendered and invoiced to the customer are recognised under trade receivables to the extent that there is an unconditional right to consideration. Where products and services have been transferred to a customer but the Group does not yet have a contractual right to payment, the contingent consideration receivable is recognised within contract assets. Contract assets are reclassified as trade receivables as soon as there is an unconditional legal claim to payment; they are reported under other assets.

Prepayments received include the Company's obligations to transfer goods and services to customers for whom a payment has already been made.

The relief provided by IFRS 15.129 and IFRS 15.121(a) was used.

Other income

Interest is recognised as profit if the amount can be measured reliably and there is a reasonable likelihood of future economic benefit. Dividends are balanced with the origination of a legal claim to payment.

Expenses by function

Cost of sales include the purchase and conversion costs of products sold. In addition to directly attributable material and prime costs these incorporate overheads, depreciation on production plant and inventory adjustments.

Research and development costs encompass costs for original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and these are recognised in full in the income statement together with development costs not recognised by IAS 38.

Distribution costs include costs for open house promotions and demonstrations for customers.

Administrative expenses include the amortisation of goodwill.

Wherever possible, income and expenses are attributed to their respective functions; those that cannot be attributed are disclosed under other operating income and expenses.

(D) Consolidated companies and consolidation principles

Consolidated companies

In addition to Koenig & Bauer AG, Würzburg, the consolidated financial statements include 37 (previous year: 37) companies. Two companies are accounted for using the equity method (previous year: one company).

Altogether 25 (previous year: 25) subsidiaries are excluded from the consolidated financial statements since they are of minor significance to the Group's financial position and performance.

Consolidation principles

Upon control being acquired, affiliated companies and business combinations are consolidated by netting the acquisition costs with the Group's share in the equity of the consolidated companies measured at fair value. Hidden reserves or liabilities are allocated to the subsidiary's assets and liabilities. Contingent liabilities are offset against equity, and any excess of cost over the amounts allocated is recognised as goodwill. Goodwill generated prior to 1 January 1995 remains netted against reserves as permitted by IAS 22. Any negative goodwill is recognised in profit or loss after a further review of the amounts calculated.

Receivables, liabilities, income and expenses relating to transactions among consolidated companies are eliminated, as were the profits from such transactions. With the exception of goodwill, temporary tax deferrals arising from the consolidation are recognised as deferred taxes under IAS 12.

(E) Foreign currency translation

The financial statements of consolidated companies prepared in a foreign currency are translated using their functional currency and the foreign entity method specified in IAS 21.

Since foreign subsidiaries are financially, economically and organisationally autonomous, their functional currency is normally the same as their local currency. In the consolidated financial statements, assets and liabilities are translated into the reporting currency at the closing rate, expenses and income at the average rate for the year and other equity at historical rates. The resulting exchange differences are disclosed in equity.

The financial statements for subsidiaries consolidated for the first time, the goodwill arising from the acquisition of such subsidiaries and adjustments in the carrying amounts of assets and liabilities to fair value are translated at the closing rate on the date of the initial consolidation. In subsequent periods goodwill is translated at the closing rate on the balance sheet date.

Currency gains and losses ensuing from consolidation are recognised as income or expense.

(F) Changes in intangible assets, property, plant and equipment

	Cost					
in €m	01.01.	Additions	Exchange differences	Reclassifica-tions	Disposals	**31.12.**
2021						
Intangible assets						
Industrial property rights and similar rights	64.8	3.4	0.1	0.1	–	**68.4**
Goodwill[3]	38.4	–	–	–	–	**38.4**
Product development costs[3]	54.4	5.5	–	–	5.0	**54.9**
Prepayments and assets under construction	21.9	8.1	–	-0.1	0.1	**29.8**
	179.5	**17.0**	**0.1**	**–**	**5.1**	**191.5**
Property, plant and equipment						
Land and buildings	295.9	1.6	1.2	3.5	0.4	**301.8**
Plant and machinery	193.7	5.6	1.1	0.5	13.4	**187.5**
Other facilities, factory and office equipment	164.7	8.0	0.3	3.5	11.2	**165.3**
Prepayments and assets under construction	13.4	4.3	–	-7.5	–	**10.2**
	667.7	**19.5**	**2.6**	**–**	**25.0**	**664.8**
	847.2	**36.5**	**2.7**	**–**	**30.1**	**856.3**
2022						
Intangible assets						
Industrial property rights and similar rights	68.4	13.3	–	30.1	0.6	**111.2**
Goodwill[3]	38.4	–	–	–	–	**38.4**
Product development costs[3]	54.9	5.1	–	–	–	**60.0**
Prepayments and assets under construction	29.8	–	–	-29.6	–	**0.2**
	191.5	**18.4**	**–**	**0.5**	**0.6**	**209.8**
Property, plant and equipment						
Land and buildings	301.8	5.4	0.7	0.6	3.2	**305.3**
Plant and machinery	187.5	3.9	0.4	-19.3	12.9	**159.6**
Other facilities, factory and office equipment	165.3	12.4	0.2	22.7	10.6	**190.0**
Prepayments and assets under construction	10.2	9.7	–	-4.2	1.3	**14.4**
	664.8	**31.4**	**1.3**	**-0.2**	**28.0**	**669.3**
	856.3	**49.8**	**1.3**	**0.3**	**28.6**	**879.1**

[1] Segment Digital & Webfed
[2] Segment Special
[3] Level 3 of fair-value hierarchy

	Depreciation							Carrying amount	
	01.01.	Annual depreciation	Impairments	Exchange differences	Reclassifica-tions	Disposals	**31.12.**	01.01.	**31.12.**
	44.5	4.1	–	0.1	–	–	**48.7**	20.3	**19.7**
	0.2	–	0.6[1]	–	–	–	**0.8**	38.2	**37.6**
	5.0	3.7	0.8[2]	–	–	5.0	**4.5**	49.4	**50.4**
	–	–	–	–	–	–	**–**	21.9	**29.8**
	49.7	**7.8**	**1.4**	**0.1**	**–**	**5.0**	**54.0**	**129.8**	**137.5**
	140.4	9.3	–	0.7	–	0.4	**150.0**	155.5	**151.8**
	156.2	7.7	–	0.8	–	13.3	**151.4**	37.5	**36.1**
	108.6	13.1	–	0.4	–	8.5	**113.6**	56.1	**51.7**
	–	–	–	–	–	–	**–**	13.4	**10.2**
	405.2	**30.1**	**–**	**1.9**	**–**	**22.2**	**415.0**	**262.5**	**249.8**
	454.9	**37.9**	**1.4**	**2.0**	**–**	**27.2**	**469.0**	**392.3**	**387.3**
	48.7	4.6	–	0.1	0.6	0.4	**53.6**	19.7	**57.6**
	0.8	–	0.2[1]	–	–	–	**1.0**	37.6	**37.4**
	4.5	5.3	0.5[2]	-0.1	–	–	**10.2**	50.4	**49.8**
	–	–	0.1[2]	–	–	–	**0.1**	29.8	**0.1**
	54.0	**9.9**	**0.8**	**–**	**0.6**	**0.4**	**64.9**	**137.5**	**144.9**
	150.0	9.9	–	0.3	–	3.2	**157.0**	151.8	**148.3**
	151.4	5.2	–	0.2	-8.6	12.8	**135.4**	36.1	**24.2**
	113.6	15.0	–	0.1	8.6	9.1	**128.2**	51.7	**61.8**
	–	–	–	–	–	–	**–**	10.2	**14.4**
	415.0	**30.1**	**–**	**0.6**	**–**	**25.1**	**420.6**	**249.8**	**248.7**
	469.0	**40.0**	**0.8**	**0.6**	**0.6**	**25.5**	**485.5**	**387.3**	**393.6**

(G) Explanatory notes to the balance sheet

(1) Intangible assets, property, plant and equipment

Information on the intangible assets and property, plant and equipment contained in leases in accordance with IFRS 16 is provided for leases under Note (G) (13).

Government grants for promoting investment reduced the carrying amounts for property, plant and equipment by € 1.9m (previous year: € 2.1m).

Intangible assets

The additions to industrial property rights and similar rights as well as prepayments made and assets under construction primarily relate to the implementation of the SAP ERP system, additions to development costs result from new developments in the Digital & Webfed and Special segments.

Goodwill is made up as follows:

in €m	31.12.2021	**31.12.2022**
Koenig & Bauer MetalPrint GmbH, Stuttgart, Germany	12.6	12.6
Business Unit Security	8.8	8.8
Koenig & Bauer Kammann GmbH, Löhne, Germany	5.4	5.4
Koenig & Bauer Flexotecnica S.p.A., Tavazzano, Italy	0.2	–
Koenig Bauer Duran Karton Ambalaj Teknolojileri Sanayi A.Ş., Istanbul, Turkey	10.6	10.6
	37.6	**37.4**

In compliance with IAS 36 impairment tests were conducted on the balance sheet date for all cash-generating units to which goodwill was attributable. Significant assumptions on which the calculation of the value in use is based are summarised in the following table.

Cash-generating unit	Number of planning periods	Pre-tax interest rate	Post-tax interest rate
2021			
Koenig & Bauer MetalPrint GmbH, Stuttgart, Germany	5	10.1%	7.6%
Business Unit Security	5	8.8%	7.7%
Koenig & Bauer Kammann GmbH, Löhne, Germany	5	10.3%	7.6%
Koenig & Bauer Flexotecnica S.p.A., Tavazzano, Italy	5	9.4%	7.6%
Koenig Bauer Duran Karton Ambalaj Teknolojileri Sanayi A.Ş., Istanbul, Turkey	5	9.5%	7.7%
2022			
Koenig & Bauer MetalPrint GmbH, Stuttgart, Germany	5	11.9%	9.0%
Business Unit Security	5	10.5%	9.2%
Koenig & Bauer Kammann GmbH, Löhne, Germany	5	12.2%	9.0%
Koenig & Bauer Flexotecnica S.p.A., Tavazzano, Italy	5	11.4%	9.1%
Koenig Bauer Duran Karton Ambalaj Teknolojileri Sanayi A.Ş., Istanbul, Turkey	5	11.3%	9.1%

The transition to a perpetual annuity assumes a growth rate for EBIT of 0.8 percent (previous year: 0.8 percent).

The goodwill attributable to Koenig & Bauer Flexotecnica S.p.A. was impaired by € 0.2m. In the case of this cash-generating unit, the recoverable amount equalled the carrying amount, meaning that any adverse change in a material assumption would lead to a further impairment.

With respect to the remaining cash-generating units, Koenig & Bauer assumes on the basis of various sensitivity analyses that no impairment is required even in the event of any changes in the key planning assumptions that are considered to be possible.

Property, plant and equipment

Additions to property, plant and equipment primarily related to new and replacement plant and machinery as well as other facilities, factory and office equipment.

In the year under review, no changes in value were recognised as a result of the application of the revaluation method to land.

Applying the acquisition cost method would have resulted in a book value of € 21.4m (previous year: € 21.3m) for land.

(2) Financial and other assets

Investments

All interests and associates held by Koenig & Bauer AG are shown in the table below. Unless otherwise indicated, the figures for equity are those disclosed in the single-entity statements audited under the pertinent national accounting laws, and correspond to additional disclosures under the German Commercial Code. Statements in foreign currencies show equity translated at the balance sheet date. Capital share corresponds to the number of voting rights.

Company, location	Capital share in %	Equity in €m
Consolidated affiliates		
Koenig & Bauer Industrial GmbH, Würzburg, Germany	100.0	28.6
Koenig & Bauer Sheetfed Management GmbH, Radebeul, Germany	100.0	0.1
Koenig & Bauer Sheetfed AG & Co. KG, Radebeul, Germany	100.0	3.6
Koenig & Bauer Digital & Webfed Management GmbH, Würzburg, Germany	100.0	0.1
Koenig & Bauer Digital & Webfed AG & Co. KG, Würzburg, Germany	100.0	-36.9[2]
Koenig & Bauer Banknote Solutions GmbH, Würzburg, Germany	100.0	256.5
Koenig & Bauer Banknote Solutions (DE) GmbH, Würzburg, Germany[1]	100.0	149.8
Koenig & Bauer Finance GmbH, Würzburg, Germany	100.0	0.1
Koenig & Bauer Immobilien GmbH, Würzburg, Germany	100.0	0.2
Koenig & Bauer Gießerei GmbH, Würzburg, Germany[1]	100.0	2.6
Albert-Frankenthal GmbH, Frankenthal, Germany	100.0	1.1
Koenig & Bauer (DE) GmbH, Radebeul, Germany	100.0	0.4
Koenig & Bauer Coding GmbH, Veitshöchheim, Germany	100.0	20.1
Koenig & Bauer MetalPrint GmbH, Stuttgart, Germany	100.0	6.1
Koenig & Bauer Kammann GmbH, Löhne, Germany	100.0	2.5
Koenig & Bauer (AT) GmbH, Mödling, Austria[1]	100.0	22.2
Holland Graphic Occasions B.V., Wieringerwerf, Netherlands	100.0	1.0
Koenig & Bauer (FR) SAS, Tremblay-en-France, France	100.0	3.8
Koenig & Bauer IT S.R.L., Lainate, Italy	100.0	2.3
Koenig & Bauer Flexotecnica S.p.A., Tavazzano, Italy	100.0	0.7
Koenig & Bauer Iberica, S.A., Gavà (Barcelona), Spain	100.0	4.1
Koenig & Bauer (UK) Limited, Watford, UK	100.0	3.4
Koenig & Bauer Grafitec s.r.o., Dobruška, Czech Republic	100.0	26.8
KBA-SWISS HOLDING SA, Lausanne, Switzerland[1]	100.0	49.1
Koenig & Bauer Banknote Solutions SA, Lausanne, Switzerland[1]	100.0	75.0
Koenig & Bauer Banknote Solutions International SA, Geneva, Switzerland[1]	100.0	0.4
KBA NOTASYS Egypt LLC, Cairo, Egypt[1]	100.0	-0.1[2]
Koenig & Bauer (CH) AG, Höri, Switzerland	100.0	2.9
Koenig & Bauer (CEE) Sp. z o.o., Warsaw, Poland	100.0	3.3
Koenig Bauer Duran Karton Ambalaj Teknolojileri Sanayi A.Ş., Istanbul, Turkey	80.0	3.8
Koenig & Bauer (US) Inc., Wilmington, DE, USA[4]	100.0	39.0
Koenig & Bauer LATAM, S.A.P.I. de C.V., Mexico City, Mexico	90.0	2.7
Koenig & Bauer (HK) Co. Limited, Hong Kong, China[5]	100.0	2.5[3]
Koenig & Bauer Printing Machinery (Shanghai) Co., Limited, Shanghai, China	100.0	1.7

[1] Indirect interests
[2] Deficit not covered by equity
[3] Preliminary figures
[4] Including pre-consolidation Koenig & Bauer (CA) Inc., Toronto, Canada (100%)
[5] Including pre-consolidation Koenig & Bauer Printing Machinery (Dongguan) Co. Limited, Dongguan, China (100%) and Taiwan Koenig & Bauer Co. Limited, Taipei, Taiwan (100%)

Company, location	Capital share in %	Equity in €m
Non-consolidated affiliates		
Koenig & Bauer DK A/S, Værløse, Denmark	100.0	-0.4[2, 3]
Koenig & Bauer Banknote Solutions (US) Inc., Washington D.C., USA[1]	100.0	0.5
Koenig & Bauer (RU), LLC, Moscow, Russia	100.0	-1.1[2, 3]
Koenig & Bauer Kammann (US), Inc., Portsmouth, NH, USA[1]	100.0	4.3
Koenig & Bauer Kammann (Shanghai) Co., Ltd., Shanghai, China[1]	100.0	0.4
Koenig & Bauer RS d.o.o., Belgrade, Serbia[1]	100.0	0.3[3]
Koenig & Bauer (HU) Kft., Fót, Hungary[1]	100.0	0.4[3]
Koenig & Bauer (BR) Comércio de Impressoras e Serviços Ltda., São Paulo, Brasil	100.0	0.5
Koenig & Bauer (SEA) Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	1.3
Koenig & Bauer KR Co. Ltd., Goyang-si, South Korea	100.0	0.5
Koenig & Bauer (JP) Co., Ltd, Tokyo, Japan	100.0	-0.1[2]
Koenig & Bauer (AU) Pty Ltd, Mount Waverley, Australia	100.0	0.2
Koenig & Bauer Coding (NL) B.V., Bergschenhoek, Netherlands[1]	100.0	0.2[3]
Koenig & Bauer Coding (FRA) SAS, Taluyers, France[1]	70.0	1.0
Koenig & Bauer Coding (PL) Sp. z.o.o., Dopiewo-Dabrowa, Poland[1]	80.0	0.3
Koenig & Bauer Coding (Hangzhou) Co., Ltd., Hangzhou, China[1]	80.0	0.5
All-Print Holding AB, Stockholm, Sweden[1]	100.0	0.8[3]
Koenig & Bauer Coding Sverige AB, Stockholm, Sweden[1]	96.0	0.8[3]
Koenig & Bauer Banknote Solutions (IN) Private Limited, New Delhi, India[1]	100.0	1.4
Koenig & Bauer Banknote Solutions (Beijing) Ltd., Beijing, China[1]	100.0	0.6
Koenig & Bauer Banknote Solutions (SEA) Limited, Hong Kong, China[1]	100.0	0.1[3]
KOENIG & BAUER CURRENCY SOLUTIONS, SOCIEDAD ANÓNIMA DE CAPITAL VARIABLE, Mexico City, Mexico[1]	60.0	0.0[3]
LenSys Sarl, Lausanne, Switzerland[1]	70.0	0.3[3]
Koenig & Bauer Press Consum DK ApS, Hasselager, Denmark[1]	51.0	0.2[3]
Koenig & Bauer Press Consum (SWE) AB, Löddeköpinge, Sweden[1]	51.0	0.0[3]
Associates		
Koenig & Bauer Durst GmbH, Würzburg, Germany	50.0	-26.5[2, 3]
Koenig & Bauer Celmacch S.R.L., Desenzano del Garda, Italy	49.0	6.0

[1] Indirect interests
[2] Deficit not covered by equity
[3] Preliminary figures

Shares in other companies

Since 17 May 2019, Koenig & Bauer Durst GmbH, Würzburg has been operated as a joint venture between Koenig & Bauer and the Durst Group, with both parent companies each holding a 50% stake. The company is dedicated to the development and marketing of single-pass digital printing systems for the folding carton and corrugated board industry.

Under the terms of the contractual agreement, both parties will provide the joint venture with distribution channels and service capacities and grant limited rights of use to the required intellectual property rights. The financing of ongoing operations is governed by a jointly agreed business plan. If necessary, both parties are contractually obliged to comply with their financing activities towards Koenig & Bauer Durst GmbH.

In July 2022, Koenig & Bauer acquired 49 percent of the shares in Celmacch Group S.R.L. Accordingly, Koenig & Bauer gained decisive control over that company. Celmacch Group S.R.L. is an Italian manufacturer of high board line flexographic printing presses and rotary die cutters for the corrugated board industry. Koenig & Bauer addresses this market with the complementary products CorruCUT/FLEX. This laid the foundation for joint further development and marketing in the growth market of corrugated board. Koenig & Bauer AG has an option to successively acquire further shares in Celmacch Group S.R.L. The successive acquisition of up to 80 percent of the shares can be executed in two further steps by 2029 at the earliest.

The transaction was closed on 16 September 2022.

Purchase price allocation was completed at the end of the year under review. This resulted in an order backlog of € 5.8m, other intangible assets (mainly comprising customer-related intangible assets) of € 1.9m and inventories of € 1.2m. The goodwill of € 4.1m comprised non-separable intangible assets such as employee expertise and expected synergies. The acquired business was consolidated in the third quarter of 2022 for the first time.

The Group's shares in associates are recognised in accordance with the equity method of accounting. Reconciliation of the combined financial information to the carrying amount of the interest in the Group and the Group's share of the profit for the year is presented in the following tables.

	Koenig & Bauer Durst GmbH		Koenig & Bauer Celmacch S.R.L	
in €m	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**
Non-current assets	–	–	–	1.2
Current assets	4.8	14.8	–	33.6
Non-current liabilities	–	–	–	-0.9
Current liabilities	-24.9	-41.3	–	-27.9
Net assets (100%)	**-20.1**	**-26.5**	**–**	**6.0**
Group share in net assets	-10.1	-13.2	–	3.0
Shares in associates	-0.2	-0.2	–	16.4
Unrecognised share of net assets (including PPA effects)	-9.9	-13.0	–	-3.4
Financial investments in associates	**–**	**–**	**–**	**16.0**

	Koenig & Bauer Durst GmbH		Koenig & Bauer Celmacch S.R.L	
in €m	2021	**2022**	2021	**16.09.-31.12. 2022**
Revenue	10.1	9.2	–	11.3
Earnings (100%)	**-6.6**	**-6.4**	**–**	**0.8**
Group share of earnings	-3.3	-3.2	–	0.4
Unrecognised share of earnings	-3.3	-3.2	–	2.0
Group share of earnings	**–**	**–**	**–**	**0.4**

Financial and other assets

The terms to maturity of financial and other assets are shown below:

in €m	31.12.2021	Term to maturity up to 1 year	more than 1 year	**31.12.2022**	**Term to maturity** **up to 1 year**	**more than 1 year**
Trade receivables						
from affiliates	5.6	5.6	–	5.6	5.6	–
from associates	2.3	2.3	–	4.9	4.9	–
from third parties	86.8	82.4	4.4	111.1	108.3	2.8
	94.7	**90.3**	**4.4**	**121.6**	**118.8**	**2.8**
Investments	6.9	–	6.9	22.8	–	22.8
Other financial receivables						
from affiliates	3.0	3.0	–	1.8	1.8	–
from associates	9.5	9.5	–	13.5	13.5	–
derivatives	0.1	0.1	–	3.4	3.2	0.2
sundry other financial receivables	31.5	13.4	18.1	33.7	15.2	18.5
	51.0	**26.0**	**25.0**	**75.2**	**33.7**	**41.5**
Other assets						
contract assets	122.6	122.4	0.2	142.6	142.6	–
payments for inventories to third parties	12.9	12.9	–	14.3	14.3	–
tax receivables	50.3	49.7	0.6	37.6	37.3	0.3
prepayments	7.6	5.2	2.4	7.3	6.0	1.3
	193.4	**190.2**	**3.2**	**201.8**	**200.2**	**1.6**
	339.1	**306.5**	**32.6**	**398.6**	**352.7**	**45.9**

Performance obligations for customer contracts comprise **trade receivables** of € 33.3m (previous year: € 12.6m) and **contract assets** of € 137.5m (previous year: € 116.5m).

The increase in contract assets in the Group is mainly due to the greater performance progress and the related increase in the percentage of completion for customer-specific production orders.

Other financial receivables from derivatives are detailed in Note (G) (11).

Miscellaneous **other financial assets** comprise non-current claims of € 15.9m (previous year: € 16.2m) held against insurance companies arising from the partial external funding of the company pension scheme in Germany.

At the end of the year, the other financial assets included € 0.5m from customer finance lease contract entered in 2021 (previous year: € 0.8m), totalling € 0.6m (previous year: € 0.8m) and an interest share of € 0.1m (previous year: € 0.0m), with those due in less than one year representing € 0.2m (previous year: € 0.2m) of a total of € 0.2m (previous year: € 0.2m). For the years 2024 to 2025 the amount of receivables due is € 0.3m with a total of € 0.4m. This contract expires in 2026.

(3) Inventories

in €m	31.12.2021	31.12.2022
Raw materials, consumables and supplies	118.0	165.2
Work in progress	206.5	249.3
Finished goods and products	7.1	11.7
	331.6	**426.2**

The carrying amount of inventories balanced at net realisable value was € 163.8m (previous year: € 140.7m). Total value adjustments were increased by € 0.1m (previous year: decrease of € 5.2m).

(4) Securities

These refer to shares in a fund combining stocks and bonds. The market value of the fund was € 6.3m (previous year: € 7.3m). In so far as the securities are pledged to employees in order to hedge phased retirement schemes, a balancing of the market value with the other provisions takes place.

(5) Cash and cash equivalents

in €m	31.12.2021	31.12.2022
Cheques, cash in hand	0.3	0.2
Balances with banks	129.2	132.0
	129.5	**132.2**

(6) Deferred taxes

Deferred tax assets and liabilities relate to the following items.

	Deferred tax assets		Deferred tax liabilities	
in €m	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Assets				
Intangible assets, property, plant and equipment	2.0	1.1	43.0	40.9
Inventories	41.3	44.9	1.9	2.1
Financial receivables and other assets	5.8	26.5	30.0	31.1
Securities	0.6	0.9	0.5	0.4
Equity and liabilities				
Provisions	41.9	27.5	6.5	8.7
Financial payables and other liabilities	18.7	9.5	40.1	55.8
	110.3	**110.4**	**122.0**	**139.0**
Tax loss carryforwards	36.0	45.3	–	–
Others	-0.5	-0.1	–	-0.2
Offset	-53.5	-65.8	-53.5	-65.8
	92.3	**89.8**	**68.5**	**73.0**
of which current deferred taxes	9.4	8.2	19.4	22.3

At the end of the year there were loss carryforwards of € 264.8m (previous year: € 295.3m) and temporary differences of € 165.5m (previous year: € 156.6m) for which no deferred tax assets were recognised. The recognition of deferred tax assets, even though the respective companies made a loss, amounted to € 0.5m (previous year: € 28.3m)

No deferred tax liability was recognised on temporary differences on shares of € 9.6m (previous year: € 9.6m), as a reversal is not likely in the foreseeable future.

(7) Equity

The purpose of capital management is to maintain our creditworthiness in capital markets, support our operating activities with adequate liquidity and substantially enhance our corporate value.

Management controls the Group's liquidity on the basis of continuous monitoring and planning of cash flows, taking into account credit lines and the maturity structure of financial assets and liabilities. For this purpose, net working capital (31 December 2022: € 332.6m, previous year: € 297.1m) and the net financial position (31 December 2022: € -63.7m, previous year: € 2.9m) are the main target and control parameters.

The Group has access to syndicated finance consisting of a guarantee facility and a revolving credit facility of € 200m each with a term expiring in December 2024, which was increased in the previous year by a further € 120m due to the Covid-19 pandemic and with the help of KfW. No dividend distributions can be made during the term of the KfW loan. Compliance with the contractual leverage ratio was reviewed at regular intervals. The covenants were complied with in 2022.

The Group-wide external financing framework also consists of further credit facilities, including for guarantees, of a significant scale.

Credit facilities not utilised by Koenig & Bauer amounted to € 153.8m as of the reporting date (previous year: € 214.9m).

Changes in shareholders' equity are described on page 57.

Share capital

The Parent's share capital at 31 December 2022 totalled 16,524,783 (previous year: 16,524,783) no-par shares with a nominal value of € 2.60. At the annual general meeting held on 24 May 2022, the shareholders authorized the Management Board to increase the Company's subscribed capital by up to € 8.6m through the issue of new shares. This authorisation expires on 23 May 2026.

All bearer shares issued were paid up in full and convey attendance and voting rights at shareholder meetings plus full dividend entitlement.

Share premium

There was no change to capital reserves compared to the previous year.

Reserves

Deferred taxes increased reserves by € -13.1m (previous year: € -3.9m), with defined benefit pension plans accounting for € -12.2m (previous year: € -4.9m) and derivatives of € -1.1m (previous year: € 1.1m).

(8) Pension provisions and similar obligations

Koenig & Bauer grants retirement, disability and survivors' benefits to a large number of employees. The main pension obligations are in Germany and Switzerland.

In Germany, the company pension scheme has been converted from a defined benefit obligation with pension benefits which were defined as a fixed amount subject to adjustment rates or which were based on the applicable wage and salary group upon eligibility arising in favour of a defined contribution obligation. Koenig & Bauer provides the participating employees with an initial component for the past service period until 31 December 2016 as well as recurring contributions based on the salary group which are paid into a pension liability insurance scheme together with the contributions made by the employees. The benefits are paid in the form of a monthly pension. Parts of the pension liability insurance are individually pledged to the respective beneficiaries or are held as part of a CTA construction and are thus classified as plan assets, which are offset against the underlying obligation. In addition, there are further non-pledged pension liability insurance policies classified as refund claims in accordance with IAS 19. They are reported within other financial receivables.

In Switzerland retirement benefits include legally defined benefits that are secured by pension funds. Employers' and employees' contributions are paid into these pension funds. Employees can choose between a one-off payment or regular payments upon retirement, invalidity or death. The plans are fully funded by the Group's subsidiaries. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

The extent of the (defined-benefit) pension obligation was calculated using actuarial methods which necessarily entailed making estimates.

The discount rate of 3.9% (previous year: 1.52%) applied in Germany was calculated on the basis of capital market interest rates provided by Heubeck AG. It is based on the individual cash flow profile and the final interest rate is determined using the discounted cash flow method. As of 31 December 2022, the formulae underlying the calculation model were enhanced, resulting in an improved balance in the weighting of the individual corporate bonds. If the retirement benefit obligations had been measured on the basis of an interest rate determined according to the method used in the previous year, they would have been approximately € 11.1m lower and the plan assets would have been roughly € 5.4m lower. Service cost in the following year would have decreased by approximately € 0.3m.

In the case of other European companies, a weighted discount rate of 2.8% (previous year: 0.7%) is applied. In addition, salary increase rates of 2.5%

(previous year: 1.8%) are assumed for other European countries. The pension adjustment rate is assumed to be 1.7% (previous year: 1.7%) in Germany and 0.2% (previous year: 0.4%) in other European countries. Changes in actuarial assumptions that are not otherwise explained in detail had only an insignificant impact on the retirement benefit obligations. The 2018 G Heubeck guidelines are used as a basis for the assessment of the German pension obligations.

The present value of pension obligations and the fair value of plan assets changed as follows:

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	Present value of pension obligations		Fair value of plan assets		Net obligation/ net asset	
in €m	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**
Status at 01.01.	**320.7**	**292.9**	**-155.8**	**-153.8**	**164.9**	**139.1**
Recognised in profit or loss						
Current service cost	9.5	8.4	–	–	9.5	8.4
Past service cost	-4.2	–	–	–	-4.2	–
Interest cost/income	2.2	3.5	-1.0	-1.7	1.2	1.8
	7.5	**11.9**	**-1.0**	**-1.7**	**6.5**	**10.2**
Recognised in other comprehensive income						
Actuarial gain/loss						
demographic assumptions	-1.0	–	–	–	-1.0	–
financial assumptions	-27.2	-85.0	0.1	0.9	-27.1	-84.1
experience adjustments	-2.4	0.6	-1.1	-0.7	-3.5	-0.1
Return on plan assets	–	–	13.5	32.8	13.5	32.8
	-30.6	**-84.4**	**12.5**	**33.0**	**-18.1**	**-51.4**
Other						
Contributions paid by employer	–	–	-6.5	-6.6	-6.5	-6.6
Contributions paid by plan beneficiaries	0.2	0.3	-2.8	-3.0	-2.6	-2.7
Benefits paid	-9.5	-13.4	3.5	7.3	-6.0	-6.1
Foreign currency changes	4.5	2.9	-3.7	-2.0	0.8	0.9
Sundry	0.1	–	–	–	0.1	–
	-4.7	**-10.2**	**-9.5**	**-4.3**	**-14.2**	**-14.5**
Status at 31.12.	**292.9**	**210.2**	**-153.8**	**-126.8**	**139.1**	**83.4**

A reduction in the conversion rate in Switzerland led to past service costs of € -4.2m.

Pension provisions and similar obligations constituted the following:

in €m	31.12.2021	31.12.2022
Present value of non-funded obligations	108.7	78.2
Present value of funded obligations	184.2	132.0
Present value of obligations	**292.9**	**210.2**
Fair value of plan assets	-153.8	-126.8
Cap due to limitation of net assets	–	–
Net value	**139.1**	**83.4**
Pension provisions and similar obligations	140.8	86.3
Net defined benefit asset	-1.7	-2.9

Plan assets comprised € 25.2m (previous year: € 24.8m) from shares and equity securities, € 9.1m (previous year: € 8.7m) from loans, € 1.4m (previous year: € 1.4m) from cash and cash equivalents, € 56.8m (previous year: € 83.7m) from pension liability insurance, € 17.6m (previous year: € 16.8m) from real estate and € 16.7m (previous year: € 18.4m) from other assets. All shares, equity securities and loans have quoted prices in active markets. All loans are bonds issued by European governments and are rated AAA or AA, based on rating agency ratings.

Furthermore, the following reimbursement rights exist under pension liability insurance.

	Present value of reimbursement rights	
in €m	31.12.2021	31.12.2022
Status at 01.01.	**7.0**	**7.8**
Recognised in profit or loss		
Interest cost/income	0.1	0.1
	0.1	**0.1**
Recognised in other comprehensive income		
Other income from reimbursement rights	0.2	0.2
	0.2	**0.2**
Other		
Contributions paid by employer	0.9	–
Benefits paid	-0.3	-0.3
Sundry	-0.1	–
	0.5	**-0.3**
Status at 31.12.	**7.8**	**7.8**

The actual return on plan assets was € 0.9m (previous year: € 0.9m). The anticipated rate of return is 1.3% (previous year: 0.7%), based on returns in previous years.

The plan contributions to be paid in 2023 will amount to € 9.6m (previous year: € 9.3m). In addition, retirement benefits of € 5.6m (previous year: € 5.7m) are payable.

The weighted duration of pension obligations is 14.9 years (previous year: 17.9).

Defined-benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk.

Expenses for defined-contribution plans totalled € 32.1m (previous year: € 34.8m).

The impacts of a change to an actuarial parameter on the present value of a pension obligation, whereby residual parameters remain unchanged, were as follows:

	Benefit obligation			
	Increase		Decrease	
in €m	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**
Discount rate (0.5% change)	-23.2	**-13.4**	26.5	**15.0**
Salary increase rate (0.5% change)	1.1	**0.9**	-1.0	**-0.9**
Pension increase rate (0.5% change)	12.2	**7.4**	-7.7	**-4.6**
Fluctuation rate (0.5% change)	-1.0	**0.2**	0.5	**-0.1**
Life expectancy (1 year change)	10.5	**5.8**	-10.5	**-6.0**

(9) Other provisions

in €m	01.01.2022	Utilisation	Reversal	Addition	Unwind of discount	Exchange differences	Reclassi-fications	31.12.2022
Other provisions								
for personnel and social obligations	15.7	10.4	0.2	10.8	0.1	0.1	0.2	**16.3**
for restructuring	26.3	12.3	2.9	0.2	–	–	–	**11.3**
for warranties and goodwill gestures	40.5	10.8	7.3	13.8	–	0.4	–	**36.6**
for obligations related to sales	19.5	4.5	1.0	9.9	–	–	–	**23.9**
for sundry obligations	49.6	25.4	1.1	27.1	–	0.2	-0.2	**50.2**
	151.6	**63.4**	**12.5**	**61.8**	**0.1**	**0.7**	**–**	**138.3**
of which								
non-current provisions	47.9							**31.7**
current provisions	103.7							**106.6**
	151.6							**138.3**

Provisions for **personnel and social obligations** include provisions for long-service benefits, performance-related remuneration and phased retirement credits as far as these were not offset against securities.

Restructuring provisions include amounts set aside for the realignment of the Group under the "P24x" efficiency programme for continuing and accelerating innovation processes and new process and product developments. Due to the efficient implementation of socially responsible measures, the provisions were reduced by € 2.9m in the year under review.

Provisions for **obligations related to sales** refer in particular to litigation risks, commission obligations and provisions for contingent losses.

The provisions for **sundry obligations** include performance obligations of € 16.1m (previous year: € 14.5m) as well as variable compensation, dismantling obligations and other obligations.

Long-term provisions included obligations relating to phased retirements plans, long-service benefits and all sundry other provisions with a maturity of more than 1 year.

Koenig & Bauer assumes that of the current provisions € 11.1m for personnel obligations, € 6.4m for restructuring, € 31.3m for warranties and goodwill gestures, € 23.7m for obligations related to sales and € 34.1m for sundry obligations will lead to a cash outflow within one year. Cash outflows are not expected to occur until 2024 in the case of all the other provisions.

(10) Financial and other liabilities

in €m	31.12.2021	Term to maturity up to 1 year	Term to maturity more than 1 year	31.12.2022	Term to maturity up to 1 year	Term to maturity more than 1 year
Trade payables						
to affiliates	1.0	1.0	–	0.8	0.8	–
to third parties	63.9	63.8	0.1	103.9	103.9	–
	64.9	**64.8**	**0.1**	**104.7**	**104.7**	**–**
Bank loans	126.6	34.2	92.4	195.9	59.5	136.4
Other financial payables						
from derivatives	3.1	3.1	–	0.5	0.5	–
sundry	96.8	71.6	25.2	114.1	91.9	22.2
	226.5	**108.9**	**117.6**	**310.5**	**151.9**	**158.6**
Other liabilities						
from payments received from third parties	192.9	192.9	–	257.6	257.6	–
from taxes	44.1	44.1	–	28.2	28.2	–
sundry	24.1	14.2	9.9	22.3	13.2	9.1
	261.1	**251.2**	**9.9**	**308.1**	**299.0**	**9.1**
	552.5	**424.9**	**127.6**	**723.3**	**555.6**	**167.7**

Bank loans were secured by mortgages to the value of € 6.9m (previous year: € 7.6m) and the assignment of trade receivables totalling € 2.8m (previous year: € 2.8m). The carrying amounts of property, plant and equipment pledged as collateral came to € 16m (previous year: € 17.9m) and of trade receivables € 3.7m (previous year: € 3.1m). Failure to fulfil contractual obligations may result in the seizure of collateral.

Sundry other financial payables included finance leases to the sum of € 29.4m (previous year: € 31.4m). Further information on leases is provided under Note (G) (13).

The present value of future payments for finance leases was broken down as follows.

in €m	31.12.2021	Term to maturity up to 1 year	Term to maturity 1 to 5 years	Term to maturity more than 5 years	31.12.2022	Term to maturity up to 1 year	Term to maturity 1 to 5 years	Term to maturity more than 5 years
Minimum lease payments	31.9	7.5	15.7	8.7	30.1	8.4	15.4	6.3
Interest portion	-0.5	-0.1	-0.3	-0.1	-0.7	-0.3	-0.3	-0.1
Present value of finance lease	**31.4**	**7.4**	**15.4**	**8.6**	**29.4**	**8.1**	**15.1**	**6.2**

The derivatives included in sundry other financial liabilities are explained more fully in Note (G) (11).

Furthermore, sundry other financial liabilities in particular comprised Group obligations for outstanding supplier invoices and liabilities to employees for holiday entitlements and overtime.

Other liabilities included payments received of € 31.4m (previous year: € 27m) for customer-specific production.

The increase in prepayments received in the Group in the year under review is mainly due to the higher incoming payments.

(11) Derivatives

The effects of foreign currency-related hedges on the Group's net assets, financial position and results of operations are listed in the following table.

The **nominal amount** of derivatives signifies a calculated reference amount from which payments are deduced. The risk therefore lies not in the nominal amount but in changes in the related exchange and interest rates.

The **marktet value** corresponds to the gains and losses derived from a fictitious offsetting of derivatives on the balance sheet date calculated using standardised measurement procedures.

in €m	2021	**2022**
Forward contracts		
Nominal amount	80.4	88.5
Term to maturity more than 1 year	–	9.5
Market value	-3.0	3.3
Hedging ratio	100%	100%
Currency options		
Nominal amount	–	12.3
Term to maturity more than 1 year	–	–
Market value	–	-0.4
Hedging ratio	–	100%

Forward contracts with a maturity of up to 13 months (previous year: up to 12 months), which were used to hedge the calculation rate of other foreign currency trade contracts, correlated with underlying transactions with the same maturity. The currencies hedged were primarily USD, JPY and GBP. The fair value of forward exchange contracts with a nominal volume of € 88.5m (previous year: € 80.4m) amounts to € 3.3m (previous year: € -3m).

As the hedges entered into in 2022 were not designated in hedge accounting, the reserve recognized directly in equity dropped to zero as of 31 December 2022.The hedging ratio stands at 100%.

The average hedge rates (economic hedging) for the major currency pairs as of 31 December 2022 are shown below.

in €m	2021	**2022**
Hedging rate		
Average EUR-USD-Forward exchange rate	1.1953	1.0494
Average EUR-JPY-Forward exchange rate	129.4975	139.9100
Average EUR-GBP-Forward exchange rate	0.8637	0.8508

The following table shows the changes in the cash flow hedge reserve within consolidated equity.

in €m	2021	**2022**
Status at 01.01.	**0.1**	**-2.6**
Changes recognised within other comprehensive income	-3.1	-0.3
Recycled from other comprehensive income to profit and loss	-0.7	4.0
Deferred taxes	1.1	-1.1
Status at 31.12.	**-2.6**	**–**

(12) Further disclosures on financial instruments

in €m	31.12.2021 Carrying amount	Measurement: Amortised cost	Measurement: FVTPL Fair value through profit and loss	Measurement: FVOCI Fair value through OCI	Measurement: Fair value hedges	31.12.2021 Fair value
Assets						
Investments and other financial receivables						
interests in affiliates	6.8	–	–	6.8	–	–
loans	0.1	0.1	–	–	–	0.1
lease receivables	0.8	0.8	–	–	–	0.8
other financial receivables from hedge accounting	0.1	–	–	–	0.1[2]	0.1
sundry other financial receivables	43.2	43.2	–	–	–	43.2
	51.0	**44.1**	**–**	**6.8**	**0.1**	**44.2**
Trade receivables	82.1	82.1	–	–	–	82.1
Gross amounts due from customers for contract work	12.6	12.6	–	–	–	12.6
Securities	3.8	–	3.8[1]	–	–	3.8
Cash and cash equivalents	129.5	129.5	–	–	–	–
	279.0	**268.3**	**3.8**	**6.8**	**0.1**	**142.7**
Liabilities						
Bank loans and other financial payables						
bank loans	126.6	126.6	–	–	–	126.6
lease liabilities	31.4	31.4	–	–	–	31.4
other financial payables from derivatives	–	–	–	–	–	–
other financial payables from hedge accounting	3.1	–	–	–	3.1[2]	3.1
sundry other financial payables	65.4	65.4	–	–	–	65.4
	226.5	**223.4**	**–**	**–**	**3.1**	**226.5**
Trade payables	64.9	64.9	–	–	–	64.9
	291.4	**288.3**	**–**	**–**	**3.1**	**291.4**

[1] level 1 of fair-value-hierarchy
[2] level 2 of fair-value hierarchy

in €m	31.12.2022 Carrying amount	Measurement: Amortised cost	Measurement: FVTPL Fair value through profit and loss	Measurement: FVOCI Fair value through OCI	Measurement: Fair value hedges	31.12.2022 Fair value
Assets						
Investments and other financial receivables						
interests in affiliates	22.8	–	–	22.8	–	–
loans	–	–	–	–	–	–
lease receivables	0.5	0.5	–	–	–	0.5
other financial receivables from derivatives	3.4	–	3.4[2]	–	–	3.4
sundry other financial receivables	48.5	48.5	–	–	–	48.5
	75.2	**49.0**	**3.4**	**22.8**	**–**	**52.4**
Trade receivables	88.3	88.3	–	–	–	88.3
Gross amounts due from customers for contract work	33.3	33.3	–	–	–	33.3
Securities	3.5	–	3.5[1]	–	–	3.5
Cash and cash equivalents	132.2	132.2	–	–	–	–
	332.5	**302.8**	**6.9**	**22.8**	**–**	**177.5**
Liabilities						
Bank loans and other financial payables						
bank loans	195.9	195.9	–	–	–	195.9
lease liabilities	29.4	29.4	–	–	–	29.4
other financial payables from derivatives (options)	0.4	–	0.4	–	–	0.4
other financial payables from derivatives (forward contracts)	0.1	–	0.1[2]	–	–	0.1
sundry other financial payables	84.7	84.7	–	–	–	84.7
	310.5	**310.0**	**0.5**	**–**	**–**	**310.5**
Trade payables	104.7	104.7	–	–	–	104.7
	415.2	**414.7**	**0.5**	**–**	**–**	**415.2**

For **interests in affiliates** no prices were quoted in an active market. A fair value is not determined because the non-consolidated subsidiaries are of minor importance to the Group.

The fair value of **other financial receivables/payables from derivatives** was the market value. This is calculated from forward exchange transactions based on forward exchange rates, for interest rate swaps the expected future cash flows are discounted using current market interest rates.

The figures disclosed for **securities, cash and cash equivalents** were the quoted market prices.

Lease liabilities refer to payment obligations discounted at the market interest rate.

The fair values of **loans** and **sundry other financial receivables/payables** were basically the carrying amounts recognised at amortised cost.

The financial instruments are not offset, as the offsetting requirements of IAS 32 are not satisfied. Furthermore, there are no contingent netting agreements (e.g. in the event of insolvency).

The maximum **credit risk** relating to financial assets corresponded to the carrying amounts, with no perceptible risks relating to financial assets that were neither value-adjusted nor overdue.

The **liquidity risk** derived from cash flows comprising contractual payments of interest and capital on bank loans. Interest-bearing debts and payables from leases will result in a liquidity outflow of € 77.7m (previous year: € 46.3m) within the next twelve months, € 152.2m (previous year: € 103.5m) in one to three years and € 13.5m (previous year: € 15.5m) in more than three years from now. Derivative financial instruments with a negative market value will result in liquidity outflows of € 14.4m (previous year: € 73.8m) and liquidity inflows of € 13.9m (previous year: € 70.7m) next year. Additional liquidity will be required for sundry other financial payables, other financial payables and financial guarantees.

Interest, exchange and credit risks relating to financial assets and liabilities at the balance sheet date are indicated in the following chart showing the associated net gains and losses.

.

			from subsequent measurement			
in €m	**Net gain/loss**	from interest	due to impairment	currency impact	from disposal	Other
2021						
Equity instruments at fair value through other comprehensive income	**0.1**	–	–	–	–	0.1
Debt instruments at fair value through profit and loss	**-1.0**	–	–	-1.0	–	–
Financial assets at amortised cost	**-1.1**	-1.6	-0.8	3.0	-1.7	–
Gross amounts due from customers for contract work at amortised cost	**0.4**	–	0.4	–	–	–
Financial liabilities at amortised cost	**-11.2**	-7.6	–	-3.6	–	–
	-12.8	**-9.2**	**-0.4**	**-1.6**	**-1.7**	**0.1**
2022						
Equity instruments at fair value through other comprehensive income	**0.2**	–	–	–	–	0.2
Debt instruments at fair value through profit and loss	**4.4**	-0.2	–	5.6	–	-1.0
Financial assets at amortised cost	**-10.4**	-2.1	-0.4	-4.9	-3.0	–
Gross amounts due from customers for contract work at amortised cost	**-0.3**	–	-0.3	–	–	–
Financial liabilities at amortised cost	**-6.7**	-4.3	–	-2.4	–	–
	-12.8	**-6.6**	**-0.7**	**-1.7**	**-3.0**	**-0.8**

The credit risk for trade receivables and contract assets is managed by recognising impairments in the amount of the expected credit losses over the term. The carrying amounts correspond with the maximum credit risk. In addition, there are secured trade receivables of € 3.2m (previous year: € 2.4m) that are not exposed to any credit risk, as they are covered by appropriate insurances.

in €m	Expected loss ratio	Carrying amount creditworthiness not impaired	Carrying amount creditworthiness impaired	31.12.2021
not overdue	0.2%	172.7	–	172.7
overdue by 1-30 days	1.3%	22.6	–	22.6
overdue by 31-90 days	2.9%	6.7	–	6.7
overdue by 91-180 days	3.7%	2.6	–	2.6
overdue by 181-360 days	13.6%	1.9	–	1.9
overdue by more than 360 days	73.9%	0.6	–	0.6
Group		**207.1**	**–**	**207.1**

in €m	Expected loss ratio	Carrying amount creditworthiness not impaired	Carrying amount creditworthiness impaired	31.12.2022
not overdue	0.0%	204.6	–	204.6
overdue by 1-30 days	0.8%	13.2	–	13.2
overdue by 31-90 days	0.5%	21.2	–	21.2
overdue by 91-180 days	1.6%	6.2	–	6.2
overdue by 181-360 days	2.3%	4.3	–	4.3
overdue by more than 360 days	75.0%	5.2	0.4	5.6
Group		**254.7**	**0.4**	**255.1**

The following table presents the impairments of trade receivables and contract assets. Impairments of € 2.4m (previous year: € 2.3m) have also been recognised on other financial assets.

Impairments

in €m	Creditworthiness not impaired	Creditworthiness impaired	31.12.2021	Creditworthiness not impaired	Creditworthiness impaired	31.12.2022
1 January	**3.0**	**11.7**	**14.7**	**2.8**	**10.8**	**13.6**
Utilisation	-0.2	-0.5	-0.7	–	-0.9	-0.9
Reversal	–	-1.9	-1.9	–	-1.7	-1.7
Addition	–	1.5	1.5	0.8	1.0	1.8
31 December	**2.8**	**10.8**	**13.6**	**3.6**	**9.2**	**12.8**

Foreign currency risks were assessed using a sensitivity analysis based on the premise that key currencies for the Group fluctuate in value by +/– 5% relative to the Euro. The effects of changes in currency exchange rates on equity and the net profit/loss are shown in the following table.

	Equity		Net profit/loss	
in €m	31.12.2021	31.12.2022	31.12.2021	31.12.2022
Devaluation USD by 5%	2.1	–	-0.5	2.3
Revaluation USD by 5%	-2.3	–	0.6	-2.7
Devaluation CHF by 5%	1.3	–	1.3	0.7
Revaluation CHF by 5%	-1.4	–	-1.4	-0.8

A sensitivity analysis to assess **interest rate risks**, based on the assumption that variable interest rates would fluctuate by +/– 5%, revealed that such fluctuations would have had no significant impact on equity in the business year.

(13) Leases

Lease agreements with **Koenig & Bauer as lessee** relate mainly to the rental of land, business premises and warehouses along with the lease of production facilities and vehicles.

The term of the rental agreements for real estate is 5 to 10 years, usually with the option of extending the agreement at the end of the term. The rental instalments are either regularly adjusted on the basis of price indices or renegotiated in the event of a contract extension. Lease agreements for vehicles are generally concluded for a term of 3 years.

Right-of-use assets in connection with lease agreements are reported in intangible assets and property, plant and equipment under Note (F) as follows.

in €m	Carrying amount 01.01.	Additions	Annual depreciation	Other	Carrying amount 31.12.
2021					
Intangible assets					
Industrial property rights and similar rights	0.3	–	0.1	–	0.2
	0.3	**–**	**0.1**	**–**	**0.2**
Property, plant and equipment					
Land and buildings	17.7	1.3	4.1	0.1	15.0
Plant and machinery	0.6	0.1	0.3	–	0.4
Other facilities, factory and office equipment	4.2	2.7	2.9	-0.1	3.9
	22.5	**4.1**	**7.3**	**–**	**19.3**
	22.8	**4.1**	**7.4**	**–**	**19.5**
2022					
Intangible assets					
Industrial property rights and similar rights	0.2	–	0.1	–	0.1
	0.2	**–**	**0.1**	**–**	**0.1**
Property, plant and equipment					
Land and buildings	15.0	3.4	4.6	0.1	13.9
Plant and machinery	0.4	0.1	0.2	-0.0	0.3
Other facilities, factory and office equipment	4.0	2.5	2.8	0.2	3.9
	19.4	**6.0**	**7.6**	**0.3**	**18.1**
	19.6	**6.0**	**7.7**	**0.3**	**18.2**

The carrying amount of land and buildings includes a right of use asset of € 1.2m under a sale and leaseback transaction with a lease term of 10 years and two extension options for 5 years each at the same conditions as well as a special right of termination after 5 years. The options can only be exercised by Koenig & Bauer. The Group does not currently expect to exercise the options. Koenig & Bauer estimates that the exercise of all uncertain options would result in an additional lease liability of € 21.9m (previous year: € 28.1m) for the Group. If the special termination right is exercised, the leasing liabilities will be reduced by € 1.3m.

Under a finance lease for a flexible packaging machine, in which **Koenig & Bauer is the lessor**, a gain of € 0.1m was realised in previous year and receivables under finance leases were recognised (see also (G) (2)).

The amounts recognised in the income statement for leases are summarised in the following table.

in €m	
2021	
Depreciation and amortization	7.3
Interest expenses	0.3
Short-term leases	0.4
Leases for low-value assets	0.3

2022	
Depreciation and amortization	7.7
Interest expenses	0.3
Short-term leases	0.5
Leases for low-value assets	0.7

Further details on leases are given in Note (G) (18) and (I).

(14) Other financial obligations and contingent liabilites

Other financial obligations

		Term to maturity				**Term to maturity**		
in €m	**31.12.2021**	up to 1 year	1 to 5 years	more than 5 years	**31.12.2022**	**up to 1 year**	**1 to 5 years**	**more than 5 years**
Obligations from:								
off-balance leases	**2.7**	0.9	1.8	–	**2.3**	1.0	1.3	–
service contracts	**19.8**	11.5	8.2	0.1	**21.0**	11.5	9.5	–
investment plans	**3.0**	3.0	–	–	**2.3**	2.3	–	–
sundry other obligations	**7.8**	7.5	0.3	–	**23.5**	18.1	5.4	–
	33.3	**22.9**	**10.3**	**0.1**	**49.1**	**32.9**	**16.2**	**–**

Other financial obligations for leases mainly comprise low-value assets and relate primarily to the IT area. There are renewal options at standard market conditions. Obligations from leases are stated at the minimum lease payments. In the year under review, other financial liabilities for leases includes a lease for land and buildings and a residual value guarantee.

Investment plans include obligations to invest in property, plant and equipment to the value of € 2.3m (previous year: € 3m).

Contingent liabilites

These comprise contingencies totalling € 12.1.m (previous year: € 12.3m) from financial guarantees, primarily relating to repurchase obligations to lessors and banks. The guaranteed repurchase price decreased over the term of the repurchase obligation.

Provisions totalling € 1.8m (previous year: € 2.9m) were created for existing risks that were not classified as minor.

(H) Explanatory notes to the income statement

(15) Revenue

The Group primarily generated revenue from contracts with customers. Revenue from the sale of presses came to € 821.3m (previous year: € 774.3) and revenue from other deliveries and services € 364.4m (previous year: € 341.5m). The breakdown by product group is shown in Note (J).

In the year under review, revenue from customer-specific production of € 266.4m (previous year: € 228.5m) was recognised, cumulative revenue from orders not yet completed as of the balance sheet date amounted to € 715.7m (previous year: € 721.6m).

The prepayments received as of 1 January resulted in revenues of € 175m in the year under review (previous year: € 181.6m).

Further details can be found in Segment Information, Note (J).

(16) Expenses by function

Cost of sales

The **cost of sales** included in previous year product developments of € 0.2m as well as subsidies for apprentice training and job promotion of € 0.1m.

Manufacturing costs for customer-specific projects still in progress on the balance sheet date amounted to € 496.1m (previous year: € 497.1m).

Research and development costs

Research and development costs of € 54.2m were higher than the previous year's figure of € 46.7m. This included research grants of € 1.5m (previous year: € 0.3m).

Distribution costs and administrative expenses

Distribution costs increased over the previous year from € 131.1m to € 147.3m. **Administrative expenses** increased from € 88.4m to € 92.8m. Administrative expenses include an advance of € 0.2m (previous year: € 0.2m) by the government of Lower Franconia for the vocational training school in Würzburg.

(17) Expenses by nature

Material costs

in €m	2021	2022
Cost of raw materials, consumables, supplies and purchased goods	440.1	441.9
Cost of purchased services	99.9	121.4
	540.0	**563.3**

Personnel costs (in accordance with the nature of expense method)

in €m	2021	2022
Wages and salaries	350.1	347.8
Social security and other benefits	64.9	68.3
Pensions	5.6	8.0
	420.6	**424.1**
Average payroll:		
Wage-earning industrial staff	2,562	2,539
Salaried office staff	2,586	2,568
Apprentices/students	289	289
	5,437	**5,396**

Reimbursements from the Federal Employment Agency for social security expenses in connection with short-time work reduced personnel expenses by € 0.1m (previous year: € 1.9m).

Due to government support programmes in connection with the Covid-19 pandemic, personnel expenses decreased by € 1.1m (previous year: € 5.8m).

(18) Other income and expenses

in €m	2021	2022
Gains from the disposal of intangible assets, property, plant and equipment	0.2	0.4
Foreign currency gains	4.4	5.1
Currency measurement	5.5	8.8
Sundry other operating income	7.1	11.6
Other operating income	**17.2**	**25.9**
Losses from the disposal of intangible assets, property, plant and equipment	-0.3	-0.6
Foreign currency losses	-6.1	-11.9
Currency measurement	-6.4	-5.2
Sundry other operating expenses	-8.8	-8.8
Other operating expenses	**-21.6**	**-26.5**
Impairment gains and losses on financial assets	**0.9**	**0.3**
Other income and expenses	**-3.5**	**-0.3**

Sundry other operating income included an amount of € 5.1m (previous year: € 4.8m) from the release of provisions. It also comprised insurance and compensation claims and other refunds.

Sundry other operating expenses included customer credit notes, warranty claims and contributions to provisions for legal and sales risks.

Impairment gains and losses on financial assets primarily related to trade receivables and contract assets.

(19) Financial result

in €m	2021	2022
Other financial results		
Income from interests in affiliates	0.1	0.5
Expenses from shares in associated companies	–	-0.3
Expenses from interests in associates	-0.1	-0.3
Expenses/Income from securities	0.1	-0.7
	0.1	**-0.8**
Interest result		
Other interest and similar income	1.0	1.3
of which affiliates	(0.3)	(0.4)
Other interest and similar expenses	-10.5	-10.1
from pension obligations	(-1.2)	(-1.8)
	-9.5	**-8.8**
Financial result	**-9.4**	**-9.6**

(20) Income taxes

in €m	2021	2022
Actual tax expenses	-8.7	-7.9
Deferred taxes from loss carryforwards	1.1	9.3
Deferred taxes from temporary differences	2.7	-3.6
Prior-period income taxes	0.4	0.1
	-4.5	**-2.1**

in €m	2021	2022
Earnings before taxes	**19.0**	**13.2**
Group tax rate	30.0 %	30.0 %
Expected taxes	**-5.7**	**-4.0**
Tax effects from		
variances due to different tax rates	1.8	1.5
tax-free earnings	10.9	0.7
impairment gains/losses	-6.5	-1.2
tax additions and settlements	-5.0	1.6
Other	–	-0.7
Income tax	**-4.5**	**-2.1**

The approach of previously unrecognised tax losses and temporary differences relating to subsidiaries led to deferred tax income of € 13.8m (previous year: € 0.1m). Their use reduced the actual tax expense by € 1m (previous year: € 3.4m).

(21) Earnings per share

	2021	**2022**
Net profit/loss attributable to owners of the Parent in €m	13.7	10.4
Weighted average of ordinary shares issued	16,524,783	16,524,783
Earnings per share in €	**0.83**	**0.63**

(I) Explanatory notes to the cash flow statement

The cash flow statement as per IAS 7 shows how Group funds changed as a result of cash inflows and outflows from operating, investing and financing activities.

Cash flows from operating activities were adjusted for currency translation effects. Funds totalling € 132.2m (previous year: € 129.5m) included cash and cash equivalents.

Total payments for leases amount to € 10m (previous year: € 10.7m). Interest paid for leases is included in the payments for lease liabilities. The changes in cash flows from financing activities are shown in the following table.

	2021			**2022**		
in €m	Bank loans	Lease liabilities	Equity	**Bank loans**	**Lease liabilities**	**Equity**
Balance as at 1 January	**184.9**	**36.3**	**342.2**	**126.6**	**31.4**	**369.4**
Proceeds from loans	2.0	–	–	75.4	–	–
Repayment of loans	-60.3	–	–	-6.0	–	–
Payments for lease liabilities	–	-10.0	–	–	-9.2	–
Payments for non-controlling interests	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–
New leases	–	4.1	–	–	5.9	–
Other changes	–	1.0	27.2	-0.1	1.3	53.4
Balance as at 31 December	**126.6**	**31.4**	**369.4**	**195.9**	**29.4**	**422.8**

(J) Segment information

Business segments

In accordance with IFRS 8 segment information for the Group distinguishes between the business segments Sheetfed, Digital & Webfed and Special. The operating segments of the Koenig & Bauer Group are determined on the basis of the business activities of the legal entities. The operating segments and products are described below.

The **Sheetfed segment** includes sheetfed offset presses for packaging and commercial printing as well as workflow and logistics solutions. The portfolio also includes peripheral equipment for finishing and processing printed products such as rotary/flatbed die cutters and folding-box gluing lines.

Digital and offset web-fed presses for decor, flexible packaging, newspaper and commercial printing are assigned to the **Digital & Webfed segment**. It also includes flexo presses for flexible packaging as well as presses for flexo and digital printing of corrugated board.

The **Special segment** is made up of special presses for banknote and security printing and systems for industrial marking and coding as well as special systems for direct metal decorating and glass and hollow container printing.

In determining the reportable segments, the following discretionary decisions were made:

- Sales companies are allocated to the segments in accordance with their activities
- Production companies are allocated to the segments in accordance with their activities
- Services are assigned to the respective segment
- Koenig & Bauer assumes that the operating segments have the same long-term earnings outlook

Segment information was based on the same accounting and consolidation procedures as the consolidated financial statements. Internal Group transactions contained in the segment result (earnings before interest and taxes (EBIT)) were classed as arm's length transactions.

Intersegment sales and other reconciliation effects between the business segments are contained in the reconciliation.

	Segments						Reconciliation		Group	
	Sheetfed		Digital & Webfed		Special					
in €m	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**
Revenue by product group										
Presses	492.5	512.3	60.6	74.4	242.2	254.9	-21.0	-20.3	774.3	821.3
Replacement parts	71.7	79.8	28.6	30.7	61.2	60.8	-2.7	-2.1	158.8	169.2
Service	71.1	75.9	29.9	30.8	71.7	78.6	-1.7	-0.8	171.0	184.5
Other	7.1	4.2	2.3	3.9	15.1	22.8	-12.8	-20.2	11.7	10.7
Revenue	**642.4**	**672.2**	**121.4**	**139.8**	**390.2**	**417.1**	**-38.2**	**-43.4**	**1,115.8**	**1,185.7**
EBIT	24.0	19.0	-38.5	-19.3	34.9	23.2	8.1	-0.9	28.5	22.0
Depreciation	15.6	17.5	4.0	4.9	9.2	7.7	9.1	9.9	37.9	40.0
Major non-cash expenses	35.4	36.0	11.2	4.1	17.0	12.7	8.3	5.1	71.9	57.9
Capital investments	10.2	21.0	1.4	2.2	12.1	10.2	12.8	16.4	36.5	49.8

Geographical breakdown

The geographical regions were defined according to their significance for Group income.

Reconciliation related to non-current financial assets and deferred tax assets.

	Revenue		Capital investments		Non-current assets	
in €m	2021	**2022**	2021	**2022**	2021	**2022**
Germany	153.8	134.7	27.8	39.3	311.7	316.2
Rest of Europe	364.4	414.4	7.9	8.5	73.3	73.8
North America	176.7	243.4	0.1	0.4	1.2	1.2
China	129.2	144.3	0.4	0.9	0.6	0.9
Rest of Asia/Pacific	160.4	141.8	0.2	0.4	2.7	2.6
Africa/Latin America	131.3	107.1	0.1	0.3	0.2	0.2
Reconciliation	–	–	–	–	117.9	131.6
Group	**1,115.8**	**1,185.7**	**36.5**	**49.8**	**507.6**	**526.5**

(K) Notes to section 285 no. 17 HGB

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has served as auditor for Koenig & Bauer AG since the 2020 financial year and will be replaced after the annual financial statements for 2029 at the latest.

The remuneration paid to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in 2022 came to € 1,292 thousand for auditing services, € 23 thousand for tax consulting and € 81 thousand for other services.

The fee for services provided by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft were primarily for the audit of the consolidated financial statements and the annual financial statements of Koenig & Bauer AG. Further audit services arose as part of the ESEF reporting.

The tax consultancy services mainly comprise consultancy services for tax issues in connection with value-added tax and within the framework of the Country-by-Country reporting.

Other services relate to support services in the framework of the Renewable Energy Sources Act.

(L) Exemptions in accordance with sections 264b and 264 (3) HGB

The following consolidated subsidiaries applied the simplification options contained in section 264b respectively 264 (3) of the German Commercial Code (HGB) in 2022.

Company/location
Koenig & Bauer Industrial GmbH, Würzburg, Germany
Koenig & Bauer Sheetfed AG & Co. KG, Radebeul, Germany
Koenig & Bauer Digital & Webfed AG & Co. KG, Würzburg, Germany
Koenig & Bauer Banknote Solutions (DE) GmbH, Würzburg, Germany
Koenig & Bauer Gießerei GmbH, Würzburg, Germany
Koenig & Bauer (DE) GmbH, Radebeul, Germany
Koenig & Bauer Coding GmbH, Veitshöchheim, Germany
Koenig & Bauer Kammann GmbH, Löhne, Germany
Koenig & Bauer MetalPrint GmbH, Stuttgart, Germany

(M) Related party disclosures

Related parties as defined by IAS 24 are all consolidated subsidiaries, non-consolidated affiliates, associates, interests (see Note (G) (2)) and members of the management and supervisory boards.

Business transactions with related entities resulted essentially from deliveries to and services for our sales and service subsidiaries, which as intermediaries disclosed receivables and revenue of roughly the same amount from customers. The same conditions applied as for arm's length transactions. For terms to maturity see Notes (G) (2) and (G) (10).

in €m	2021	2022
Loans as at 31.12.	**0.1**	**–**
to affiliates	0.1	–
to associates	–	–
Other current financial receivables as at 31.12.	**12.5**	**15.3**
from affiliates	3.0	1.8
from associates	9.5	13.5
Trade receivables as at 31.12.	**7.9**	**10.5**
from affiliates	5.6	5.6
from associates	2.3	4.9
Trade payables as at 31.12.	**1.0**	**0.8**
to affiliates	1.0	0.8
to associates	–	–
Revenue	**33.2**	**43.3**
from affiliates	30.7	39.5
from associates	2.5	3.8

Some members of the Supervisory Board also hold positions on the supervisory boards of other companies with which Koenig & Bauer has business relations. Transactions by the Koenig & Bauer Group with these companies are conducted on arm's length terms. They do not affect the independence of the members of the Supervisory Board concerned.

Expenses for the Management Board totaled € 5.5m (previous year: € 7.6m). The short-term remuneration for the Management Board amounts to € 3.8m (previous year: € 4m). It consists of the fixed salary, fringe benefits (company car, insurance allowances, accommodation costs) and short-term variable remuneration. The short-term variable compensation is tied to the EBIT margin, free cash flow and other individual targets. Share-based remuneration stands at € 1.6m (previous year: € 0.4m). The target amount determined for the share-based payment is exchanged for shares or virtual shares at the discretion of the Management Board member. It is paid out or released after a blocking period of four years. An amount of € 0.7m (previous year: € 0.8m) for service cost was added to the retirement benefit provisions for the Management Board. The provisions for the multi-year variable remuneration stand at € 1.6m (previous year: € 5.4m) and for short-term variable remuneration at € 1.1m (previous year: € 2m), while share-based remuneration accounts for € 1.6m (previous year: € 0.5m).

Koenig & Bauer AG has granted each member of the Management Board a defined-contribution insurance-linked pension commitment, for which Koenig & Bauer AG makes a contribution of € 0.2m for each year of service and for each member of the Management Board until the respective member leaves the Company.

Provisions of € 7.2m (previous year: € 10.1m) were set aside for retirement benefits for the Management Board in accordance with IAS 19. An amount of € 21m (previous year: € 29.4m) was set aside for former members of the Management Board and their surviving dependants.

Provisions of € 1.4m (previous year: € 1.3m) were recognised for remuneration for former members and their survivors. Supervisory board remuneration totalled € 0.9m (previous year: € 0.6m), of which € 0.9m (previous year: € 0.6m) was fixed.

The total remuneration of the Management Board under the German Commercial Code amounts to € 5.5m (previous year: € 6.3m), of which € 1.6m is the fair value at the grant date of the multi-year variable remuneration. It is converted into shares (virtual shares) on the basis of the share price on the day after the annual general meeting in 2023.

At 31 December 2022 members of the management board held 0.13% and members of the supervisory board 0.04% of Koenig & Bauer's share capital, giving a total of 0.17%.

Supervisory Board

Professor Raimund Klinkner
Chairman
Managing Partner
Institute for Management Excellence GmbH
Gräfelfing, Germany

Gottfried Weippert[1]
Deputy Chairman
Technician
Eibelstadt, Germany

Dagmar Rehm
Deputy Chairman
Self-employed business consultant
Langen, Germany

Julia Cuntz[1]
Trade union secretary of IG Metall
Berlin, Germany

Carsten Dentler
Managing Partner
Palladio Infrastruktur GmbH
Bad Homburg v. d. Höhe, Germany

Marc Dotterweich[1]
Cutting machine operator
Birkenfeld, Germany

[1] workforce representative

Werner Flierl[1]
1st representative of IG Metall
Würzburg office
Sulzbach-Rosenberg, Germany

Matthias Hatschek
Entrepreneur
St. Martin, Austria

Christopher Kessler[1]
General Counsel Koenig & Bauer AG
Würzburg, Germany

Professor Gisela Lanza
Institute director at wbk Institute for Production Technology for Production Systems at the Karlsruhe Institut for Technologie (KIT)
Karlsruhe, Germany

Dr Johannes Liechtenstein
CFO Constantia Industries AG
Vienna, Austria

Simone Walter[1]
Head of product development
Koenig & Bauer Coding GmbH
Arnstein, Germany

Committees

Mediation committee as per section 27(3)
Professor Raimund Klinkner (chairman)
Julia Cuntz
Matthias Hatschek
Gottfried Weippert

Personnel Committee
Professor Raimund Klinkner (chairman)
Dagmar Rehm
Gottfried Weippert

Financial Audit Committee
Dagmar Rehm (chairman)
Marc Dotterweich
Dr Johannes Liechtenstein
Gottfried Weippert

Strategy Committee
Professor Gisela Lanza (chairman)
Carsten Dentler
Matthias Hatschek
Christopher Kessler
Professor Raimund Klinkner
Simone Walter
Gottfried Weippert

Nomination Committee
Professor Raimund Klinkner (chairman)
Matthias Hatschek
Dagmar Rehm

Committee appointments to 31 December 2022

Management Board

Dr Andreas Pleßke
CEO
Executive vice-president
Special segment
Herrsching am Ammersee, Germany

Dr Stephen Kimmich
CFO
Großwallstadt, Germany

Christoph Müller
Executive vice-president
Digital & Webfed segment
Würzburg, Germany

Ralf Sammeck
CDO
Executive vice-president
Sheetfed segment
Radebeul, Germany

Michael Ulverich
COO
Würzburg, Germany

Other positions held by members of the Koenig & Bauer supervisory board

	Member of the supervisory board at:
Professor Raimund Klinkner Chairman	Elektrobau Mulfingen GmbH, Mulfingen, Germany (since 1 January 2022) REHAU Verwaltungszentrale AG / REHAU Automative, Muri near Bern, Switzerland
Dagmar Rehm Deputy chairman	O'Donovan Consulting AG, Bad Homburg, Germany Grammer AG, Amberg, Germany (since 18 May 2022) Renewable Power Capital Ltd., London, UK
Carsten Dentler	Scope SE & Co. KGaA, Berlin, Germany Scope Management SE, Berlin, Germany Bastei Lübbe AG, Cologne, Germany (since 14 September 2022)
Christopher Kessler	PrintHouseService GmbH, Halle, Germany
Professor Gisela Lanza	Mahle GmbH, Stuttgart, Germany ZF Friedrichshafen AG, Friedrichshafen, Germany Hager SE, Blieskastel, Germany Balluff GmbH, Neuhausen, Germany
Dr Johannes Liechtenstein	FunderMax Holding AG, Wiener Neudorf, Austria FunderMax GmbH AG, Sankt Veit an der Glan, Austria Isovolta AG, Wiener Neudorf, Austria Argentiera SRL, Donoratico, Italy JAF-Group AG, Stockerau, Austria (since 30 June 2022)

Other information

A declaration of compliance was issued in accordance with section 161 of German Stock Corporation Act and made permanently accessible under http://www.koenig-bauer.com/en/investor-relations/corporate-governance/declaration-of-compliance/

(N) Profit allocation proposal

The annual financial statements of Koenig & Bauer AG have been prepared in accordance with German accounting rules.

With the Supervisory Board's approval, the shareholders will be asked to pass a resolution to retain Koenig & Bauer AG's unappropriated surplus of € 1,334,307.70.

Würzburg, 21 March 2023

Management Board

Dr Andreas Pleßke

Dr Stephen Kimmich

Christoph Müller

Ralf Sammeck

Michael Ulverich

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the combined management report includes a fair view 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.

Würzburg, 21 March 2023

Management Board

Dr Andreas Pleßke

Dr Stephen Kimmich

Christoph Müller

Ralf Sammeck

Michael Ulverich

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the Group financial statements and the Group management report prepared for disclosure purposes in accordance with § 317 Abs. 3a HGB" ("Separate report on ESEF conformity").

INDEPENDENT AUDITOR'S REPORT

To Koenig & Bauer AG, Würzburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions
We have audited the consolidated financial statements of Koenig & Bauer AG, Würzburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Koenig & Bauer AG, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2022, and of its financial performance for the financial year from January 1 to December 31, 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions
We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Accounting treatment of deferred taxes

❷ Accounting treatment of the acquisition of shares of Celmacch Group S.r.l.

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue

② Audit approach and findings

③ Reference to further information

Hereinafter we present the key audit matters:

❶ Accounting treatment of deferred taxes

① In the consolidated financial statements of Koenig & Bauer AG, EUR 89.8 million in deferred tax assets (19.0% of Group equity) and EUR 73.0 million in deferred tax liabilities (15.0% of Group equity) are reported after offsetting and adjustments. These items were recognized to the extent that the executive directors consider it probable that taxable profit will be available in the foreseeable future which will enable the deductible temporary differences and unused tax losses to be utilized. For this purpose, insofar as sufficient deferred tax liabilities are not available, future taxable profits are projected on the basis of the adopted business plan. Deferred taxes are calculated using future tax rates, to the extent they have already been enacted or the legislative process has largely been completed. Of the Koenig & Bauer Group's total of EUR 89.8 million in deferred tax assets before adjustments and offsetting, EUR 45.3 million was attributable to loss carryforwards. No deferred tax assets were recognized in respect of deductible temporary differences and unused tax losses amounting in total to EUR 430.3 million since it is not probable that they will be utilized for tax purposes in the forecast period by means of offset against taxable profits.

From our point of view, the accounting treatment of deferred taxes was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties.

② As part of our audit, we assessed, with the involvement of our internal specialists with appropriate skills and expertise, the internal processes and controls for recording tax matters as well as the methodology used for the determination, accounting treatment and measurement of deferred taxes, among other things. We also assessed the recoverability of the deferred tax assets relating to deductible temporary differences and unused tax losses on the basis of the Company's internal forecasts of its future earnings situation, and the appropriateness of the underlying estimates and assumptions.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

③ The Company's disclosures relating to deferred taxes are contained in section (6) "Deferred taxes" and under "Accounting policies" in the notes to the consolidated financial statements.

❷ Accounting treatment of the acquisition of shares of Celmacch Group S.r.l.

① Pursuant to the agreement dated July 21, 2022, Koenig & Bauer AG acquired 49% of the shares of Celmacch Group S.r.l., an Italian manufacturer of high board line flexographic printing presses and rotary die cutters for the corrugated board industry. The purchase agreement includes further call and put options that are aimed primarily at acquiring the remaining shares on a successive basis going forward and can be exercised at various dates or periods in the future. Koenig & Bauer AG had significant influence over the company as of the December 31, 2022 reporting date. The acquisition costs of EUR 16.4 million were reported as investments in associates. In this context, the total purchase price must be allocated to the shares acquired, the call options and the (writer's) obligations arising from the put options. For this purpose, the call and put options were initially measured at fair value in accordance with IFRS 9. Then, the remaining purchase price (residual amount) was recognized as the acquisition costs of the shares acquired. The Company engaged an external consultant to measure the fair value of the call and put options.

Given the scope for judgment, the complexity of the transaction and the associated significant risk of material misstatements, the accounting treatment of the acquisition, including the issue of inclusion in the consolidated financial statements of Koenig & Bauer AG, was of one of the matters of most significance in the context of our audit.

② As part of our audit, we assessed, with the involvement of our internal specialists with appropriate skills and expertise, the internal processes and controls for presenting the acquisition of the shares and the method used for the purposes of inclusion in the consolidated financial statements and determination of the acquisition costs of the share purchase, among other things.

Our audit procedures included assessing the method of inclusion in the consolidated financial statements of Koenig & Bauer AG based on the provisions of the purchase agreement, as well as assessing the allocation of the consideration transferred by Koenig & Bauer and the methods applied by the external consultant engaged by the executive directors to identify and measure the assets and liabilities for the purpose of determining the carrying amount of the investment. We assessed the suitability of the external valuation report as audit evidence, among other things by means of interviews with the executive directors and with the external consultant. Furthermore, with the assistance of our internal valuation specialists, we assessed the assumptions and discretionary estimates made for the purpose of calculating the acquisition-date fair values of the assets and liabilities of Celmacch Group S.r.l. to be recognized. We also used checklists to verify that the requirements set out in IFRS 3 for disclosures in the notes to the financial statements had been complied with in full.

Based on these and other audit procedures performed, we were able to satisfy ourselves based on the information available that the acquisition of the shares of Celmacch Group S.r.l. is presented appropriately.

③ The Company's disclosures relating to the acquisition of shares of Celmacch Group S.r.l. are contained in section (2) "Financial and other assets" and under "Accounting policies" in the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information.

The other information comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.
- the separate non-financial group report pursuant to §§ 315b to 315c HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act] for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management

Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- valuate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion
We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file KoenigBauer_AG_KA+LB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with Ger-

man legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion
We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents
The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 24, 2022. We were engaged by the supervisory board on November 9, 2022. We have been the group auditor of Koenig & Bauer AG, Würzburg, without interruption since the financial year 2020.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

INFORMATION ON THE SUPPLEMENTARY AUDIT

We issue this auditor's report on the consolidated financial statements and the group management report and on the electronic rendering of the consolidated financial statements and group management report prepared for publication purposes, as contained in the electronic file KoenigBauer_AG_KA+LB_ESEF-2022-12-31.zip and submitted for audit for the first time, based on our statutory audit completed on March 21, 2023 and our supplementary audit on March 28, 2023 that related to the first-time submission of the ESEF documents.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Marco See.

Nuremberg, March 21, 2023/limited to the first-time submission of the ESEF documents referred to in the section "Information on the Supplementary Audit": March 28, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marco See	**ppa. Dr. Felix Canitz**
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Remuneration report

Detailed index

The remuneration report pursuant to section 162 of the German Stock Corporation Act describes the basic principles of the remuneration system for the Management Board members and the Supervisory Board and explains the structure and amount of remuneration paid to them. Detailed information on this can be found at https://www.koenig-bauer.com/de/investor-relations/corporate-governance/verguetung/. The purpose of the remuneration report is to provide shareholders with comprehensive information on the remuneration paid to the members of the Company's Management Board and Supervisory Board. It includes details of the remuneration of each current or former Management Board member and the Supervisory Board that is granted and owed by the Company itself and by Group companies in the last financial year.

Remuneration is deemed to have been granted if it was actually paid (= granted) in the year under review. Remuneration is deemed to be owed if the underlying obligation is due for payment (= owed). Accordingly, the remuneration granted and owed in accordance with section 162 (1) of the German Stock Corporation Act in the year under review consists of the fixed remuneration components for 2022 and the short-term variable remuneration components (STI) for 2021. Of the variable remuneration components, only the expected variable remuneration is disclosed for the year under review (target remuneration).

Management Board remuneration

The active Management Board members in the year under review are Dr Pleßke as the Chief Executive Officer, Dr Kimmich, Mr Müller, Mr Sammeck and Mr Ulverich as the ordinary Management Board members. On 24 June 2022, the Supervisory Board passed a resolution to terminate the current appointment of Mr Sammeck and Mr Müller by mutual agreement at the end of the day on 30 June 2022 and with effect as of 01 July 2022 to reappoint them to the Management Board for a term of three years until 30 June 2025 in Mr Sammeck's case and for a term of four years until 30 June 2026 in Mr Müller's case subject to the same wording of the applicable service contracts as before. Other than this, the service contracts of the Management Board members were not modified in the year under review.

Principles of Management Board remuneration

The current remuneration system was adopted by the Supervisory Board at its meeting on 22 March 2021. The remuneration system for the Management Board complies with all currently applicable legal and regulatory requirements.

At the Annual General Meeting on May 11, 2021, this remuneration system (2021 Management Board remuneration system) was approved by a majority of 69.54% of the capital represented. A description of the remuneration system can be found on the Company's website at https://www.koenig-bauer.com/en/investor-relations/corporate-governance/remuneration/.
The remuneration report for 2021 was approved by a majority of 56.78% of the capital represented. Looking forward, the Supervisory Board will be seeking greater approval of both the next remuneration system and the remuneration report by enhancing their transparency. However, the current remuneration system forms the basis for all service contracts in force with the Management Board members; the homogeneity of the service contracts was one of the objectives of the remuneration system and the service contracts are fixed for the term of the contract. In contrast to 2021, in which a one-off special remuneration was paid for 2020, no special remuneration was granted in the year under review. Moreover, the remuneration system will evolve in the wake of changes to the composition of the Management Board.

The Supervisory Board sets the specific target and maximum remuneration for each Management Board member on the basis of the remuneration system. In doing so, it attaches great importance to remunerating the Management Board members appropriately. The criteria for this are the duties, personal performance and experience of the individual Management Board members, as well as the economic situation, success and future prospects of the Company and the customary nature of the remuneration, taking into account the market environment (horizontal appropriateness) and the remuneration structure that otherwise applies in the Company (vertical appropriateness). The companies listed in the MDAX and SDAX are used for the assessment of horizontal appropriateness. In doing so, the Supervisory Board is either guided by remuneration studies published by renowned institutions or a peer group composed of the MDAX or SDAX companies identified by the Supervisory Board, or asks an independent remuneration consultant to assess the remuneration system by reference to a peer group assembled in consultation with the Supervisory Board. In selecting the peer group, the Supervisory Board considers Koenig & Bauer AG's market position and key performance indicators such as revenue, employee numbers and market capitalisation as part of a plausibility check. Since the remuneration systems of the companies listed in the MDAX and SDAX are not fully comparable, the horizontal comparison is primarily intended to achieve an approximate classification within the selected comparison group on the basis of the total remuneration actually granted or paid. To assess vertical appropriateness, the Supervisory Board considers the development of the Management Board remuneration in relation to the remuneration of senior management and the workforce in Germany. The Supervisory Board defines senior management as all executives who report directly to members of Koenig & Bauer AG's Management Board. The remaining workforce is made up of employees subject to collective bargaining agreements as well as non-tariff employees of Koenig & Bauer AG. The Supervisory Board reserves the right to apply a Group-wide comparative view instead of one based on Koenig & Bauer AG. A decision has not yet been made on this matter.

The service contracts of all Management Board members were amended in 2020 to allow for the amended statutory requirements, in particular the requirements of the German Stock Corporation Act and of the Act on the Transposition of the Second Shareholder Rights Directive (ARUG II) as well as the recommendations of the German Corporate Governance Code as amended on 16 December 2019. Two existing contracts were amended accordingly as of 1 January 2021. As of 2021, the remuneration arrangements are the same for all Management Board members.

As in the past, the remuneration system for members of Koenig & Bauer AG's Management Board has four core components:

Fixed remuneration, short-term variable remuneration, long-term variable

Basic elements of the remuneration system for the Management Board

Create incentives	The remuneration system in its entirety provides incentives for the successful implementation of the Company's operating and strategic objectives.
Pay for performance	The remuneration system combines non-performance-related (fixed) and performance-related (variable) remuneration components.
Long-term nature and sustainability	The variable components of the remuneration system provide incentives for the Company's sustainable and long-term development, taking into account financial and non-financial (especially ESG) targets.
Stakeholder interests	The remuneration system makes an important contribution to aligning the interests of shareholders, customers, employees and other stakeholders.
Consistency	The remuneration system is designed to match the performance incentives for managers below the Management Board.
Appropriateness	The remuneration system offers attractive remuneration to gain and hold the best candidates for management positions at the Koenig & Bauer Group.
Regulatory conformity	The remuneration system is clearly structured and follows the recommendations of the German Corporate Governance Code (the Code).

The remuneration system is designed to:

- create incentives for the successful implementation of the Company's operating and strategic objectives,
- set non-financial targets in addition to financial ones,
- ensure an appropriate balance between the remuneration function on the one hand and performance-based incentives on the other,
- promote joint activities between the Management Board members in a spirit of mutual trust in working towards the jointly developed goals as a team but also to reward individual achievements,
- appropriately match the performance incentives for managers below the Management Board,
- offer attractive remuneration to attract and retain the best candidates for management positions at the Koenig & Bauer Group, and
- promote the Company's sustainable and long-term development. The latter is achieved by tying both the annual bonus (STI) and the long-term performance-related remuneration (LTI), which equal a total of between 50.87% and 52.64% of the remuneration, to targets which the Supervisory Board believes create an incentive to manage the Company sustainably in accordance with the operating and strategic targets defined. While the operating targets differ individually for the respective Management Board member, the strategic targets are based on the medium-term strategy adopted in consultation with the Supervisory Board, namely the Performance 2024x efficiency programme. Group-wide and department-specific ESG (environmental-social-governance) factors are applied for the non-financial targets defined in each case. In addition, the blocking period of four years set for the LTI means that the remuneration incentives for Management Board members to work towards the long-term development of the Company are linked to the share price (share ownership).

The Supervisory Board reserves the right to make a decision at its own due discretion concerning remuneration for any future outstanding performance or success on the part of the Management Board members, including any special remuneration. No special remuneration was granted and owed for the year under review.

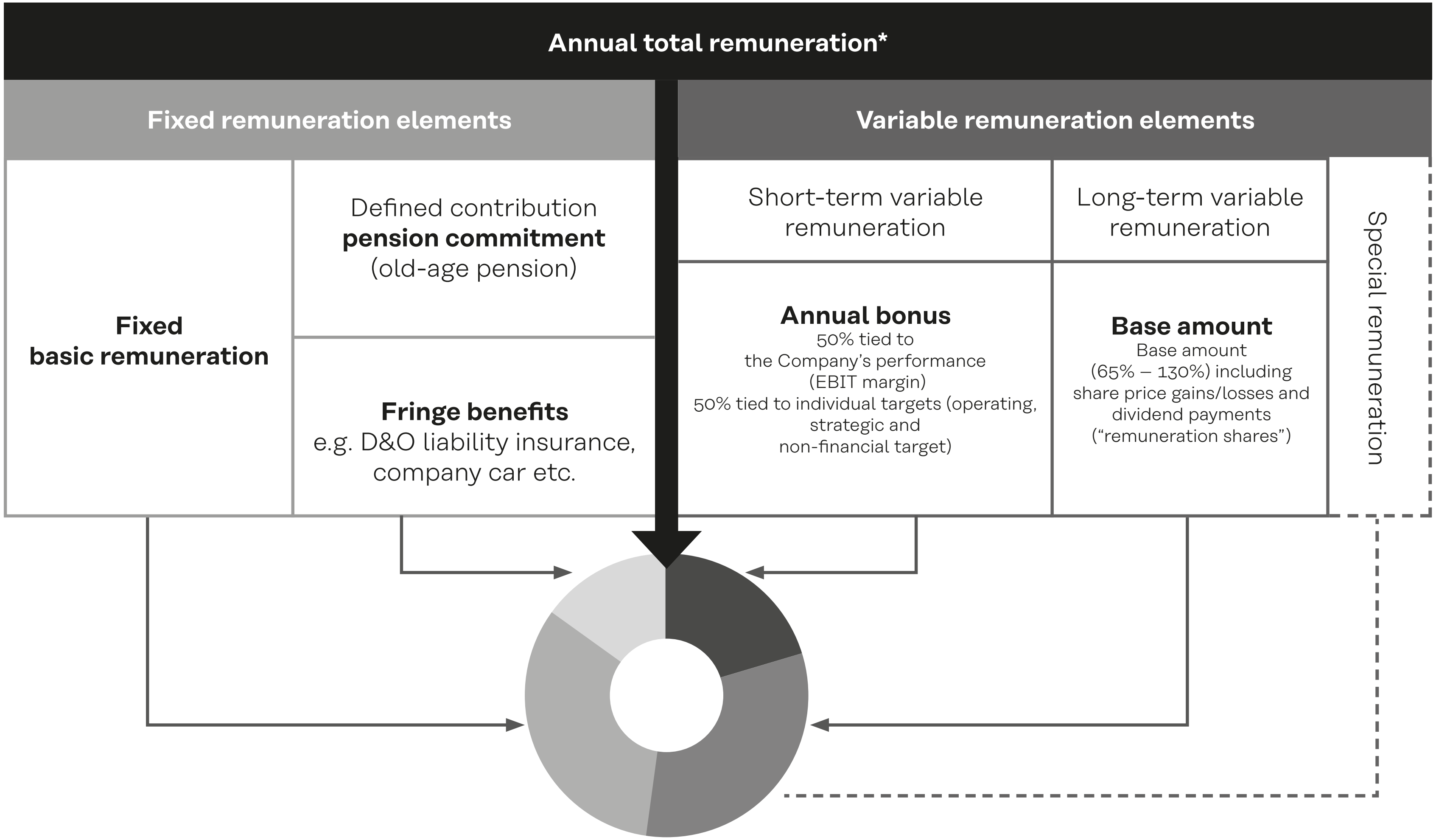
The total annual remuneration is capped at a maximum. The cap on the annual bonus and the staggered payment over time help to ensure that the Management Board members are not guided by short-term remuneration interests when managing the Company on their own responsibility.

The early-termination settlement is capped. Payments, including fringe benefits, may not exceed an amount equalling two years' remuneration.

The Company may refuse payment of all or part of the annual bonus and the annual remuneration tied to the Company's long-term performance ("performance-related remuneration") in certain defined cases and may demand repayment of remuneration provided in the last year since payment (claw-back). There were no grounds for exercising this right in the year under review.

In addition, the Supervisory Board may temporarily deviate from the remuneration system if this is necessary in the Company's long-term interests. The Supervisory Board saw no need to modify remuneration either within or outside the remuneration system.

The Supervisory Board is convinced that the Management Board manages the Company successfully and responsibly and works towards its sustainable and long-term development without neglecting short-term targets. The remuneration system for the Management Board supports this by means of annual target agreements as well as the nature and choice of the agreed targets, by capping the annual variable remuneration components, which encourage steady development rather than an orientation to short-term opportunities, by linking the long-term variable remuneration to the share price for a period of four years and by means of an appropriate fixed remuneration component.



* The total remuneration is the sum total of the fixed remuneration, the annual bonus (100 per cent if the targets are achieved), the annual base amount of the remuneration in accordance with the Company's long-term performance (100 per cent if the targets are achieved), the contribution to the pension scheme and fringe benefits.

The remuneration system for the Management Board was applied to all active Management Board members for the year under review. In the year under review, fixed remuneration components complying with the 2021 remuneration system were granted and owed. The variable remuneration earned in 2022 was also granted under the remuneration system described above.

Fixed remuneration elements

Fixed remuneration consists of three components: fixed remuneration, fringe benefits and retirement benefits.

Fixed remuneration
The Management Board members receive fixed basic remuneration of the same amount, with the exception of the Chief Executive Officer, whose fixed remuneration is 25% higher. The fixed annual basic remuneration provided for in the respective service contract is €480,000 or €600,000. The fixed basic remuneration is paid in twelve equal monthly amounts.

The grant of a fixed basic salary encourages the autonomous, risk-adjusted and autonomous management of the Company. The structure is intended to promote team-oriented decision-making by the Management Board members.

Fringe benefits
The Company provides the Management Board members with fringe benefits, which may be taxed as a non-cash benefit. These may include D&O (directors and officers) insurance; criminal liability defence insurance; the provision of a company car including for private use; care and maintenance of the vehicle; benefits for voluntary pension insurance as well as health, nursing and accident insurance (including disability and death insurance); the costs of annual medical examinations; rental allowances / one-time relocation allowances; expenses and reimbursement of costs (such as travel expenses); reimbursement of expenses for home trips.

Pension commitments
During their service, the Management Board members receive a pension commitment on the basis of a defined contribution scheme. The pension scheme is based on external pension liability insurance with annual allocations of €200,000. In accordance with IAS 19, the present values of the retirement benefit obligations accruing to Dr Pleßke amounted to €857,712, Dr Kimmich €187,216, Mr Müller €2,939,484, Mr Sammeck €2,995,249 and Mr Ulverich €233,450 at the end of 2022. Service cost (amount added annually by the Company through pension commitments, thus increasing the retirement benefit provisions) for 2022 stood at €143,680 for Dr Pleßke, €128,670 for Dr Kimmich, €110,975 for Mr Müller, €196,425 for Mr Sammeck and €160,487 for Mr Ulverich.

Variable remuneration elements

The variable remuneration elements comprise short-term variable remuneration and long-term variable remuneration, for which an annual target agreement applies.

Annual target agreement
The Supervisory Board agrees with each Management Board member on targets relevant for the respective financial year as a basis for the calculation of the annual bonus (“target agreement”). The target agreement specifies when the individual targets are deemed to have been 100% achieved and when the thresholds of 50% and 150% are reached. The annual target agreements are such that the Supervisory Board believes that they create an incentive to manage the Company sustainably in accordance with the operating and strategic targets defined. In doing so, the Supervisory Board seeks to make a contribution to ensuring an attractive and sustainable return for its shareholders in the long term and to enabling them to participate in the Company’s success.

Target alignment
The respective variable remuneration is structured as follows:

1) 50 percent is tied to the Group’s success and

2) 50 percent to the achievement of individual targets defined for the individual Management Board member in the performance of their responsibil-

ities (including any additional tasks assumed).

The individual targets are based on financial targets and particularly also those of a non-quantitative nature.

The targets tied to the Company's success are aligned with the Group's central performance indicator, the EBIT margin, in order to ensure value-oriented corporate management. The EBIT margin resulting from the audited consolidated financial statements of the Company approved by the Supervisory Board is decisive for this purpose. The EBIT margin is determined by calculating the ratio of the Group's earnings before interest and taxes (EBIT) to its total revenue.

An EBIT margin is determined for

- 100% target achievement
- 50% target achievement
- 150% target achievement

Target achievement between the specified target achievement levels (50%; 100%, 150%) is interpolated on a straight-line basis. If the target is achieved by less than 50%, the annual bonus is cancelled and the annual remuneration tied to the Company's long-term success is limited to the target base amount. If the maximum is reached, a further increase in the EBIT margin does not lead to any further increase in the annual bonus or in the base amount of the annual remuneration tied to the Company's long-term success.

The individual goals are based on financial targets as well as non-financial targets, particularly those of a non-quantitative nature. As a rule, (i) an operating, (ii) a strategic and (iii) a non-financial target is agreed with the following weighting: 40:40:20. The aforementioned weightings should not be exceeded or undershot by more than 15 points in the absence of any objective justification.

The operating targets are based on the departmental duties of the Management Board member or special tasks or projects managed by him.
The strategic targets are aligned to the medium-term strategy adopted in consultation with the Supervisory Board, i.e. in accordance with the Performance 2024x efficiency programme until 2022. Group-wide and department-specific ESG (environmental-social-governance) factors are applied for the non-financial targets defined in each case.

All targets are underpinned by either KPIs or concrete plans of action that enable an objective assessment to be made of the extent of fulfilment.

Individual targets	Determined by Supervisory Board
40% operational target	Tied to responsibilities
40% strategic objective	P24x efficiency programme until 2022
20% non-financial target	ESG factors

Amount of short-term variable remuneration (STI)
The annual bonus amounts to 60% of the gross fixed annual salary ("target bonus") if the targets agreed with the Supervisory Board are 100% achieved and a maximum of 90% of the gross fixed annual salary ("maximum bonus") if the targets agreed are 150% achieved.

Short-term incentive

Target bonus: 60% gross of the fixed annual salary, maximum 90% gross of the fixed annual salary

The respective variable remuneration is structured as follows:

(1) 50 percent is tied to the Group's business performance and

(2) 50 percent is tied to the achievement of individual targets defined for the individual Management Board member in the performance of their responsibilities (including any additional tasks assumed).

The individual targets are based on financial targets as well as non-financial targets, particularly those of a non-quantitative nature. As a rule, (i) an operating, (ii) a strategic and (iii) a non-financial target is agreed with the following weighting: 40:40:20.

Short-term variable remuneration (STI), granted and owed

In the year under review, the short-term variable remuneration (one-year variable remuneration) was granted and owed for 2021. In the year under review, the short-term variable remuneration was deferred as a resolution approving it had not yet been passed by the Supervisory Board.

The short-term variable remuneration granted for 2021 is calculated in accordance with the remuneration system. The performance criteria for the short-term one-year variable remuneration for the year under review are the Company's performance (50%), as measured by reference to the Group's EBIT margin (Group target). A further 50% of the short-term variable remuneration depends on the following performance criteria: 20% operating target, 20% strategic target and 10% ESG target.

70% of the targets for all Management Board members are tied solely to performance indicators. A further 20% of the targets, the strategic targets, are also linked to a performance indicator in the case of Management Board members Dr Pleßke, Mr Müller, Mr Sammeck and Mr Ulverich; for Dr Kimmich, the strategic target is linked to a project plan (migration to S4/Hana) which is to be implemented under his responsibility, so that an evaluation component has been included by the Supervisory Board. Consequently, 90% of the targets for the Management Board do not contain any discretionary component, with the exception of Dr Kimmich, for whom this figure is 70%. The last 10% of the targets, i.e. the ESG targets, must be evaluated by the Supervisory Board on the basis of plans of action for all Management Board members.

Group target for 2021
An EBIT margin of at least -1.8% must be achieved in 2021 for payment of 50% of the target bonus. The bonus target is paid out if the EBIT margin reaches 0.2%; the target is capped at 150% if the EBIT margin reaches 2.2%. The Group's EBIT margin came to 2.55% in 2021. The Group's EBIT margin target for 2021 was thus achieved and capped at 150% of the target.

Operating target for 2021
The operating target is linked to the EBIT margin of the segment, business unit or division in question or, in Dr Kimmich's case, to the free cash flow target. The principles for setting the targets correspond to those for the corporate target, i.e. the budget approved by the Supervisory Board forms the target for 100% achievement. In addition, a minimum and a maximum target of 50% and 150%, respectively, is set. For Dr Pleßke, EBIT for the Special segment is the decisive operating target. The EBIT margin for the Special segment was 8.94%, the target margin was 4.2%, with a minimum or maximum cap for a deviation of – or +2 percentage points from the target. For Dr Kimmich, the free cash flow in accordance with the budget is the decisive operating target. The free cash flow came to €14.3m, the target figure was €–56.3m, with a minimum or maximum cap for a deviation of – or +5 percentage points from the target. For Mr Müller, the EBIT margin for the D&W segment is the decisive operating target. The EBIT margin for the D&W segment was -31.71%, the target margin was -5.9%, with a minimum or maximum cap for a deviation of – or +2 percentage points from the target. For Mr Sammeck, the EBIT margin for the Sheetfed segment is the decisive operating target. The EBIT margin for the Special segment was 3.74%, the target margin was 0.1%, with a minimum or maximum cap for a deviation of – or +2 percentage points from the target. For Mr Ulverich, the EBIT margin of the INDAG business unit is decisive. The EBIT margin for the INDAG business unit was 3.83%, the target margin was 0.2%, with a minimum or maximum cap for a deviation of – or +2 percentage points from the target.

The Group's operating targets target for 2021 were thus achieved by Dr Pleßke, Dr Kimmich, Mr Sammeck and Mr Ulverich and capped at 150% of the target. Mr Müller did not achieve his operating target.

Strategic target for 2021
For Dr Pleßke, Mr Müller, Mr Sammeck and Mr Ulverich, the strategic target is linked to the implementation of the 2024x efficiency programme, as in 2020. The programme provides for a large number of operating adjustments, strategic measures, efficiency improvements and process modifications over a period of five years. In order to strengthen the Company's position as a leading supplier of presses for packaging, industrial and security printing and finishing and to boost its operating profitability, the Management Board significantly expanded the "Performance 2024" efficiency programme that had been initiated at the beginning of 2019/end of 2020, renaming it "Performance 2024 extended" in September 2020. It was successfully launched in 2020. In addition to boosting efficiency and scaling the Group on the basis of the moderate revenue growth expected over the next few years, the five-year programme aims at strengthening its com-

petitiveness in the long term. A large number of initiatives are being taken to further develop and systematically expand the proven broad product range, to digitise processes and service offerings and particularly also to reduce manufacturing costs. In addition to a voluntary leaver programme, negotiations were launched with employee representatives and the trade unions to determine the specific and, as far as possible, socially acceptable form of the short and medium-term layoffs within the Group. The basis for the assessment is also the diverse projects at the production level to boost productivity. In addition to the production of all core parts in internal activities and multi-press operation in production, assembly optimisation and the avoidance of empty costs, the optimisation of line tasks via shop floor management forms part of the comprehensive package of measures. The budget approved by the Supervisory Board forms the target for 100% achievement with regard to the savings effects for 2021, i.e. the actual effect on EBIT achieved as of 31 December 2021 resulting from the P24x measures compared to the budget. The actual EBIT effect from the P24x measures as of 31 December 2021 amounted to €65.2m, which is 13% above the budget of €57.5m. This translates into target achievement of 113%. For Dr Kimmich, the strategic target is linked to the implementation of the plans for the POINT project for the roll-out of SAP S4/Hana. Under its discretionary powers, the Supervisory Board at its meeting of 22 March 2022 assessed the implementation of the project plan in detail and adopted and passed a resolution on target achievement of 100%.

Non-financial (ESG) target for 2021

The ESG target aims to highlight corporate social responsibility and to ensure that the necessary foundations are laid for the operating challenges arising in the years ahead. The ESG targets are thus the responsibility of the entire Management Board, despite the fact that reporting on and measurement of the individual targets are assigned to individual Management Board members. Responsibility for and commitment to social affairs, the environment and the community have a tradition of more than 200 years. In line with this tradition, this commitment is to be rendered more visible through the ESG target. The ESG targets are based on environment, social and governance targets. The social cluster includes policies and activities to improve equal opportunities, i.e. the achievement of a level playing field. Various strategies, ideas and measures to raise the attractiveness of the Company's workplaces for all genders were evaluated. In particular, this aims to increase female representation in the Company, but also to make the field of mechanical engineering more visible for the female skilled labour market. Another goal is to develop and implement initiatives to combat discrimination in the Group. With its global activities and various international locations, the Company feels at home all over the world. The Supervisory Board has set this goal for the Management Board in view of the terrorist attack in Halle in 2019 and general surveys by the Political Institute Dimap on racism and anti-Semitism as well as in the broader context of the diversity strategy. Various preventive measures have been taken, including the expansion of onboarding activities, additions to the whistleblower policy to include a "racism" category, efforts to render the cosmopolitan attitude visible through advertising and membership in business associations and foreign internships. The Company's social responsibility has a long tradition going back to its founder's widow, Fanny Koenig. Another target is therefore to communicate the Company's commitment and willingness to assume responsibility towards the community. In this connection, the Company's support for public welfare has been reorganized and, above all, a focus placed on Africa. As every reduction in the consumption of energy and resources is reflected in lower carbon emissions, Koenig & Bauer has set itself the goal of contributing to climate protection through the sourcing or internal generation of ecological primary energy under its green energy policy. For this reason, the environment cluster focuses on the implementation of the green energy policy. To this end, measures were evaluated to reduce the carbon footprint. The protection of digital assets is also important for Koenig & Bauer. Consequently, the target of performing cyber security screening was defined within the governance cluster in 2021. The findings and the measures defined on this basis were presented to and evaluated by the Supervisory Board.

100% target achievement was determined by the Supervisory Board for each of the individual Management Board members.

Overall target achievement in 2021

This results in the following overall target achievement, taking into account the respective weighting, adopted by the Supervisory Board at its meeting of 22 March 2022:

Management Board member	Group target Weighting: 50% %	Operating target Weighting: 20% %	Strategic target Weighting: 20% %	ESG target Weighting: 10% %	Total target achievement %
Dr Andreas Pleßke	150	150	113.39	100	137.68
Dr Stephen Kimmich	150	150	100.00	100	135.00
Christoph Müller	150	0	113.39	100	107.66
Ralf Sammeck	150	150	113.39	100	137.68
Michael Ulverich	150	150	113.39	100	137.68

Target achievement in 2021 for STI

The target bonus for 100% target achievement corresponds to 60% gross of the fixed annual salary, but a maximum of 90% gross of the fixed annual salary for 150% target achievement.

In accordance with this requirement, the following STI was granted and owed for 2021 in 2022 to the Management Board members on the basis of its overall target achievement.

Management Board member	Target value 60% of the fixed remuneration at 100% (90% of the fixed remuneration at 150%) € thous.	Deferred STI for 2021 € thous.	Target achievement multiplier of 90% for 2021 %	STI 2021 granted and owed € thous.
Dr Andreas Pleßke	360 (540)	500	82.61	496
Dr Stephen Kimmich	288 (432)	400	81.00	389
Christoph Müller	288 (432)	314	64.61	310
Ralf Sammeck	288 (432)	400	82.61	397
Michael Ulverich	288 (432)	400	82.61	397

Committed variable remuneration for the year under review

The short-term variable remuneration granted to the Management Board members for the year under review is determined by the Supervisory Board at the meeting at which it adopts the annual financial statements and approves the consolidated financial statements. For this reason, the remuneration report shows the expected payout amounts that were determined by the Supervisory Board at its meeting on 7 December 2022.

Target criteria for 2022:

In accordance with the remuneration system, the target criteria for the year under review were adopted by the Supervisory Board at its meeting of 10 December 2021.

The performance criteria for the short-term one-year variable remuneration for the year under review are the Company's performance, as measured by reference to the Group's EBIT (50%). A further 50% of the short-term variable remuneration depends on the following performance criteria: 20% operating target, 20% strategic target and 10% ESG target.

The Supervisory Board has agreed with each Management Board member on objectives relevant for the respective financial year as a basis for the calculation of the annual bonus ("target agreement"). The target agreement specifies when the individual targets are deemed to have been 100% achieved and when the targets are deemed to have been 150% achieved. The annual target agreements are such that the Supervisory Board believes that they create an incentive for managing the Company sustainably in accordance with the operating and strategic targets communicated.

70% of the targets for all the Management Board members are tied solely to performance indicators. A further 20% of the targets, the strategic targets, have also been linked to a performance indicator in the case of Management Board members Dr Pleßke, Mr Müller, Mr Sammeck and Mr Ulverich; for Dr Kimmich, the strategic target has been linked to a project plan, which is based on fixed implementation milestones and therefore likewise does not contain any discretionary component. This means that 90% of the targets for the Management Board do not contain any discretionary component. The last 10% of the targets, i.e. the ESG targets, are evaluated by the Supervisory Board at its own discretion.

Group target for 2022

A minimum EBIT margin of 0.6% must be achieved with regard to the corporate target for the year under review in order to receive payment equalling 50% of the target short-term variable remuneration. The budget approved by the Supervisory Board forms the target of 2.6% for 100% achievement. The short-term variable remuneration is also capped at 150% of the target (4.6%).

Operating target for 2022
The operating target is linked to the EBIT of the segment, business unit or division in question. The principles for setting the targets correspond to those for the corporate target, i.e. the budget approved by the Supervisory Board forms the target for 100% achievement. In addition, a minimum and a maximum target of 50% and 150%, respectively, is set. For Dr Pleßke, EBIT for the Special segment is the decisive operating target. The target according to the budget is 6.8%, with a minimum or maximum cap for a deviation of – or +2 percentage points from the target. For Dr Kimmich, the free cash flow in accordance with the budget for 2022 is the decisive operating target. The budget provides for a figure of €–8.9m, with a minimum or maximum cap for a deviation of – or +5 percentage points from the target. For Mr Müller, EBIT for the D&W segment is the decisive operating target. The target according to the budget is 6.4%, with a minimum or maximum cap for a deviation of – or +2 percentage points from the target. For Mr Sammeck, the EBIT of the Sheetfed segment is the decisive operating target. The target according to the budget is 3.6%, with a minimum or cap for a deviation of – or +2 percentage points from the target. For Mr Ulverich, EBIT for the INDAG business unit is the decisive operating target. The target according to the budget is 1.6%, with a minimum or cap for a deviation of – or +2 percentage points from the target.

Strategic target for 2022
For Dr Pleßke, Mr Müller, Mr Sammeck and Mr Ulverich, 50% of the strategic target is linked to the implementation of the 2024x efficiency programme. The programme provides for a large number of operating adjustments, strategic measures, efficiency improvements and process modifications over a period of five years. In Dr Pleßke's case, the other 50% of this target is linked to an HR programme to secure the future of the key professions. In Mr Müller's case, the other 50% is linked to a service revenue growth strategy, in Mr Sammeck's case, to the implementation of defined digital business models and, in Mr Ulverich's case, to the implementation of the defined press platform strategy. In Dr Kimmich's case, the strategic target is based 50% on the implementation of the project point and 50% on the M&A process and mobilisation.

Non-financial (ESG) target for 2022
The ESG target aims to ensure that corporate social responsibility comes to the fore. Responsibility for and commitment to social affairs, the environment and the community have a tradition of more than 200 years and this commitment is to be rendered more visible. The ESG targets are based on environment, social and governance targets. The social cluster includes strategies and actions relating to equal opportunities, i.e. a level playing field and anti-discrimination initiatives in the Group and the transparency of corporate social responsibility. The environment target involves implementing the green energy policy, while the governance target entails the implementation of the findings of the cyber security screening.

The following table sets out the deferred remuneration amounts under STI 2022 and compares them with the remuneration amounts under STI 2021.

Management Board member	Target achievement STI 2021 (%)	Target STI 2021 (€ thous.)	Target achievement assumption STI 2022 (%)	Target deferred STI 2022 (€ thous.)
Dr Andreas Pleßke	82.61	496	48.6	292
Dr Stephen Kimmich	81.00	389	42.0	202
Christoph Müller	64.61	310	42.0	202
Ralf Sammeck	82.61	397	51.3	246
Michael Ulverich	82.61	397	42.0	202

Remuneration tied to the Company's long-term business performance

The remuneration of the Management Board members includes an annual component that is tied to the Company's long-term success. To this end, a base amount is invested annually on an actual or virtual basis in shares in the Company, which are released after four years or settled depending on the share price. The remuneration component tied to the Company's long-term success ensures that the remuneration incentives for Management Board members to work towards the long-term development of the Company are linked to the share price (share ownership).

The base amount of the annual remuneration tied to the Company's long-term success is at least 65% gross of the fixed remuneration (target base amount), which may increase to up to 130% in the event of over-achievement (150% of target achievement). The target base amount is not tied to the achievement of certain objectives or other conditions. However, it corresponds to 100% target achievement. Remuneration beyond the target base amount is tied to the extent to which the targets set for the one-year variable remuneration are achieved. Targets are interpolated on a straight-line basis. The base amount is not determined until the day after the annual general meeting at which the shareholders pass a resolution to ratify the actions of the Management Board member for the previous financial year ("exchange day"). At the discretion of the Management Board member in question, the base amount is invested in shares in the Company by an authorised bank and held in a restricted custody account or held as virtual shares in Koenig & Bauer AG in favour of the Management Board member from that date ("remuneration shares"). After the expiry of a four-year vesting period, the Management Board members may withdraw the compensation shares from the restricted account or have the corresponding amount (base amount plus any gains or losses in the share price) paid out.

Base amount (minimum)	Base amount (maximum)	Investment in shares	Lock-up period
65% of fixed annual salary	130% of fixed annual salary	Option of the individual Management Board member in favour of an actual or virtual blocked deposit	4 years
No targets	Targets and target achievement level in accordance with one-year variable remuneration		

Long-term incentive

The target base amount of the annual remuneration tied to the Company's long-term business performance is at least 65% gross of the fixed remuneration

The target base amount is not tied to the achievement of certain objectives or other conditions.

Remuneration beyond the target base amount is dependent on the extent to which the targets set for the one-year variable remuneration are achieved, up to a maximum of 130% of the fixed remuneration.

Remuneration tied to the Company's long-term business performance
Remuneration tied to the Company's long-term business performance that was granted and owed for 2021 was paid out in 2022. Remuneration tied to the Company's long-term business performance, as defined in the remuneration system, was paid out for the first time for 2020, but only for Dr Kimmich and Mr Ulverich, who joined the Management Board in 2020. After the amendment of the Management Board service contracts to bring them into line with the remuneration system, all Management Board members have since 2021 received remuneration calculated in accordance with the remuneration system described above, which is tied to the Company's long-term business performance. Whereas the base amount, the minimum of 65%, is not tied to any targets, remuneration beyond the base amount depends on the extent to which the targets set for the one-year variable remuneration are achieved.

30% of the targets for LTI are linked to medium-term targets (strategic and ESG target). In particular, the P24x programme is a multi-year project. The same thing applies to the ESG targets. In particular, the amount of this remuneration is tied to the medium-term performance of the share price, which reflects the Company's long-term business performance.

Reference should be made to the STI target achievement for 2021 for the overall target achievement in 2021 for remuneration tied to the Company's long-term business performance.

Target achievement in 2021 for LTI

The target base amount for 100% target achievement corresponds to 65% gross of the fixed annual salary, but a maximum of 130% gross of the fixed annual salary for 150% target achievement.

In accordance with this requirement, the following STI is granted and owed for 2021 to the Management Board members on the basis of its overall target achievement:

Management Board member	Target value 65% of the fixed remuneration at 100% (130% of the fixed remuneration at 150%)	Target deferred STI for 2021 € thous.	Target achievement multiplier of 130% for 2021	LTI 2021 € thous.
Dr Andreas Pleßke	390 (780)	750	122.97	738
Dr Stephen Kimmich	312 (624)	600	118.85	570
Christoph Müller	312 (624)	378	76.81	369
Ralf Sammeck	312 (624)	600	122.97	590
Michael Ulverich	312 (624)	600	122.97	590

(Virtual) investment in shares in the Company

At the discretion of the Management Board member in question, the base amount under the annual remuneration tied to the Company's long-term business performance is invested in shares in the Company by an authorised bank and held in a restricted custody account or held as virtual shares in Koenig & Bauer AG in favour of the member of the Management Board from that date ("remuneration shares"). The (virtual) shares are subject to a lock-up period of four years. During this lock-up period, the Management Board member may not sell the shares and/or transfer them in any form whatsoever. The base amount plus any gains or less any losses in the share price is paid out after the expiry of the lock-up period.

Management Board member	LTI 2021 (€ thous.)	Share price on exchange day (€)	Remuneration share 2021	Remuneration share in locked-up account	Total remuneration shares in locked-up account
Dr Andreas Pleßke	738	15.66	47,114.94	0	47,114.94
Dr Stephen Kimmich	570	15.66	36,429.12	8,277.15	44,706.27
Christoph Müller	369	15.66	23,543.30	0	23,543.30
Ralf Sammeck	590	15.66	37,691.95	0	37,691.95
Michael Ulverich	590	15.66	37,691.95	8,277.15	45,969.10

The shares have been pledged in the form of virtual remuneration shares. The Management Board members have chosen this option as the Company was unable to buy the shares under the terms of a loan provided by KfW. The virtual shares are subject to a lock-up period of four years from the exchange date. The exchange rate was €15.66 on the exchange date (day after the annual general meeting held on 25 May 2022). Accordingly, a total of €2.857m or 182,471.26 virtual shares were invested in 2022.

Remuneration tied to long-term business success granted for the year under review:

The expected payout amounts for remuneration tied to the Company's long-term business performance were determined at the meeting of the Supervisory Board on 7 December 2022. Of the maximum achievable amount of 130% of one gross annual salary, 65% of the gross annual salary was deferred. There is no increase beyond the target base amount due to the assumed target achievement in 2022.

The following table sets out the deferred remuneration amounts under LTI 2022 and compares them with the remuneration amounts under LTI 2021.

Management Board member	Target achievement LTI in 2021 (%)	LTI 2021 (€ thous.)	Assumed target amount LTI 2022 (%)	Assumed target amount LTI 2022 € thous.
Dr Andreas Pleßke	122.97	738	65	390
Dr Stephen Kimmich	118.85	570	65	312
Christoph Müller	76.81	369	65	312
Ralf Sammeck	122.97	590	65	312
Michael Ulverich	122.97	590	65	312

Granted and owed

The following table sets out the remuneration of the Management Board members granted and owed in accordance with section 162 (1) of the German Stock Corporation Act in 2022. The remuneration components accruing to the Management Board members in 2022 are deemed to have been granted and owed. These are the fixed remuneration components for 2022 and the short-term variable remuneration (STI) for 2021.

		Dr Andreas Pleßke				Dr Stephen Kimmich				Christoph Müller			
		CEO Management Board member responsible for Special				CFO				Management Board member responsible for Digital & Webfed			
		2021		2022		2021		2022		2021		2022	
		€ thous.	%	€ thous.	%	€ thous.	%	€ thous.	%	€ thous.	%	€ thous.	%
Non-performance-related remuneration	Fixed remuneration	600	75	600	54	480	77	480	53	480	83	480	59
	Fringe benefits [1]	40	5	24	2	42	7	38	4	26	4	25	3
Total		**640**	**80**	**624**	**56**	**522**	**84**	**518**	**57**	**506**	**87**	**505**	**63**
STI – short-term variable remuneration		155	20	496	44	102	16	389	43	0	0	310	38
Total		**155**	**20**	**496**	**44**	**102**	**16**	**389**	**43**	**0**	**0**	**310**	**38**
Other		0	0	0	0	0	0	0	0	72	13	0	0
Total remuneration		**795**	**100**	**1,120**	**100**	**624**	**100**	**907**	**100**	**578**	**100**	**815**	**100**

		Ralf Sammeck				Michael Ulverich			
		Management Board member responsible for Sheetfed				COO			
		2021		2022		2021		2022	
		€ thous.	%	€ thous.	%	€ thous.	%	€ thous.	%
Non-performance-related remuneration	Fixed remuneration	480	83	480	54	480	77	480	54
	Fringe benefits [1]	28	5	28	2	37	6	37	3
Total		**508**	**88**	**508**	**56**	**517**	**83**	**517**	**57**
STI – short-term variable remuneration		0	0	397	44	109	17	397	43
Total		**0**	**0**	**397**	**44**	**109**	**17**	**397**	**43**
Other		72	12	0	0	0	0	0	0
Total remuneration		**580**	**100**	**905**	**100**	**626**	**100**	**914**	**100**

1)The fringe benefits include the costs or the monetary equivalent of non-cash benefits and other benefits such as the provision of company cars, grants for insurance cover, legal and tax consulting, housing and relocation costs, including any taxes payable on these, foreign-currency compensation payments and costs in connection with medical examinations.

Target remuneration

The following table sets out the target remuneration assumed for 2022. The STI for 2022 will be paid out in 2023. The target remuneration for the respective year consists of the fixed remuneration component and the variable remuneration components expected to be earned. The payment shows the amount of remuneration for 2021 and the LTI determined in 2022 for 2021.

		Dr Andreas Pleßke				Dr Stephen Kimmich				Christoph Müller			
		CEO/Management Board member responsible for Special				CFO				Management Board member responsible for Digital & Webfed			
		Expected target remuneration	Minimum remuneration	Maximum remuneration	Payment	Expected target remuneration	Minimum remuneration	Maximum remuneration	Payment	Expected target remuneration	Minimum remuneration	Maximum remuneration	Payment
Non-performance-related remuneration	Fixed remuneration	600	600	600	600	480	480	480	480	480	480	480	480
	Fringe benefits	24	24	24	24	38	38	38	38	25	25	25	25
Total		**624**	**624**	**624**	**624**	**518**	**518**	**518**	**518**	**505**	**505**	**505**	**505**
STI – short-term variable remuneration		292	0	540	496	202	0	432	389	202	0	432	310
LTI – multi-year variable remuneration	Share-based – 2021 (to be paid out in 2026)				738				570				369
	Share-based – 2022 (to be paid out in 2027)	390	390	780		312	312	624	0	312	312	624	0
Total		**682**	**390**	**1,320**	**1,234**	**514**	**312**	**1,056**	**959**	**514**	**312**	**1,056**	**679**
Other					0				0				0
Total remuneration		**1,306**	**1,014**	**1,944**	**1,858**	**1,032**	**830**	**1,574**	**1,477**	**1,019**	**817**	**1,561**	**1,184**

		Ralf Sammeck				Michael Ulverich			
		Management Board member responsible for Sheetfed				COO			
		Expected target remuneration	Minimum remuneration	Maximum remuneration	Payment	Expected target remuneration	Minimum remuneration	Maximum remuneration	Payment
Non-performance-related remuneration	Fixed remuneration	480	480	480	480	480	480	480	480
	Fringe benefits	28	28	28	28	37	37	37	37
Total		**508**	**508**	**508**	**508**	**517**	**517**	**517**	**517**
STI - short-term variable remuneration		246	0	432	397	202	0	432	397
LTI - multi-year variable remuneration	Share-based – 2021 (to be paid out in 2026)				590				590
	Share-based – 2022 (to be paid out in 2027)	312	312	624	0	312	312	624	0
Total		**558**	**312**	**1,056**	**987**	**514**	**312**	**1,056**	**987**
Other					0				0
Total remuneration		**1,068**	**820**	**1,564**	**1,495**	**1,031**	**829**	**1,573**	**1,504**

The remuneration system provides for the payment of a special bonus for outstanding performance or success on the part of the Management Board members at the discretion of the Supervisory Board. With respect to the remuneration system, which must be submitted to the annual general meeting for approval by 2025 at the latest, the Supervisory Board will evaluate this clause and, in particular, take into account the shareholder' interests in transparency.

The Supervisory Board did not grant and/or owe any special bonus for 2021 or 2022.

The one-time special bonus in 2020 was due to the disparities in the service contracts of the Management Board members in that year. The service contracts were harmonised in 2021.

Disclosures on former Management Board members
In the year under review, former Management Board members received no remuneration other than retirement benefits. The total benefits (current pensions) paid to former Management Board members and their surviving dependents equal €1,428,916.57 (previous year: €1,481,355.74). Provisions of €17,711,830.00 (previous year: €25,092,379) were set aside for pension obligations towards former Management Board members and their surviving dependants in accordance with IFRS; in accordance with the German Commercial Code (HGB), the provisions amount to €27,539,332.00 (previous year: €27,972,631).

Pursuant to section 162 of the German Stock Corporation Act, the total remuneration paid to former members of the Management Board in the first ten years after the termination of their duties must be stated individually.

The following table sets out the remuneration granted and owed to former members of the Management Board who have terminated their services for the Company in the past ten years or less. The pension benefits are fixed remuneration and there are no variable elements. The increase in 2022 is due to the fact that part of the pension payments did not take effect until 2022.

Former Management Board member	Retired	Pension payments in 2021	Pension payments in 2022
Claus Bolza-Schünemann	31.12.2020	€185,005	€216,000

The total annual remuneration of the Management Board members is capped at a maximum of €1,750,000 (ordinary Management Board members) and €2,170,000 (Chief Executive Officer) (cap on grant and on payment). The total remuneration under the cap on the grant and the cap on the payment is the sum total of the (i) fixed annual salary, (ii) annual bonus, (iii) base amount of the annual remuneration tied to the Company's long-term business performance, (iv) any special bonus, (v) annual pension contribution and (vi) fringe benefits. The maximum remuneration was not achieved in 2021; nor is it expected to be achieved in 2022.

Management Board member	Total remuneration 2022 (€ thous.)	Target remuneration 2022 (€ thous.)	Cap (€ thous.)
Dr Andreas Pleßke	2059	1,507	2,170
Dr Stephen Kimmich	1677	1,232	1,750
Christoph Müller	1384	1,219	1,750
Ralf Sammeck	1695	1,267	1,750
Michael Ulverich	1704	1,231	1,750

Share ownership guidelines

By linking the long-term variable remuneration to the share price for a period of four years, the interests of the Management Board and the shareholders are additionally aligned. There are no other share ownership guidelines.

Claw-back arrangements

Koenig & Bauer AG may refuse payment of all or part of the annual bonus and the annual remuneration tied to the Company's long-term performance ("performance-related remuneration") in certain defined cases and may demand repayment of remuneration provided in the last year since payment (claw-back). The service contracts provide for claw-backs in the following cases for example:

If it subsequently becomes evident that the assessment of the performance-related remuneration is based on incorrect or incomplete information on the agreed assessment bases or if the Management Board member has egregiously violated the Koenig & Bauer Group's Code of Conduct or legal obligations in the year in which the performance-related remuneration was granted.

There was no reason to apply the claw-back rules in the year under review.

Early-termination settlement

In the event of the premature termination of the service contract, the Company does not remunerate more than the value of the claims arising for the remaining term of the contract. Payments, including fringe benefits, may not exceed an amount equalling two years' remuneration (severance pay cap). The annual remuneration is the sum total of (I) the fixed annual salary, (II) the annual bonus in accordance with the last applicable target agreement, (III) other fringe benefits and (IV) contributions to the pension scheme. Any special remuneration or claims to the annual remuneration tied to the Company's long-term success of the Company are excluded from the calculation of the severance pay cap. If the service contract is prematurely terminated at the request of the Management Board members or if there is an important reason for termination by the Company, no severance payments are made.

Supervisory Board remuneration

The remuneration rules applicable to the members of the Supervisory Board for 2022 are set out in Section V, Article 13 of the Articles of Association of Koenig & Bauer AG and were approved at the 2021 annual general meeting. After the regular review required by law, the Supervisory Board and the Management Board came to the conclusion that the remuneration rules for the Supervisory Board were no longer in line with market practice in some respects. Accordingly, the Supervisory Board and the Management Board proposed a new remuneration system for the members of the Supervisory Board at the 2021 annual general meeting. This was approved at the annual general meeting on 11 May 2021 with a majority of 99.95% of the capital represented and is to be applied for the first time from 2022. Detailed information and a comparison of the current and future remuneration system can be found on the Company's website at https://www.koenig-bauer.com/en/investor-relations/corporate-governance/remuneration/.

The following rules thus apply in 2022: in addition to an attendance fee and the reimbursement of out-of-pocket expenses, each member receives fixed annual remuneration of €45,000. The Chairman of the Supervisory Board receives €120,000 and his deputies €80,000 each. The chairperson and the members of the Audit Committee receive €22,500 and €15,000, respectively, the chairperson and the members of the Strategy Committee €20,000 and €13,000, respectively, and the chairperson and the members of the Nomination Committee €10,000 and €8,000, respectively, per year. The members of the other committees shall not receive any separate remuneration. Activities on the committees of the Supervisory Board are remunerated once. If a member sits on several committees, he or she receives the amount for the committee with the highest remuneration. Furthermore, each member present at the meeting receives an attendance fee of €250; no attendance fee is paid for meetings of the committees.

D&O insurance has been taken out for the members of the Supervisory Board and is subject to a deductible of €2,500.

Supervisory Board remuneration system until 2021

Member of the Supervisory Board	Chair	Deputy	member
Fixed remuneration	€70,000	€52,500	€35,000
Audit Committee (membership)	€11,250		€7,500
Strategy Committee (membership)	€9,375		€6,250
Personnel Committee (membership)	€4,625		€3,750

Supervisory Board remuneration system from 2022

Member of the Supervisory Board	Chair	Deputy	member
Fixed remuneration	€120,000	€80,000	€45,000
Audit Committee (membership)	€22,250		€15,000
Strategy Committee (membership)	€20,000		€13,000
Personnel Committee (membership)	€10,000		€8,000

In the year under review, Mr Carsten Dentler was re-elected to the Supervisory Board for a period of 5 years with 90.54% of the votes cast at the annual general meeting on 24 May 2022.

The following table sets out the remuneration of the Supervisory Board members granted and owed in accordance with section 162 (1) of the German Stock Corporation Act in 2022. The fixed remuneration and the remuneration for committee activities accruing to the Supervisory Board members in 2022 is deemed to have been granted and owed in each case. This is the remuneration for 2021.

Supervisory Board remuneration granted and owed

Member of the Supervisory Board	Fixed remuneration	Proportion accounted for by fixed remuneration	Committee remuneration	Proportion accounted for by committee remuneration	Attendance fee	Proportion accounted for by attendance fee	Total
Prof. Dr.-Ing. Raimund Klinkner, Chair	€70,000	88.05%	€6,250	- 7.86%	€3,250	4.09%	€79,500
Gottfried Weippert, Deputy Chairman	€52,500	83%	€7,500	- 11.86%	€3,250	5.14%	€63,250
Dagmar Rehm, Deputy Chairwoman	€52,500	78.36%	€11,250	- 16.79%	€3,250	4.85%	€67,000
Julia Cuntz	€35,000	92.11%	€0	- 0.00%	€3,000	7.89%	€38,000
Carsten Dentler	€35,000	79.10%	€6,250	14.12%	€3,000	6.78%	€44,250
Marc Dotterweich	€35,000	76.92%	€7,500	- 16.48%	€3,000	6.59%	€45,500
Werner Flierl	€17,500	92.11%	€0	- 0.00%	€1,500	7.89%	€19,000
Matthias Hatschek	€35,000	79.10%	€6,250	- 14.12%	€3,000	6.78%	€44,250
Christopher Kessler	€35,000	79.10%	€6,250	- 14.12%	€3,000	6.78%	€44,250
Prof. Dr.-Ing. Gisela Lanza	€35,000	74.67%	€9,375	- 20.00%	€2,500	5.33%	€46,875
Dr Johannes Liechtenstein	€35,000	76.92%	€7,500	- 16.48%	€3,000	6.59%	€45,500
Walther Mann	€17,500	79.10%	€3,125	- 14.12%	€1,500	6.78%	€22,125
Simone Walter	€35,000	84.59%	€3,125	- 7.55%	€3,250	7.85%	€41,375
Total	**€490,000**		**€74,375**		**€36,500**		**€600,875**

Supervisory Board remuneration for 2022

Member of the Supervisory Board	Fixed remuneration	Proportion accounted for	by fixed remuneration	Proportion accounted for by committee remuneration	Attendance fee	Proportion accounted for by attendance fee	Total
Prof. Dr.-Ing. Raimund Klinkner, Chair	€120,000	87.91%	€13,000	9.52%	€3,500	2.56%	€136,500
Gottfried Weippert, Deputy Chairman	€80,000	81.01%	€15,000	15.19%	€3,750	3.78%	€98,750
Dagmar Rehm, Deputy Chairwoman	€80,000	75.65%	€22,500	21.28%	€3,250	3.07%	€105,750
Julia Cuntz	€45,000	92.78%	€0	0.00%	€3,500	7.22%	€48,500
Carsten Dentler	€45,000	73.77%	€13,000	21.31%	€3,000	4.92%	€61,000
Marc Dotterweich	€45,000	70.59%	€15,000	23.53%	€3,750	5.88%	€63,750
Werner Flierl	€45,000	94.74%	€0	0.00%	€2,500	5.26%	€47,500
Matthias Hatschek	€45,000	73.47%	€13,000	21.22%	€3,250	5.31%	€61,250
Christopher Kessler	€45,000	72.87%	€13,000	21.05%	€3,750	6.07%	€61,750
Prof. Dr.-Ing. Gisela Lanza	€45,000	66.91%	€20,000	29.74%	€2,250	3.34%	€67,250
Dr Johannes Liechtenstein	€45,000	70.87%	€15,000	23.62%	€3,500	5.51%	€63,500
Simone Walter	€45,000	72.87%	€13,000	21.05%	€3,750	6.07%	€61,750
Total	**€685,000**		**€152,500**		**€39,750**		**€877,250**

Comparative presentation of remuneration and earnings over time

For the purposes of the horizontal comparison, the Supervisory Board has applied remuneration studies prepared by well-known institutions, which compare DAX, M-DAX and SDAX or DAX and M-DAX companies. The total direct remuneration, which includes the basic remuneration, the STI and the LTI, was compared. The studies do not include fringe, retirement or other benefits. Comparisons were made within the mechanical engineering/plant industry, according to the size of the company, and according to revenue. Depending on the comparison, the Management Board remuneration was in the lower quartile and sporadically in the median.

The following table provides a vertical comparison of the remuneration within the Company. As the remuneration of the Management Board is also measured on the basis of the Group's earnings, these are also presented. Senior management includes all executives who report directly to members of Koenig & Bauer AG's Management Board. The remaining workforce consists of employees subject to collective bargaining agreements and non-tariff employees of the Company. All employees of the Company are based in Germany. The variable remuneration for the Management Board refers to the year preceding the year of payment.

Present Management Board members	Granted, owed 2022 € thous.	Granted, owed 2021 € thous.	Change in 2022 over 2021 € thous.	%	Change in 2021 over 2020 Thous.	%	Change in 2020 over 2019 Thous.	%	Change in 2019 over 2018 Thous.	%
Dr Andreas Pleßke	1,859	795	1,064	134	-57	-9	-57	-9	79	14
Dr Stephen Kimmich	1,477	624	853	137						
Christoph Müller	1,184	578	606	105	-168	-14	-168	-14	512	73
Ralf Sammeck	1,495	580	915	158	-114	-9	-114	-9	338	38
Michael Ulverich	1,504	626	878	140						
Employees										
Average remuneration of the workforce	58	59	-1	-1			-4	-7	2	4
Average remuneration of managers	166	130	36	28			-31	-20	-8	-4

Company's earnings over time (€m)	2022	2021	2020	2019	2018
Group net profit	11.1	14.5	-103.1	52.3	64
Net profit of Koenig & Bauer AG	2.6	11.3	42.5	8.3	16.5

Present Supervisory Board members	Granted, owed 2022 €	Granted, owed 2021 €	Change in 2022 over 2021 € thous.	%	Change in 2021 over 2020 Thous.	%	Change in 2020 over 2019 Thous.	%	Change in 2019 over 2018 Thous.	%
Prof. Dr.-Ing. Raimund Klinkner, Chairman	79,500	80,000	-0.5	-1	20	33.8	57	2,462.6		
Gottfried Weippert, Deputy Chairman	63,250	64,000	-1	-1	3.5	5.8	11	22.8	-0.5	-1.0
Dagmar Rehm, Deputy Chairwoman	67,000	67,500	-0.5	-1	2	3.1	13	25.4	-0.25	-0.5
Julia Cuntz	38,000	38,750	-1	-2	2.5	6.9	7	25.0	-0.5	-1.7
Carsten Dentler	44,250	45,000	-1	-2	2.25	5.3	8.5	24.8	6	21.6
Marc Dotterweich	45,500	46,500	-1	-2	2.25	5.1	9	25.5	-0.5	-1.4
Werner Flierl	19,000									
Matthias Hatschek	44,250	45,250	-1	-2	2.25	5.2	9	25.5	-0.25	-0.7
Christopher Kessler	44,250	45,250	-1	-2	2.5	5.8	8.5	24.8	-0.5	-1.4
Prof. Dr.-Ing. Gisela Lanza	46,875	48,125	-1	-3	2	4.3	9	25.5	-0.25	-0.7
Dr Johannes Liechtenstein	45,500	45,750	-0.25	-1	23	102.2				
Simone Walter	41,375	38,500	3	7	1.8	4.8	7.5	25.6	-0.5	-1.7
Former members of the Supervisory Board										
Walther Mann	22,125	45,250	-23	-51	2.25	5.2	9	25.5	-0.5	-1.4
Dr Martin Hoyos							-30	-47.6	-0.75	-1.2
Dr Andreas Pleßke									-0.5	-3.3

Auditor’s Report

To Koenig & Bauer AG, Würzburg

We have audited the remuneration report of Koenig & Bauer AG, Würzburg, for the financial year from January 1 to December 31, 2022 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board
The executive directors and the supervisory board of Koenig & Bauer AG are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, 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 German generally accepted standards for the audit of financial statements 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 stated in the remuneration report. The procedures selected depend on the auditor‘s judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this 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 the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion
In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2022, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG
The audit of the content of the remuneration report described in this auditor‘s report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use
We issue this auditor’s report on the basis of the engagement agreed with Koenig & Bauer AG. The audit has been performed only for purposes of the company and the auditor‘s report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor’s report is only towards the company in accordance with this engagement. The auditor’s report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. § 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Nuremberg, March 21, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marco See	**[ppa.] Dr. Felix Canitz**
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Non-financial Group report

Detailed index

Koenig & Bauer attaches extraordinarily high importance to its responsibility, which is firmly anchored in its corporate values. As a pioneer of in-company social policies, we have taken our responsibility towards our employees seriously ever since our Company was first established 205 years ago. With our diverse initiatives for emission-reduced and resource-saving products and production processes along the entire value chain, we are committed to the preservation and conservation of the environment. As a sustainability enabler, we want to support our customers around the world in their sustainability efforts. Corporate social responsibility by means of donations and sponsoring is also part of Koenig & Bauer's corporate identity. Integrity in our business activities and respect for human rights are core elements of our corporate governance practices. With our strategic sustainability goals, we seek to address our social, ecological, social and ethical responsibilities and develop our Company sustainably.

The sustainable further development of our Group is one of the pillars of our "Exceeding Print" corporate strategy, which includes a wide range of activities targeted at environmental, social and governance (ESG) concerns. As a provider of solutions and a technology partner to our customers, we want to support them in reducing their ecological footprint. Various eco-components and innovative technical solutions that we have developed help to reduce carbon emissions by lowering energy consumption, waste and the use of other resources such as paints and varnishes. Ecodesign criteria are taken into account in the Group's new and further developments. By applying detailed sustainability profiles, we want to highlight energy consumption and the potential for saving energy, waste and other resources by means of various eco-components and innovative technical solutions. We are working on algorithms and software solutions to individually calculate the product carbon footprint (PCF) as an additional feature in the sale of carbon-neutral presses. The carbon footprint calculated can be offset by means of certified climate protection projects, while a carbon-neutral printing press is available to customers. We are aiming to reduce by 2025 the carbon emissions (Scope 1 and 2) of our production plants by 75% compared with 2019 and to achieve carbon neutrality from 2030 onwards. Following an analysis of the current Scope 3 carbon emissions, we want to define measures and corresponding targets for reducing these emissions in a timely manner. Another key objective is to promote the health of our employees, to prevent work-related hazards and to minimise the number of accidents at work as far as possible. In addition, we want to further increase the degree of diversity already achieved in terms of gender, age, international background and experience. One priority in this regard is the "Level Playing Field Women" project, which is currently being stepped up. In addition to diversity as an element of our corporate culture, we want to make use of various activities to take a stand against racism and discrimination. And, finally, we are committed to the preservation and conservation of the environment along our supply chain through the integration of sustainability in the procurement process and the fulfilment of comprehensive due diligence obligations. At the Koenig Bauer & Group, we accept our responsibility towards the community.

As a UN Global Compact participant, Koenig & Bauer is actively supporting the implementation of the United Nations' 17 Sustainable Development Goals (SDGs), which define the framework for responsible business in economic, ecological and social terms. The UN Global Compact is the world's largest sustainability initiative for sustainable and responsible corporate governance. The participants have undertaken to support the ten principles of the UN Global Compact in the fields of human rights, labour standards, environmental protection and the fight against corruption, to promote the 17 SDGs within their respective spheres of influence and to report annually on the progress achieved. Koenig & Bauer has identified seven of these SDGs as priorities and is addressing them with strategic sustainability initiatives. In particular, the Group's diverse sustainability activities are targeted at the following SDGs: "3 - Good health and well-being", "4 - Quality education", "5 - Gender equality", "8 - Decent work and economic growth", "12 - Responsible consumption and production", "13 - Climate action" and "17 - Partnerships for the goals". We see our scope for influence and for making a difference in these goals.

We have also joined the Blue Competence sustainability initiative. Blue Competence is an initiative launched by German industry association VDMA to promote sustainability in mechanical and plant engineering as well as to further sustainable solutions in this industry. Furthermore, we became the first printing press manufacturer to join the Healthy Printing Initiative in July 2021. The basic idea underlying the initiative is to advance the implementation of the cradle-to-cradle design approach in the printing industry.

Accordingly, the initiative aims to promote the use of environmentally friendly substrates, inks, varnishes and auxiliaries in the printing of paper, corrugated board and cardboard products, plastics and other substrates and ultimately to enable efficient recycling systems. Koenig & Bauer is also a member of the 4evergreen alliance, which networks paper and board manufacturers, folding carton manufacturers, producers and retailers of brand-name products and suppliers of technology and materials as well as the collecting, sorting and recycling industry. The alliance aims to communicate more effectively the benefits of fibre-based packaging materials as alternative solutions and to achieve a recycling rate of 90% for them by 2030. Finally, as a member of the Holy Grail 2.0 initiative, we are working towards finding a common solution for intelligent packaging recycling. Under the auspices of the European Brands Association (AIM), numerous companies and organisations along the packaging value chain are pooling their expertise. Stamp-sized digital watermarks that can be printed on the surface of packaging and function as a “digital recycling passport” are a promising approach for an efficient circular economy. Since 2022, Koenig & Bauer has been a member of the innovation network for “climate-neutral companies”, which under the direction of the Fraunhofer Institute for Industrial Engineering in Stuttgart promotes the cross-sector transfer of knowledge in the areas of climate protection and sustainability. The focus is on energy supplies, company mobility, digital/hybrid forms of work, strategy and governance as well as employee awareness.

Disclosure option selected

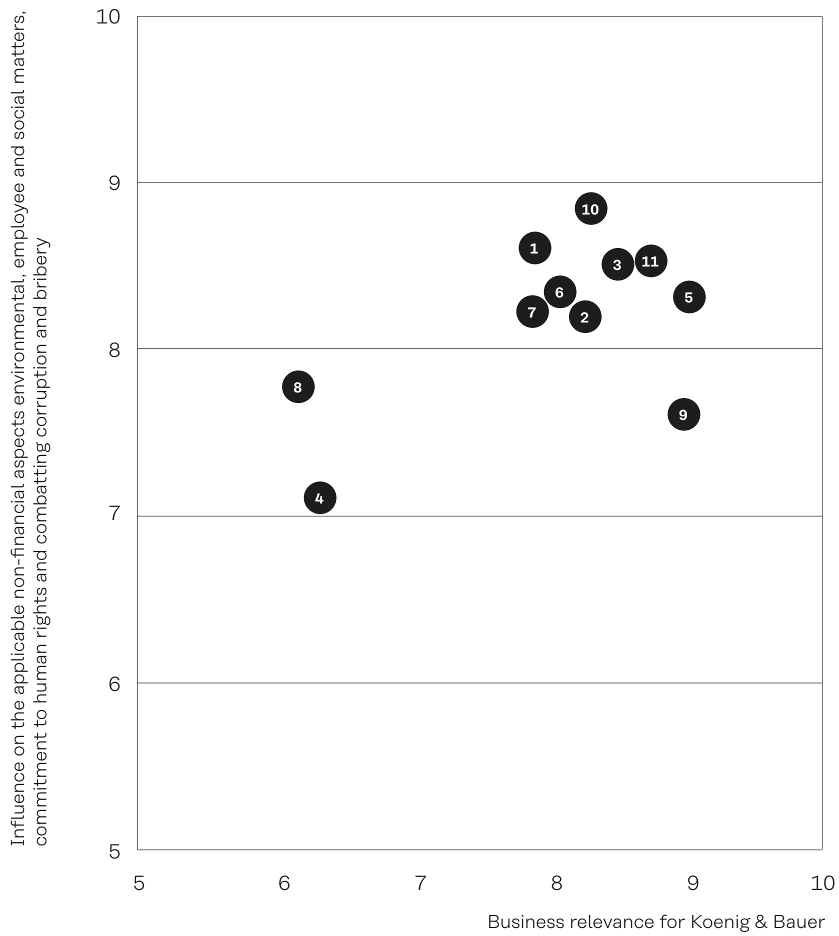
Koenig & Bauer publishes the non-financial disclosures required under section 315c in connection with sections 289c to 289e of the German Commercial Code and the disclosures required under Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter referred to as the EU Taxonomy Regulation) in this separate non-financial Group report, which is published outside the combined management report. References to disclosures outside the Group’s non-financial report constitute further information and are therefore not part of the report. The two separate reports are published in Bundesanzeiger together with the independent auditor’s opinion; they are also published on the Company’s website at www.koenig-bauer.com/de/investor-relations/finanzberichte/.

Business model, non-financial risk report and materiality analysis

The Koenig & Bauer Group’s business model is presented in the combined management report (see pages 16 onwards of the 2022 annual report). Koenig & Bauer’s Management Board is responsible for sustainability, including non-financial reporting on the environmental, employee and social aspects defined by law, the observance of human rights and anti-bribery and anti-corruption precautions. Under the Management Board’s business allocation plan, the Chief Executive Officer is responsible for corporate responsibility (ESG) and, hence, for all reported non-financial aspects. Sustainability has been established as a new area of responsibility with direct reporting lines to the Chief Executive Officer. Individual ESG objectives are a component of the Management Board’s remuneration as an element of the short-term incentive (STI), see the comments in the remuneration report on pages 117 onwards. Under a resolution passed by the Supervisory Board on 20 September 2022, the Audit Committee assumed responsibility for sustainability/ESG from the Personnel Committee. At an extraordinary meeting held on 20 October 2022, the Audit Committee completed a comprehensive onboarding process covering all ESG-related matters. In addition to regular updates for the Audit Committee in the future, the entire Supervisory Board is briefed by the Management Board on the progress of ESG activities at the annual strategy day. Within the scope of its statutory duty of supervision, the Supervisory Board has engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to audit this separate non-financial consolidated report to obtain limited assurance (see the audit report on pages 170 onwards of the annual report).

A materiality analysis was conducted to define the main aspects of the non-financial Group report. In accordance with the CSR Directive Implementation Act (sections 315c/289c of the German Commercial Code), the analysis is composed of the following elements: environmental, employee and social matters, observance of human rights and anti-bribery and anti-corruption precautions. In a preliminary step, a comprehensive list of non-financial matters potentially of relevance for customers, employees, investors and business partners was prepared with respect to these five aspects in accordance with the German Commercial Code. On the basis of this list, a workshop was held at the end of 2018 to identify the non-financial issues that are of material importance for our business activities and relationships, products and services within the five main aspects identified in accordance with the German Commercial Code. A short list was then prepared setting out all the matters which on a scale from 0 (not material or relevant) to 10 (highly material or relevant) had an average materiality score of at least 5 for the main issue in question and its business relevance. These material non-financial items were included in the non-financial Group reports for 2018 and 2019, as well as in the non-financial Group report for 2020 after a review of the materiality analysis.

To review and, if necessary, supplement the non-financial aspects reported on so far, we again performed a comprehensive materiality analysis at the end of 2021 with external and internal stakeholders on the basis of an online questionnaire. This was aligned to the 2016 version of the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). The internal respondents were managers and experts from operations management, production, service, personnel management, personnel development, quality management, product management and innovation, construction, development & process technology, safety/health/environment, facility management, compliance & internal auditing & risk management, corporate strategy, business/corporate development, marketing and communications. All business units and, in particular, employee representatives across the Group were involved. In addition to industry representatives from other components industries, the external stakeholders questioned primarily included customers and producers of brand-name articles as well as their customers together with banks, scientific experts and students. A response rate of 57% was achieved for the online questionnaires. On a scale from 0 (not material) to 10 (highly material), the participants assessed the non-financial matters on which the Company had previously reported in two respects, namely their influence on the applicable non-financial aspects and their business relevance for the Company. The participants did not propose any additional material non-financial aspects in the materiality analysis. The points mentioned had already been covered by earlier reports. All non-financial matters with an average score of at least 5 for both aspects were included in the materiality matrix. The following materiality matrix summarises the results:



1. **Operational environmental and energy management**
2. **Ecological printing technology**
3. **Attractive employer**
4. **Diversity**
5. **Recruiting and professionally qualifying talented young staff**
6. **Systematic personnel development**
7. **Occupational health and safety**
8. **Social commitment**
9. **High product quality for greater on-site and process safety in printing operations**
10. **Commitment to human rights**
11. **Combatting corruption and bribery**

The facts and issues presented in this materiality matrix are also to be included in the non-financial Group report for 2022. In addition to approval by the Chief Executive Officer, the Audit Committee of the Supervisory Board also took note of this procedure at its extraordinary meeting on 2 February 2023. Accordingly, the sections below describe the following main non-financial issues: Environmental aspects entail the Company's environmental and energy management as well as ecological printing technology. In addition to our appeal as an employer and the need for diversity, the key employee-related aspects include recruiting and training junior specialists and managers, systematic personnel development as well as health and safety. With respect to social aspects, social responsibility and high product quality in the interests of greater work and process safety in printing operations have been defined as material. This is followed by the aspects of the Company's commitment to human rights and as well as anti-corruption and anti-bribery precautions.

The risk inventory conducted at the end of 2022 did not identify any material, reportable non-financial risks resulting from business activities, business relationships, products or services that have an adverse impact on the non-financial aspects mentioned. Risks that affect the Company externally are presented in the risk report in the combined management report (see pages 35 et seq. of the annual report 2022).

Environmental aspects

At Koenig & Bauer, environmental aspects and the observance of high quality and safety standards are taken into account as far as possible along the entire value chain, from the product idea and purchasing to production and the start-up of the printing presses. Right from the start of the development and design stage, attention is paid to energy and resource efficiency in the assembly and operation of printing presses and finishing equipment. A further focus is placed on minimising noise, dust, odour and carbon emissions during the production and utilisation of our presses as well as the use of environment-friendly substrates and consumables in the printing, finishing and postpress phases. There are different management approaches for the two thematic complexes of corporate environmental and energy management as well as ecological printing technology for customers.

Operational environmental and energy management
Effective environmental and climate protection in the plants as well as the responsible use of resources are priorities for Koenig & Bauer. The production plants in Radebeul, Würzburg and Dobruška hold DIN EN ISO 9001:2015 and DIN EN ISO 14001:2015 quality and environment certification. In addition, our foundry in Würzburg operates an energy management system that has been certified in accordance with DIN EN ISO 50001:2018. A permanent focus of our work is on minimising the consumption of energy and resources in production as well as on reducing workplace emissions. We are consistently investing in efficient technologies and equipment to this end. As every reduction in the consumption of energy and resources is reflected in lower carbon emissions, Koenig & Bauer is also contributing to climate protection in this way. To protect and restore biodiversity and ecosystems, we have planted flowering and bee meadows at various Group sites, such as in Radebeul and Löhne. Further areas for flower and bee meadows, particularly at the Group site in Würzburg, are planned.

With regard to our ecological responsibility, we want to proactively drive forward and achieve the defined goal of carbon neutrality by 2030 at our production plants. In addition to the financial indicators and ROI calculations used ahead of capital expenditure decisions, we revised the Group Capex Framework Directive in the year under review to consistently monitor the sustainability impact of capital expenditure. Alongside the mandatory assessment of all capital expenditure plans in the Group based on an environmental score tool used by the requester of the capital expenditure, information from the Corporate Responsibility department on the sustainability impact of the planned capital expenditure is also required from a threshold of 20 thousand euros or more. The tool for calculating the environmental score of planned capital expenditure was developed on the basis of a idea developed by the Tapasuna (“take part, sustain nature”) project group within the the Junior Management Programme (JuMP). With the environmental score tool provided on the intranet together with an instruction and FAQ document, capital expenditure projects can be evaluated on a group-wide basis in a standardised, comparable and efficient manner to determine their contribution to improving sustainability. The environmental score calculated with the tool equals the value of the capital expenditure in thousands of euros per total tons of carbon saved. Together with the numerical environmental score for the capital expenditure under consideration, the tool implemented from 2023 onwards also categorises the capital expenditure according to classes A to G. Class A carbon savings achieved through the planned capital expenditure are the highest and the quotient the lowest. By contrast, class G capital expenditure projects are less energy-efficient relative to the capital invested. If, as is the case with new capital expenditure plans, no energy or resource reference data is available to calculate the carbon savings potential, a check using soft facts based on the ESG (environmental, social and governance) criteria is required at a minimum.

We are also working on improving the carbon footprint in our plants by adopting a green energy policy, which also includes measures to boost energy efficiency. Since the beginning of 2021, we have been sourcing solely green electricity produced from hydroelectric power in Norway for our main Group sites in Würzburg and Radebeul as well as at some subsidiaries. The Radebeul site is to switch to largely carbon-neutral district heating supplies using green energy before the onset of the 2023/2024 heating season. Our supplier GETEC mainly relies on biomass from wood pellets and also on solar thermal energy for the provision of district heating. In 2022, we installed three photovoltaic systems with an annual output of around 600,000 kWh at our Würzburg site to expand our own power production facilities. As well as this, three solar thermal systems for hot water supplies went into operation and can save around 50,000 kWh of electricity per year. At the Würzburg, Radebeul, Löhne, Mödling and Dobruška sites, further capital expenditure projects for photovoltaic systems have been initiated to enhance energy self-sufficiency by generating more electricity internally. At the Lausanne site, preparations are underway for the installation by the property owner of a photovoltaic system on top of the building roof. Scheduled to go into operation in October 2023, it will cover 18% of the Swiss subsidiary's total electricity requirements. Alongside the internal production and use of green energy, conservation and energy efficiency at our plants from another important pillar of our green energy policy. In addition to the replacement of transformer stations and ventilation technology, this is being aided by the modernisation of production and distribution systems for electricity, compressed air and heat at the Group sites. Another component in our efforts to reduce electricity consumption while simultaneously improving working conditions is the accelerated replacement of lighting systems with highly efficient, automatically controlled LED technology at our sites. The corresponding investments and expenses are included in the taxonomy-eligible Category C capital expenditure and operating expenses (see the section on the EU taxonomy).

At the foundry in Würzburg another major step towards greater sustainability is being planned with the installation of a new melting plant. When the two new medium-frequency melting furnaces featuring the latest technology go into operation in summer 2023, only a fraction of the previous melting time will be required, thus significantly improving the energy efficiency of the melting process. The new foundry melting furnaces consume 30% less electricity. As well as this, significant quantities of energy can be fed into the plant's internal heating network thanks to the optimised utilisation of waste heat. This means that the amount of gas required for heating the buildings at the Würzburg site can be cut by 8%. In absolute terms, this translates into an annual reduction in electricity consumption of around 3 GWh and in gas consumption of around 1 GWh. Moreover, the closed-end water cycle can lower annual water consumption by over 9,000^{m3} and reduce the chemical substances required.

At the Würzburg site, sustainable heat sources such as geothermal energy, river water and ground collectors are being tested for use in connection with large heat pumps. In spring 2023, a thermal response test will be performed at the Würzburg site to test the potential use of brine ground-source heat pumps.

Dedusting, extraction and solvent distillation plants as well as improved sound insulation in the production and assembly halls reduce workplace emissions such as noise, dust and odour. Supply air systems ensure fresh air at a controlled temperature directly at the workplace. Responsible use of resources also includes sustainable waste management. We avoid waste as far as possible, while waste that cannot be avoided is disposed of or recycled appropriately in accordance with the legal requirements. With disposal activities, a distinction is drawn between hazardous and non-hazardous materials and between waste recycling and removal. The remeltable metal waste generated in metal-cutting activities in Würzburg is an important raw material in foundry operations. Our waste statistics provide detailed information about the type and quantity of waste produced, broken down according to hazardous and non-hazardous waste. The padding used for the worldwide shipment of alphaJET models by Koenig & Bauer Coding in proven wooden crates was replaced by recycled material in the year under review. The new substrate consists of 80% regenerated material and lowers the carbon emissions for the padding material by 70%.

The following table provides an overview of electricity, natural gas, district heating, water consumption and waste in 2022 compared with the previous year.

	2021			2022		
	Würzburg	**Radebeul**	**Total**	**Würzburg**	**Radebeul**	**Total**
Electricity	21,445,986 kWh	13,205,058 kWh	34,651,044 kWh	22,948,789 kWh	13,011,905 kWh	35,960,694 kWh
Natural gas	13,059,762 kWh	–	13,059,762 kWh	10,789,041 kWh	–	10,789,041 kWh
District heating	–	12,171,600 kWh	12,171,600 kWh	–	9,402,600 kWh	9,402,600 kWh
Water	26,895 m^3	16,059 m^3	42,954 m^3	30,855 m^3	15,671 m^3	46,526 m^3
Amount of waste	4,657 t	5,313 t	9,970 t	4,459 t	4,838 t	9,297 t

On the basis of these consumption figures, Scope 1 CO2e emissions at the main sites in Radebeul and Würzburg came to 3,407.3 t in 2022, down from 3,803.4 t in the previous year. This reduction was underpinned by significantly lower gas consumption. The location-based Scope 2 CO2e emissions amounted to 16,351.7 t, compared with 15,248.7 t in the previous year. This increase was particularly due to the emission factors for the German electricity mix, which rose from 380 g/kWh in the previous year to 410 g/kWh. The calculations for location-based Scope 2 CO2e emissions are derived from the provisional average emission factors for the German electricity mix published by Bundesverband der Energie- und Wasserwirtschaft (Federal Association of Energy and Water Management). The increase in specific emissions from electricity production in Germany resulted primarily from the greater volume of electricity produced at lignite- and hard coal-fired power plants. The rise in carbon emissions due to increased electricity production from renewable energies had a dampening effect. By contrast, the market-based Scope 2 CO2e emissions were again reduced from the previous year's figure of 4,727.3 t to 3,651.9 t, particularly as a result of the significantly lower consumption of district heating.

After an initial rough analysis of the Scope 3 carbon emissions in the previous year, a new calculation was carried out for 2022 with external assistance using a larger number of product archetypes in the business units together with higher granularity in the emission factors. All 15 Scope 3 categories of the Greenhouse Gas Protocol were included in the analysis and the emissions calculation is based on the categories relevant to the Koenig & Bauer Group. The Scope 3 carbon emissions for the previous year were also adjusted on the basis of this more precise analysis. This resulted in Scope 3 CO2e emissions of 2,303 kt for 2022 (2021: 2,684 kt). At over 99%, Scope 3 CO2e emissions again account for the largest share of Koenig & Bauer's carbon footprint. Accounting for roughly 93% of the total, downstream product usage is the largest driver of Scope 3 emissions. Accordingly, top priority is being given to lowering the energy consumption of products by improving their energy efficiency, expanding digital services such as artificial intelligence for optimum press utilisation and offering the "climate-neutral print production" service. On the upstream side, the strategic orientation in purchasing activities in favour of materials with the lowest possible carbon footprint and the more responsible transportation of materials, finished products and service parts provide further levers for reducing Scope 3 carbon emissions. A reduction in carbon emissions can also be achieved through targeted incentives directed at employees' commutes to work. In addition to the public transport season ticket offered, the planned expansion of the e-charging infrastructure at the employee car parks should contribute to this.

The following table provides an overview of the Scope 1, 2 (Radebeul and Würzburg sites) and 3 (Group) CO2e emissions in t and the CO2e intensity in t per 1 million euros of revenue:

	2021	**2022**
CO2e emissions (tons)		
Scope 1 (gas and vehicle fleet)	3,803.4	3,407.3
Scope 2 (electricity and district heating) – location-based	15,248.7	16,351.7
Scope 2 (electricity and district heating) – market-based	4,727.3	3,651.9
Scope 3 (indirect emissions upstream and downstream)	2,684,000.0	2,303,000.0
CO2e intensity (tonnes per 1 million euros of revenue)		
Scope 1 (gas and vehicle fleet)	3.4	2.9
Scope 2 (electricity and district heating) – location-based	13.7	13.8
Scope 2 (electricity and district heating) – market-based	4.2	3.1
Scope 3 (indirect emissions upstream and downstream)	2,405.4	1,942.3

Another direct contribution to climate protection can be achieved through sustainable travel management. Restrictions in business travel to a limited number of participants and important occasions is a significant sustainability lever. In addition, the carbon footprint of every business trip can be significantly improved by means of targeted travel planning including the selection of the method of transport. Koenig & Bauer has modified the Group Policy on Company Travel to reflect this strong commitment to more sustainable business trips.

Ecological printing technology

We view sustainability and climate protection as part of our responsibility towards future generations, especially with regard to our products. Specifically, this is already opening up a wide range of opportunities for placing new products, equipment options and services on the market and for standing apart from the competition. Accordingly, we pay attention to energy and resource efficiency in the production process and in the operation of the presses and equipment when developing and designing our products.

A further focus is placed on minimising noise, dust, odour and carbon emissions during the production and utilisation of our presses as well as the use of environment-friendly substrates and consumables in the printing, finishing and postpress processes. When considering the environmental impact of our products, we also take account of the recyclability of the equipment. The main components such as steel and grey cast iron are fully recyclable.

We incorporate energy-saving technologies in our new and enhanced products to lower carbon emissions in industrial printing. Koenig & Bauer offers a range of energy-saving alternatives for the drying process, which is one of the most energy-intensive functions in printing operations. The VariDry^{Blue} drying system that we have developed in the sheetfed sector is an energy-efficient solution. Energy requirements for drying water-based dispersion coating can be reduced by 22%. This is done by using the hot air twice in the drier modules. HR and LED dryer modules for interim and final drying are powerful but more efficient alternatives to conventional UV dryers. Waste can be saved and makeready times shortened by means of various quality measurement and control systems, inspection systems, preset functions and other equipment options. This allows customers to significantly increase the resource efficiency of their printing operations. In the year under review, a new technology was developed for the dryers of the AirTronic collectors fitted to sheetfed offset medium-format presses, which can reduce the component's energy consumption by up to 40%. By increasing the number of hot air nozzles and optimising them by means of integrated IR emitters and improved exhaust air routing via the sides instead of upwards, superior heating performance and a higher overall temperature level is achieved, which, in addition to boosting energy efficiency, improves the drying process and, thus, the drying result.

In the metal printing presses built by Koenig & Bauer MetalPrint, the HighEcon dryer, which has won the METPACK Innovation Award, cuts gas costs by up to 70% compared to older models thanks to the newly developed high-efficiency KXB burner. With the EcoTNV dryer, the solvent-laden air is fed into the thermal afterburner during drying. In integrated systems such as the HighEcon or EcoTNV dryers, the exhaust air is generally not only cleaned but also produces the heat for the dryer. The solvents in the exhaust air are used to save energy. Thus, if the solvent concentration in the exhaust air is sufficient, gas consumption can be kept to a minimum.

In banknote printing, we have developed a system for reducing the carbon emissions of intaglio presses by lowering power requirements. Intaglio presses require a wiping solution which must be pre-heated before use. On the other hand, some parts must be cooled by means of thermoregulation. In order to conserve and reuse energy, a power-saving unit has been developed to harness the synergistic effects between thermoregulation and the provision of a preheated wiping solution. This solution in combination with compressed air saves approximately 83 kW per hour during operation of the intaglio printing press. If all intaglio presses in operation were to use this system, the carbon footprint of banknote printing could be reduced by around 45,000 tonnes of carbon dioxide per year.

Banknote printing presses are as a rule equipped with conventional UV lamps for curing the inks during or at the end of the printing process. As an alternative to this, Koenig & Bauer offers UV-LED systems. This does away with the need for air extraction and lowers energy consumption by roughly 45% per press. In addition, UV LED lamps have a far longer service life, do not contain any mercury and do not give off any ozone. If all of Koenig & Bauer's banknote customers were to use this new LED technology, carbon emissions could be reduced by around 10,000 tonnes a year.

Further innovative solutions in banknote printing permit greater resource efficiency through lower waste and a reduction of up to 25% in ink consumption on the intaglio printing presses. Ink consumption is optimised by aligning the paper to the length and position of the printing plate. The size of the stencil, which has a direct bearing on ink consumption, can be reduced significantly without impairing the print quality. If all intaglio banknote printing machines were equipped with this technology, around 2,500 tonnes of ink would be saved annually, while 5,000 tonnes of waste and the associated carbon emissions would be avoided. A current project is also making it possible to apply ink in the printing process only where it is needed. This reduces ink consumption by a further 25% to up to 50%.

Koenig & Bauer offers customers the VisuEnergy X management system to further improve energy and resource efficiency in their printing operations and throughout the entire company. As a trusted advisor in the field of sustainability, we provide customers with comprehensive support ranging from system and requirements analysis to energy consulting covering energy technology, efficiency and procurement strategies and their orientation as climate-neutral companies. This extends from the planning phase of a printing press investment to efficient production and greater economic viability. VisuEnergy X permits end-to-end digitalisation of the company, helps to record environmental data and supports an energy management system that has been certified under DIN EN ISO 50001:2018. Additional tools and services for reducing carbon emissions are also offered.

A further example of our active environmental policies is water-based and migration-harmless ink for food packaging. The food-safe water-based inks used by Koenig & Bauer Durst for digital printing meet the lifecycle-based environmental performance criteria set out in UL ECOLOGO Standard 2801 - 2012 (Standard for Sustainability for Printing Inks). UL ECOLOGO certification was achieved after the assessment of various criteria such as energy use, waste disposal and the reduction of toxic ingredients throughout the entire product lifecycle.

Koenig & Bauer provides its customers with the services of Climate-Partner for climate-neutral printing. With the frontprint manager on ClimatePartner's online portal, it is possible to calculate in detail carbon emissions from printing and, at click of a button, to neutralise them by funding climate protection projects. Numerous certified climate protection projects meeting various internationally acknowledged standards such as Gold Standard, VCS and Social Carbon are available. The participating printing companies can utilise the "climate-neutral printing" label as a competitive differentiator.

Employee aspects

Companies are strengthened on a sustained basis by a committed, experienced, highly qualified, loyal and healthy workforce. With their ability to develop bespoke premium-quality high-tech printing presses and to provide comprehensive services, our employees generate sustained value for Koenig & Bauer. Against the backdrop of global trends such as demographic change and a significant increase in the need for successors to replace retiring employees in the coming years, as well as the digital transformation and greater worldwide networking, the current challenge is to find, recruit and retain the next generation of skill employees and people with broad and in-depth expertise in all aspects of old and new professions, especially since the activities in question call for a high degree of flexibility and willingness to travel in many cases. In addition to the further promotion of diversity, the main focus of our human resources activities in the year under review was placed on attracting the next generation of specialists and managers as well as on professional and personal development and motivating and retaining our employees. Particular attention was paid to expanding training capacities. To position our Company in the employment market, we use different forms of advertising, such as banners on Dresden trams, radio and nationwide poster advertising and participation in city festivals. With the Koenig & Bauer Academy and the Koenig & Bauer Campus learning management system, our employees can benefit from an extensive array of training opportunities and learn autonomously and flexibly in line with their needs. In the competition for talent, Koenig & Bauer comes to the fore as a globally active and innovative company with its pronounced orientation to values that are firmly entrenched in its corporate culture. A variety of measures, such as the early involvement of young management talent in projects and various training opportunities assist employees in unleashing their full potential. The Company suggestion scheme actively integrates employees in improvement processes on an ongoing basis. In the 2022 special campaign for the in-company suggestion scheme on sustainability matters, employees were invited to submit their suggestions for improving the energy efficiency of our products. Various prizes such as an e-bike were offered for the three best proposals in addition to the bonuses provided for in the company agreement.

The Group provides good working conditions for employees offering high standards of occupational health and safety. Koenig & Bauer takes care to offer equal opportunities to all employees. We want to additionally consolidate equal opportunities as the basis for personnel decisions in the Group. Respectful and responsible interaction with each other and the prevention of all forms of discrimination are an integral part of our corporate culture. We want to ensure discrimination-free workplaces for employees regardless of gender, age, disability, religion, origin or sexual orientation and promote inclusiveness. People with restricted mobility also have a place in Koenig & Bauer's regular workforce. Similarly, employing people with special needs is a major priority for us. Some of the companies at the Würzburg and Radebeul sites significantly exceed the quota for employees with special needs stipulated in the German Social Code. At the foundry company, this quota stood at 9.3% at the end of 2022.

Attractive employer

Koenig & Bauer offers its employees modern working conditions including flexitime and working time accounts as well as mobile working as far as this is viable in the light of their duties. In principle, mobile workplaces are set up for these groups of employees, allowing them to perform their work outside the Company via mobile terminals. Mobile working offers advantages, especially for employees with children, helping them to achieve a balance between the need to take care of ill children and their availability to the Company. To additionally strengthen Koenig & Bauer's profile as an attractive employer, we are breaking new ground and implemented or launched many measures in the year under review – from bicycle leasing and season tickets for public transport to the further flexibilisation of working hours, e.g. in the form of the new morning-tea break scheme for part-time staff and new IT apprenticeships. In a survey, employees expressed great interest in bicycle-leasing.

Employees are assisted in finding a viable work-life balance by means of special offers such as flexible working hours, temporary or permanent part-time models, mobile working, childcare services and special leave, such as family leave and sabbaticals. The proportion of part-time employees in the Group widened to 4.5% (previous year: 3.8%). In a model project, we have created two extra part-time positions for women in production with a new morning-tea break arrangement, which will be expanded following its successful launch. Furthermore, Koenig & Bauer offers various child and holiday care services at its sites. During the summer holidays, the vacation programme available to the children of employees at the Würzburg site was again held over two weeks on two different farms. Thanks to the advantages they offer, these activities have also been included in the nationwide company childcare guide as a practical example of one of four organisational models and are thus setting an example across the country. The concept is to be offered at other Group locations in the future as well. At the Radebeul site, the availability of childcare during the summer holidays was announced at the beginning of February 2023. The children's and youth day held in 2022 again at the Würzburg plant on the Day of Repentance and Prayer, which is a school holiday, was well attended after the previous year's pandemic-induced cancellation.

The existing day-care centre at the Radebeul site adjacent to the company premises is used by employees because the availability of care is aligned to their working hours. The provision of in-company childcare is being planned at the Würzburg site. Koenig & Bauer has been a member of the Family and Work Alliance in the Würzburg region since 2006.

Alongside a low fluctuation rate of 2% (previous year: 1%), the average length of service of 19.2 years (previous year: 20.2 years) and the large number of long-service anniversaries each year at our Radebeul and Würzburg sites testify to the high staff retention achieved at Koenig & Bauer. In 2022, 129 milestone career anniversaries (previous year: 92) were celebrated at the two main Group sites. 42 employees were able to look back on 40 years of service, while 85 had been with the Company for 25 years. At the anniversary celebrations, which took place again after the pandemic-related interruption, two employees were also honoured for 50 years of service. A summer party was organised for all employees at the Würzburg site and proved very popular. A family day with a comprehensive programme was held at the Radebeul site, attended by around 3,500 visitors.

Diversity

Koenig & Bauer attaches particular importance to the diversity of its workforce. Our diversity policy aims to encourage diversity in terms of gender, internationality or ethnicity, age, religion and world view as well as in terms of experience. In terms of internationality, we have already achieved a high degree of diversity through cross-site cooperation between employees of different nationalities working at our numerous global locations. We want to harness the potential arising from heterogeneous teams in the interests of sustained corporate development. As with many other mechanical engineering companies, Koenig & Bauer has a relatively small proportion of women (14.8%) employed in the Group compared with other sectors, although there was an improvement over the previous year (13.7%). Various activities are being initiated to widen the proportion of female employees, including appropriately worded job advertisements with job-sharing possibilities, a "girls day", career fairs, internships and school visits. In addition to the general efforts to promote female representation at our Company, such as the establishment of two part-time jobs for female employees as described above, a diversity initiative has been launched comprising a comprehensive package of measures such as special training and female mentoring programmes to increase the proportion of female employees in management positions. In a programme currently underway with the Bavarian Metalworkers' Association (bayme), we are encouraging skilled female workers with development potential to take on management tasks. At the end of 2022, female representation at the first and second management levels below the Management Board at the holding company Koenig & Bauer AG stood at 33.3% and 11.1%, respectively. These ratios had been 25.0% and 12.5%, respectively, one year prior to this. The two major Group locations have the following age structure: Of the 3,087 employees in Radebeul and Würzburg, 24.2% are younger than 35 years, 50.1% aged between 35 and 55 and 25.7% are over 55.

Recruitment of and professional training for the next generation of skilled workers

In-house training ensures Koenig & Bauer is able to meet its high demand for qualified specialists in development, design, production, commissioning and service. The dual vocational training model has a long tradition at the Company. The Company's own state-recognised vocational training centre in Würzburg trains specialists by closely interlinking theory and practice. In the 154th year of its existence, it continues to enable modern learning and working. For this purpose, all trainees were provided with tablets. Via an internal website, they can use the tablet to access interactive operating instructions, e-learning, training documents, video tutorials and technical drawings. All the information they need for their activities in the learning workshop is thus always just a few clicks away. By scanning the QR codes, which are displayed on all machines, devices and containers in the vocational training centre, the trainees can view safety instructions and further information on operation and handling directly on their tablet. The internal website also offers instructional videos that the trainees have produced themselves after receiving professional input from the trainers during German lessons.

In view of recent developments in the labour market, it is also becoming increasingly challenging for Koenig & Bauer to fill all apprenticeship positions – especially in the technical professions. Accordingly, we are recruiting the next generation of skilled workers from all types of schools and consciously give opportunities to those with lower grades. At career, vocational and job fairs as well as our own events such as the career information day in Radebeul and the information week with an open training day in Würzburg we are committed, with active support of our current apprentices, to interesting more people in the prospect of working at Koenig & Bauer. The vocational training department in Radebeul works with numerous schools in the region to inform them at an early stage of the training available at the plant. Community events at local schools provide information about training opportunities and professions at the Radebeul plant early on. At an information week including an open training day held in July 2022, more than 400 interested young people from schools in the region visited the vocational training centre in Würzburg to find out about training opportunities at Koenig & Bauer. Apart from these proven instruments, we are also relying on new methods, including the use of social media, to recruit junior staff. In this way, school-leavers can gain insight into what a traineeship with the Company entails together with the training syllabus and methods. In addition to the various opportunities for learning more about apprenticeships at Koenig & Bauer, work placements for school students offer a good basis for early career orientation for when they leave school. All internships are structured in such a way that the school students can try things out for themselves and acquaint themselves with the apprenticeship professions at the Company. A number of undergraduates are completing their theses at Koenig & Bauer or attending internships or practical semesters at Koenig & Bauer. In addition, the Company offers placements for undergraduates in almost all parts of the Group to acquaint them with the world of Koenig & Bauer printing presses.

As of 31 December 2022, the number of apprentices and interns stood at 331, up on the previous year's figure of 315. The Group-wide apprenticeship ratio widened to 6% (2021: 5.8%). The apprenticeships range from mechatronics engineers to industrial mechanics and from machining mechanics to industrial business management assistants. In the IT sector, we train IT specialists for process and data analysis and, in 2022, expanded the range of apprenticeships to include electronics technicians for automation technology. From 2023, we will also be training technical product designers again. Trainees also include students enrolled in dual-studies courses, who are completing their practical phase at the Group sites in addition to attending university. Regular top rankings as top, second- or third-best performers and good to very good results in the final examinations testify to the acknowledged high quality of the Group-wide training centres. At the Dresden district Chamber of Industry and Commerce (IHK), an industrial mechanic from the Radebeul plant ranked the highest in his profession in the 2022 final examinations. A mechatronics technician from the Radebeul plant received an award as top performer in the additional English course offered by the Chamber of Industry and Commerce. The Radebeul vocational training department was given an honorary certificate from the Dresden Chamber of Industry and Commerce after previously receiving the title of "Excellent Training Company" for the 20th time. Upon successful completion of their apprenticeships, the future specialists face good career prospects with the possibility of permanent employment at the Group's main sites in Würzburg and Radebeul.

Systematic personnel development

In the interests of the Group-wide advancement of employees, we have installed a modular personnel development programme that defines target-oriented methods for various hierarchical levels and helps to identify talents at an early stage and to promote them in a targeted manner. The personnel development initiatives have a strong international focus and incorporate all Group companies, including the global sales and service companies. To additionally intensify Group-wide training and personnel development activities, we established the global Group-wide Koenig & Bauer Academy in the year under review. By pooling training activities at the Group level and providing global, cross-BU personnel development services, in addition to the promotion of a global leadership and learning culture and the achievement of synergy effects, we are creating a digitalised, target group-oriented learning world that is available to all Koenig & Bauer employees. An attractive training catalogue helps employees to plan their individual career paths in conjunction with Koenig & Bauer. In addition to all the locations worldwide, the virtual campus is also part of the Koenig & Bauer Academy. Through the joint activities of all those involved in the Academy network, we ensure that experts from all disciplines shape and develop the range of training offered by the Koenig & Bauer Academy and provide employees worldwide with new and important know-how. Information about the comprehensive range of training offered by the Academy is included in a newsletter, the Academy magazine, its own website as well as at events, training courses and in personal discussions.

The Koenig & Bauer Academy and the Koenig & Bauer Campus learning management system, which was rolled out a few years ago, provide the Group with an effective framework and modern tools for in-company training and development. All employees worldwide have access to the online catalogue via a personal profile, in which they can view all the training courses available to them. In addition to traditional face-to-face training on campus, the catalogue also includes live online sessions and e-learning by GoodHabitz in all relevant fields in order to encourage decentralised virtual learning. One example of live online training is the session known as "Conducting employee appraisal talks in a motivating way". A proven personnel instrument, the annual appraisal interview is to be additionally reinforced through interactive training and individual attention to the requirements and questions of the participants. A positive aspect of this personnel instrument is the scope it offers for direct feedback in both directions, with employees and line managers able to jointly discuss their current views and goals. In addition to the comprehensive training catalogue for all employees, training is offered for managers on various topics such as leadership and employee motivation, team building and conflict management. Mandatory training on matters such as export control, compliance or occupational safety is allocated to employees directly in their individual training plans at the campus to ensure attendance. Each employee can apply for voluntary training courses from the online catalogue. Line managers can confirm the request for training directly in the system with a click of the mouse. The system documents each employee's education history and issues reminders for upcoming training. As well as this, line managers are instructed to register employees for training measures. In addition to 522 face-to-face training sessions (2021: 876), 25,132 e-learning sessions, including the 169 GoodHabitz online courses, were held in the year under review. This is a significant increase over the previous year's figure of 16,860 e-learning sessions. Compliance was a key topic covered by e-learning, with 11,248 online sessions held (2021: 7,541). Moreover, there is a large number of technical and other training and further education courses as well as specialised training, such as for forklift driving licences, first aid etc. On top of this, we support the in-service further training of our employees, allowing them to qualify as technicians, specialists and business economists, and, if desired, also offer them master training.

Another component of our human resources development activities entails development assessments, in which management and junior staff are evaluated externally. This is followed by an internal process in which the immediate line managers draw up competence profiles on the basis of the results gained. In an ensuing step, the managing directors and department heads evaluate the executives and junior staff from their business units in calibration workshops to gain a more differentiated view. A comprehensive competence matrix is available in a database for the group undergoing assessment. Within this group, high potentials are identified in the subsequent coordination rounds for each business unit attended by members of the Management Board and executive staff on the basis of criteria such as age, language skills, international profile, leadership capabilities, expertise (technical/commercial skills), career background, mobility/willingness to change and skills/potential. Thereupon, individual development plans with further training measures are drawn up. The goal is to fill management positions from the Company's own ranks. We want to strengthen our appeal as an employer by means of this systematic career development. Moreover, systematic talent management addresses the expectations of career-oriented high performers and thus also helps the Company to retain qualified employees.

In addition, the one-year junior management programme (JuMP) with participants aged between the early 20s and 30s aims to systematically prepare junior staff for management tasks. 22 young professionals participated in the programme, which was launched in 2021. In addition to the technical learning modules, junior managers work on practical projects from everyday business life. This encourages international networking and allows them to develop innovative problem-solving approaches for business challenges.

A further indication of the strong employee involvement is the "Campus of Experts" training series, which consistently addresses topics of current interest. Another component of the human resources development portfolio is consulting services for organisational development at the team, departmental and divisional level including corresponding workshops. In addition, professional and personal coaching is available for all target groups in the Company. New employees complete the digital onboarding process, which helps them to find their way around the Company and familiarises them with the corporate culture. Professional provider management for purchasing and coordination as well as quality assurance for external service providers such as trainers and coaches is a further aspect of human resources development.

Health and safety

The health and safety standards at the production plants in Würzburg, Radebeul and Dobruška are certified in accordance with DIN ISO 45001:2018. Various measures are being taken to achieve further improvements in safety and ergonomics. Regular checks and consultations are held to monitor compliance with health and safety regulations and to make recommendations for optimising work processes. By avoiding non-ergonomic movements and heavy lifting, it is possible to minimise illness and accidents. The hazard assessments are updated regularly. Regular instruction and training seek to raise employees' awareness of any hazards that may arise. In addition to the detailed personal instructions given to the apprentices at the vocational school by the instructors, they can download safety instructions for the operation and handling of all machines, equipment and containers directly onto their tablet by scanning the QR code displayed. This assistance contributes to the achievement of our strategic ESG target of minimising occupational accidents.

15.7 accidents per 1m hours worked (previous year: 15) with lost working time of one day or more for the core workforce were registered in the year under review at workplaces in the Würzburg and Radebeul plants. Extensive analyses of these incidents are performed as a basis for defining preventive measures for reducing workplace accidents. At the same time, the monthly report on accident frequency rates by business unit and department facilitates the development of targeted responses. Potential hazards are addressed and highlighted in special monthly campaigns.

Workplace health promotion and prevention as well as comprehensive health management also enjoy high priority at Koenig & Bauer. The various programmes are managed and implemented by human resources management and by the Koenig & Bauer in-company health insurance fund (Koenig & Bauer BKK), which is organised as an autonomous public-law entity. In a personal letter, human resources management at various business units offers employees who have been on sick leave for more than 30 days in the past year the opportunity of attending a confidential meeting to discuss possible measures to overcome or prevent incapacity for work and to maintain workplace performance. A health team was established at the Radebeul site under the motto "Promoting health together". Top priority is being given to workplace ergonomics and the prevention of musculoskeletal disorders as well as regeneration management. The building blocks for achieving this include improvements to conditions in recreation rooms and spaces as well as the installation of additional outdoor seating. Further health teams are to be established step by step throughout the Group.

In addition to the diverse activities and offers including health courses, special health days and vaccinations, counselling and training are another focus with which health skills are taught, while employees are encouraged to work in a health-conscious and ergonomic manner and to prevent stress. As in earlier years, courses were held for the apprentices under a health promotion programme tailored to their needs to raise awareness of such concerns as hearing loss caused by high noise levels, addiction prevention and the avoidance of muscle/skeletal diseases. In addition, Koenig & Bauer BKK launched the analogue/digital You!Mind service, which aims to strengthen the mental health of trainees and teachers. The active weeks in selected health resorts are a special type of preventive health promotion with individual programmes to maintain or restore performance and well-being. Skin screening was personally offered on site at the Frankenthal, Radebeul and Würzburg plants in the year under review. Regardless of where they live, employees suffering from mental illnesses receive a qualified initial diagnosis within 14 days through the in-company health insurance fund's ProPsych programme. If the initial diagnosis indicates the need for a medical response, the employee concerned receives psychotherapeutic treatment within a further 14 days. Special behavioural therapy for sustainable weight loss in the event of obesity is also offered under this programme. The aim of the "BGM-innovativ" programme held at the Würzburg and Radebeul sites is to provide coordinated care for at-risk and ill employees suffering from musculoskeletal disorders in order to avert illness or to prevent it from becoming chronic, to shorten the duration of the illness and absences and to maintain working capacity permanently. In response to an employee survey, a full-body training programme featuring CrossFit and high intensity interval training was launched for the first time in November 2022. The Koenig & Bauer BKK programme also includes yoga classes, which take place in hybrid form, i.e. both face-to-face at the plant and online. For tinnitus patients, the Tinnitracks app is available to mitigate the intensity of the whistling sound in their ears. The new health and fitness app provides members of the Koenig & Bauer health insurance fund with useful tips on healthy eating, living more consciously and moving correctly and effectively. This year's "apple campaign" held at the canteens in Würzburg and Radebeul proved very popular. Good health and team spirit are encouraged by means of company sports festivals and by inviting employees to participate in company runs.

Social aspects

Koenig & Bauer is a pioneer in employee welfare as well as a supporter of social projects. Even before social security was introduced in Germany, the Company had already established the predecessor of an in-company health insurance fund in 1855. Founded in 1873, the fund for disability, widow and orphan benefits continues to exist to this very day. We are committed to our responsibility to society and sponsor social and cultural projects alongside initiatives for preserving and protecting the environment.

Social commitment
At Koenig & Bauer, social and community involvement includes comprehensive sponsoring and donation activities. The Group sponsoring and donations policy governs its basic approach to these matters and defines a consistent process throughout the Group, including approval rules. On the Koenig & Bauer sustainability website, a new section is to be added to list the current sponsorship and donation activities and to provide a central point of contact at the e-mail address engagement(at)koenig-bauer.com for all requests relating to sponsorship and donations.

In addition to the annual support for the Africa Festival in Würzburg, Koenig & Bauer provides financial resources all over the world for social projects and the activities of charitable and non-profit organisations and institutions such as foundations or associations. In the year under review, donations were made to “Liebe im Karton”, the Nicolaidis Young Wings Foundation, refugees from Ukraine and the Homburg am Main Summer Academy. Apart from this support for social institutions and cultural initiatives, a special focus was placed on ecology in 2022. Koenig & Bauer is supporting a rainforest project in Ghana as part of the Baobab Project. The preservation of the rainforest benefits the agricultural training project of the Baobab Children Foundation, which is also being sponsored, via a more stable local climate, serving as a mosaic stone in global climate action. The aim of the Baobab Children Foundation is to enable young people between the ages of 13 and 18 years to complete vocational training by sitting for a state examination after four years of schooling and one practical year. In addition, Koenig & Bauer is supporting the Bakita Girls Community Centre in Tanzania, which is based on a micro- and macro-sustainability model and provides school education for young mothers and orphans in particular by providing additional vocational training resources. Koenig & Bauer MetalPrint organises an annual fundraising campaign in the form of an employee raffle, with the proceeds going to a children’s and young people’s hospice in Stuttgart, with the Company doubling the amount donated.

It is also providing funding for the sustainability programme initiated by Banco de la Republica in Colombia, which aims to issue only banknotes with zero carbon emissions. The banknote printing plant’s emission neutrality is to be achieved through the BioBanknote reforestation project, in which trees are planted in selected regions of Colombia.

In a festive event held during an Executive Summit on 30 September in Würzburg, Koenig & Bauer presented for the first time the Green Dot Award 2022, which was specially created by the Company. In this way, Koenig & Bauer wants to honour a visionary leader with outstanding ideas who has made innovative contributions to sustainable printing in a special way. The Green Dot Award winner received prize money of 10,000 euros. Koenig & Bauer donated a further 10,000 euros for a sustainability project selected by the award winner’s. The Green Dot Award 2022 winner selected the Estonian initiative “Let’s Do It World”, which organises a variety of actions for a waste-free world such as the World Cleanup Day. “Let’s Do It World” is an accredited member of the United Nations Environment Programme and received an award from UN Habitat in 2021 for holding consecutive World Cleanup Days. The donation is to be used to organise the next World Cleanup Day on 16 September 2023. Sponsored by Koenig & Bauer, the Print & Media Award for the environmentally oriented company of the year also recognises printing companies’ ecological commitment.

With their extensive voluntary activities at the Chambers of Industry and Commerce and the Chambers of Crafts, as honorary judges at the labour and social courts, in emergency-assistance organisations such as the Federal Agency for Technical Relief, the fire brigade and the rescue service, as well as in city and municipal councils, the executives and employees make a great contribution to the community. In many cases, employees are given time off to engage in the wide range of voluntary activities undertaken by Koenig & Bauer. Earth Day is celebrated each year on 22 April and aims to strengthen appreciation for the environment and encourage people to rethink their consumer behaviour. Over 175 countries participate with various events and activities. Under the TICCIT (Trees Into Cartons, Cartons Into Trees) initiative, executives from the US subsidiary visited the German International School in Dallas in spring 2022 to arouse students’ interest in a more sustainable future and the importance of recycling.

As a globally active printing press manufacturer, Koenig & Bauer has always stood for cosmopolitanism and tolerance. At its Radebeul site it supports the “Wirtschaft für ein weltoffenes Sachsen” association (Business for a Cosmopolitan Saxony) by taking specific measures to assist and promote the integration of newcomers and immigrants in the local economy. After successfully completing secondary school, two refugees are completing a four-year vocational training programme in the dual-qualification programme “Mechatronics Technician with Abitur”. They are completing the practical part at Koenig & Bauer in Radebeul. For the theoretical part of their training, they are attending the vocational training centre for electrical engineering in Dresden. Two refugees began their vocational training at Koenig & Bauer back in 2015. They have successfully completed their apprenticeships as mechatronics engineers and have since been working in the assembly area for sheetfed offset presses. To arouse our employees' interest in world affairs, we invited Niklas Frank, a contemporary witness from the National Socialist era, to our vocational school at the beginning of January 2023 to read to trainees, trainers and employees. This was followed by lively discussion. In his books, the son of a National Socialist ruler settles describes his father's deeds.

High product quality for greater on-site and process safety in printing operations

Koenig & Bauer attaches great importance to the quality of its products and services. Reflecting this, the quality management system aims at achieving ongoing compliance with the highest quality standards in the production and assembly of the Company's bespoke, innovative and complex products. The quality management systems at the major production plants in Radebeul and Würzburg, at the Sheetfed business unit in Radebeul, at the Security business unit at the three sites in Würzburg, Lausanne and Mödling and at the Coding business unit in Veitshöchheim are certified in accordance with DIN EN ISO 9001:2015. Product development focuses on work and process safety, reliability and user-friendliness.

Commitment to human rights

In its role as an employer as well as a supplier and buyer of products and services, Koenig & Bauer is committed to protecting human rights and views this as a core element of responsible corporate governance. One of the guiding principles of our corporate policy is the United Nations Framework on Business and Human Rights ("protect, respect and remedy"). With the incorporation of a duty to observe human rights in the terms and conditions of purchase and the systematic observance of these requirements in all material business activities, the Company makes sure that its business partners acknowledge and respect human rights in the same way that it does. By signing the purchasing conditions, suppliers particularly undertake to refrain from using child labour and forced labour and to avoid all forms of discrimination. The purchasing conditions impose on external business partners a duty to respect employee rights and to observe labour law. The code of conduct for suppliers included in the terms and conditions of purchase also stipulates the observance of statutory and contractual quality and safety standards as well as environmental requirements particularly in connection with the use and processing of hazardous substances. In addition to the standard contracts used as framework and purchasing agreements and the purchasing conditions including the Code of Conduct for Suppliers, there are quality assurance agreements in force with around 400 suppliers.

In particular, the Code of Conduct imposes on suppliers the duty to provide information on request on their compliance with human rights, the ban on child labour, minimum wages, business integrity, health and safety and sustainability, and to allow audits to be carried out. We have installed comprehensive processes to verify our suppliers' compliance with the required principles initially and on an ongoing basis. A supplier qualification process must be completed whenever a supplier relationship is approved for the first time or re-established. This initial screening of potential suppliers during the selection process includes at least one self-assessment in the form of a questionnaire, in which they must also provide information on their practices for ensuring compliance with human rights and environmental standards at their companies (supplier qualification). Further measures are initiated on the basis of the results of the self-assessment and an internal risk assessment. These can include a request for certificates, evidence of the avoidance of human rights risks or environmental risks, audit procedures or an on-site audit. As part of the ongoing review of the partnership in the form of supplier audits, a random sample is taken from existing suppliers.

The Code of Business Conduct, which was rolled out in 2011 with binding effect throughout the Group, includes the relevant aspects of the law on corporate due diligence to prevent human rights violations in supply chains. These include fair competition by preventing corruption, fraud and cartels, occupational safety and health, environmental protection and equal treatment and anti-discrimination. Adherence to these principles is ensured by the compliance management system in the form of guidelines, processes, controls, training, standard contracts and other monitoring activities. Under a holistic approach, the measures directed at suppliers are backed by a sustainable and risk-averse purchasing strategy on the part of Koenig & Bauer, with priority given to sourcing from the German-speaking area. We believe that we had already created the legal and organisational foundations before the enactment of the Supply Chain Due Diligence Act to pass on, detect and enforce the requirements of the law along the supply chain.

Even though the legal obligations under the Supply Chain Due Diligence Act to prevent human rights violations in supply chains will not come into force until 2023 for Koenig & Bauer, the model for analysing and addressing corresponding risks was already developed in 2022 and a corresponding risk analysis carried out on a trial basis. The process for the annual risk analysis required under section 5 of the Supply Chain Due Diligence Act has been formalised. Central Purchasing, which is responsible for all procurement activities within the Group and is based at the holding company, evaluates the data on all suppliers once a year together with the Compliance and Corporate Responsibility departments. The first step is to identify the countries from which Koenig & Bauer sources goods or services directly. For each direct source country, a risk score is calculated on the basis of the legal interests to be protected in accordance with section 2 of the Supply Chain Due Diligence Act according to twelve publicly accessible indices published by NGOs. To achieve a systematic scaling of the country-specific risk potential, a risk score of between one and three is assigned to each country for all of the twelve indices in relation to the legal interests to be protected. A risk score of one indicates a low country risk, two a medium country risk and three a high country risk. If no index-specific score is available for a given country, a risk score of three is generally applied as the basis for further calculation. Once all country risks have been determined, an international risk score is calculated. All suppliers from critical countries whose risk score is up to 25% above the average international score undergo a separate audit. The risk analysis also includes information from employees and third parties on potential violations, dangers or grievances, the failure of business partners to comply with human rights and environmental protection requirements, which can also be reported anonymously via the whistleblower system. On the basis of the comprehensive risk assessment, a committee consisting of representatives from Central Purchasing, Corporate Responsibility, Compliance, Quality Management and the Human Rights Officer meets at least once a year – or on an ad hoc basis if any information is received – to analyse the results of the risk assessment and to define a plan of action with a sequence of audits for high-risk suppliers. Depending on the risks identified, the risk mitigation plan may include a self-assessment, a qualified self-assessment with internationally recognised documentary evidence or certificates, an on-site audit or an ad-hoc audit in response to a report received. Furthermore, the inspection committee determines the date by which the suppliers that are classified as problematic must be audited. Measures to reduce or eliminate identified risks may include further awareness-raising activities and a declaration of undertaking by suppliers to respect human rights and the environment, closer monitoring of suppliers, agreement with suppliers on concrete action plans to reduce risks and, in cases in which there is a persistent risk to the protected interests, a reduction in or the discontinuation of the relationship with the supplier in question. The Management Board appointed a Human Rights Officer at its meeting on 20 December 2022. The policy statement on implementing the requirements of the Supply Chain Due Diligence Act for preventing human rights violations in supply chains has been published on the Company's website.

Anti-corruption and anti-bribery

Responsible and transparent corporate governance oriented to long-term value creation has high priority at Koenig & Bauer. Integrity and compliance with the law form the basis of global social and economic life and are therefore indispensable in avoiding detrimental economic, ecological and social impacts. Furthermore, they are the prerequisite for meeting the goals of our sustainability strategy, e.g. the protection of the environment and human rights as well as equal opportunities, together with the constantly growing expectations of our customers, investors and employees in this regard. For these reasons, we consider integrity and compliance with the law to be indispensable in business transactions and pursue a zero tolerance approach in this respect.

The Group-wide compliance management system (CMS) creates the basis for ensuring that business practices satisfy the highest compliance and integrity standards. The contents and activities of the compliance organisation are reviewed on the basis of a compliance plan adopted in consultation with the Management Board and the Supervisory Board's Audit Committee at the beginning of each year. The compliance plan also defines measurable objectives (KPIs) of the CMS. The following KPIs are currently defined:

- Ratio of compliance training completed at the Koenig & Bauer Campus
- Ratio of compliance on-boarding for new employees as part of the Welcome Days
- Number of compliance reviews conducted at Koenig & Bauer subsidiaries
- Percentage acceptance of the Koenig & Bauer Business Principles by relevant suppliers
- Ratio of compliance undertakings signed by relevant employees

Decisions on the modification of KPIs or the inclusion of additional ones are made during annual compliance planning.

The CMS is designed to prevent violations of laws, standards or internal policies. A regular compliance risk analysis forms the basis for the organisation and processes. More detailed stakeholder and risk analyses are carried out to intensify the analysis of special risks, such as corruption prevention and money laundering. In addition to monitoring changes in the law and reported compliance risks, one component of the risk assessment entails the continuous sharing of information on the internal processes of the Koenig & Bauer Group companies. For this purpose, a compliance team has been set up and is composed of representatives from information technology, human resources, accounting, taxes, data protection as well as the local compliance officers. In 2021, all subsidiaries additionally submitted for the first time a standardised report on their compliance situation as part of the fixed agenda of the meetings of the relevant supervisory bodies (e.g. boards, shareholder assemblies, supervisory boards, governance bodies). Comprehensive guidelines have been issued and the necessary processes established on the basis of the results of the risk analysis to ensure compliance and integrity in all business activities. Any changes that are identified in the risk situation or requirements are addressed by duly modifying the internal guidelines. The corporate compliance manual issued across the entire Group combines our business code of conduct, compliance rules and the main Group policies in a single document. The latest version of the policies can be viewed in the policies portal on the Koenig & Bauer intranet.

The CMS attaches great importance to combating corruption and bribery. For this reason, the process for ISO 37001 anti-corruption management certification was initiated in 2022. The corresponding certification audit was completed in December 2022, with the ISO 37001 certificate issued at the end of January 2023. This also reflects Koenig & Bauer's broad-based commitment to promoting fair competition.

The comprehensive compliance and integrity standards can only be fully effective if employees are aware of them and adhere to them. For this purpose, 13 online training sessions on the main aspects of compliance and the code of conduct are currently available throughout the Group. Available in several languages, they are mandatory for every new employee. The use of an IT process with the Koenig & Bauer Campus training management system, which is based on SuccessFactors, automatically ensures that training is held in cycles determined by risk criteria applicable to the employee's specific position. Compliance with this requirement is monitored through regular reminders and escalation processes. Following the initial allocation of online training via the Koenig & Bauer Campus at the end of 2017, over 30,000 compliance training courses were completed by the end of 2022, including over 17,000 that were directly related to anti-corruption. The Koenig & Bauer Campus has since been rolled out across all 50 relevant subsidiaries, meaning that almost all employees in Europe, Asia, North and South America can attend compliance training via the Koenig & Bauer Campus.

The preventive CMS measures are complemented by a regular review of their effectiveness to identify potential for improvement. In addition to tracking the agreed KPIs for the CMS, internal and external compliance assessments in particular are carried out periodically at Koenig & Bauer AG and its subsidiaries for this purpose. The internal whistleblower system, which had been in place since 2017, was replaced in 2022 by a new online platform that will continue to ensure that potential compliance violations can be reported anonymously by employees and – in contrast to the previous system – additionally also by third parties. The whistleblowing system also includes a case management function, thereby ensuring full documentation of the actions taken to follow up on the tips received. As well as this, it contains a feedback channel to the whistleblower notifying him or her of the receipt of the report and the status and outcome of the inquiries. Moreover, the system allows for requests for further information or evidence to be made even if the whistleblower wishes to remain anonymous. Under the Group policy, all suspicions are followed up consistently and, if necessary, disciplinary or legal action taken. This applies equally to reports by the media or authorities of potential violations by Koenig & Bauer companies. In such cases, cooperation is sought to clarify the circumstances. Koenig & Bauer complies in full with any notification or cooperation duties.

Koenig & Bauer is also committed to fighting corruption and encouraging compliance beyond its own business activities. Since its foundation in 2013, the Banknote Ethics Initiative (BnEI) has established a strict code to prevent and combat corruption and anti-trust violations in the field of banknote printing and trading. The principles espoused are not only recognised among the members of the BnEI but are also adopted by a significant proportion of central banks and banknote printers worldwide and form part of their procurement processes. As a founding member of the BnEI, Koenig & Bauer Banknote Solutions has agreed to be bound by strict rules of conduct and transparency, compliance with which is verified under the accreditation to be renewed every three years on the basis of an audit programme developed by the BnEI. After the successful renewal of accreditation in 2020, the next audit is already planned for 2023.

The promotion of ethical behaviour, transparency and compliance forms the focus of our activities, particularly in the security and banknote printing industry. With the KBA-NotaSys Integrity Fund, which was founded in 2017, Koenig & Bauer finances international projects to enhance compliance processes and culture. By the end of 2022 a total of 42 projects initiated by universities, associations and institutions in Europe, South America and Africa had been funded. The project initiators include Transparency International, the German Institute for Compliance (DICO), the German Institute for Efficiency Testing (DIEP) and various Swiss and German universities. The results of the projects were published and presented to interested groups and also discussed at two meetings of the project managers organised by the Fund in 2020 and 2022. Total funding of 5 million euros was allocated. The Integrity Fund was formally closed on 31 December 2022. However, projects that have already been awarded will continue to run until the contractually agreed deadline of 2024 at the latest. Funds flowing back from projects that have not been fully completed can still be allocated to new projects in 2023.

Further details of the compliance management system can be found in the compliance section of Koenig & Bauer's website.

The ongoing analysis of possible compliance risks is a decisive prerequisite for the Company's ability to continue meeting the high standards of rule-compliant business conduct and integrity in the future. The analyses conducted in the individual business units in 2022 did not reveal any new compliance risks. One whistleblower report was received and addressed by taking appropriate measures, thus highlighting the functionality of the compliance management system.

Disclosures on the EU taxonomy

The EU Taxonomy Regulation is an integral part of the European Commission's Action Plan on the Allocation of Capital Flows to Sustainable Economic Activities. As a classification system for environmentally sustainable economic activities, the EU taxonomy rules mark a significant step towards achieving the EU objective of climate neutrality by 2050. The taxonomy focuses on six objectives: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems.

The following information is based on Taxonomy Regulation (EU) 2020/852, which was published in July 2020. Furthermore, we have taken into account the delegated act on the first two environmental objectives, climate change mitigation and adaptation (Commission Delegated Regulation (EU) 2021 /2139 of 4 June 2021 on the technical assessment criteria under Articles 10 and 11 of the Taxonomy Regulation) and the delegated act on the reporting requirements under Article 8 of the Taxonomy Regulation (Commission Delegated Regulation (EU) 2021 /2178 of 6 July 2021), as well as various explanatory documents and FAQs on the implementation of the taxonomy reporting requirements. In accordance with these regulations, the proportion of taxonomy-eligible and non-taxonomy-eligible as well as taxonomy-aligned and non-taxonomy-aligned economic activities in 2022 in total revenue and capital and operating expenditures is disclosed. Since the analysis carried out did not identify any economic activity that makes a substantial contribution to the second EU environmental objective of climate change adaptation, the identification of potentially taxonomy-eligible activities is oriented to the first EU environmental objective of climate change mitigation. The details relevant for this disclosure in the non-financial Group report 2022 are published in section 1.2 of Annex I of the delegated act on reporting requirements under Article 8 of the Taxonomy Regulation. In order to avoid any duplication, taxonomy-eligible activities are disclosed only where the activity in question has not been included in another category.

Taxonomy-eligible revenue
In identifying potentially taxonomy-eligible activities, we first classified our economic activities according to the NACE codes. As Koenig & Bauer's business activities match NACE codes 28.29 and 28.99, we followed the requirements of the category "3.6. Manufacture of other low carbon technologies" in identifying potentially taxonomy-eligible revenue. With regard to this environmental objective of climate change mitigation, we have classified revenue derived from products or product groups as taxonomy-eligible if the printing presses and systems also aim to significantly reduce carbon emissions for our customers in the printing and postprinting industry on the basis of the technology used. Under environmental concerns in the chapter entitled "Ecological printing technology", we present in detail the technologies or printing presses developed to reduce carbon emissions in the printing process. These include VariDry^Blue drying and the new dryer for the AirTronic delivery for sheetfed offset presses, the HighEcon and EcoTNV dryers for metal decorating presses and the PowerSave unit, LED technology for curing inks in the press and targeted adjustment of the stencil size for banknote presses. We then aggregated the revenue determined in the accounting departments of the Group or the respective business units for each product or product group classified as taxonomy-eligible. In 2022, revenues of €366.4m were generated with banknote printing presses, with sheetfed offset presses fitted with the VariDry^Blue drying technology and with metal printing presses and components delivery with TNV technology. Our consolidated net revenue of €1,185.7m is presented in the consolidated financial statements on page 55 of the annual report 2022 in the line denoted "Revenue". Further details of our accounting policies for calculating Group revenue can be found on page 69 f of our annual report 2022.

Substantial contribution to climate change mitigation as a prerequisite for taxonomy alignment
To identify taxonomy-aligned revenue, we first analysed the technologies classified as taxonomy-eligible, or the corresponding products and product groups, to determine whether they contribute to a significant saving of greenhouse gas emissions during use of the product over the entire lifecycle of the press compared to the best-performing reference technology available on the market. For this purpose, we systematically applied the corresponding EU rules on Category 3.6 "Manufacture of other low-carbon technologies" with a focus on reducing greenhouse gas emissions in the user industries and internationally accepted calculation standards. The Greenhouse Gas Protocol was used as a basis for calculations as the internationally acknowledged standard is similar to the ISO Norm 14064-1:2018

required by the EU taxonomy. On the basis of the Greenhouse Gas Protocol Standard, we calculated the carbon emissions of the Koenig & Bauer press and reference product during the utilisation phase on our customers' premises, applying the average total life of the products as a basis for this. The energy measurements for our own products correspond to those underlying the Scope 3 carbon emissions calculated under the category "Product use" (3.11). The lifecycle greenhouse gas calculations for the most efficient alternative technology available on the market were based on requests for tenders published on the internet with energy values confirmed by the sole competitor in this printing press class. On the basis of these valid energy consumption measurements, we were able to calculate the greenhouse gas emissions of our printing press and those of our competitor and demonstrated savings of roughly 2% using the Koenig & Bauer technology. In the special machinery business, we measured a roughly 2% higher energy efficiency in the banknote printing presses compared with the competing product and therefore consider this to be significant as efficiency improvements by means of product developments and enhancements are possible only in small steps due to the nature of the technology. The internal carbon emission calculations over the entire lifecycle were validated by an external climate footprint expert.

No significant impairment of other environmental objectives as a prerequisite for taxonomy alignment

In the course of the analysis, we subsequently determined whether the achievement of the five other EU environmental objectives is significantly impaired by Koenig & Bauer's business activities ("Do no significant harm" – DNSH). With regard to the EU environmental objective of climate change adaptation, we did not identify any material impairment of the relevant locations on the basis of climate scenario and vulnerability analyses. These analyses were performed in 2022 on the basis of data from the Intergovernmental Panel on Climate Change (IPCC) available at the time of the report. These analyses are based on the shared socioeconomic pathway scenarios (SSP scenarios) SSP5-85 and encompass medium and long-term threats to the climate. With respect to the third EU environmental objective "Sustainable use and protection of water and marine resources", we conducted a preliminary review ahead of an environmental impact assessment at our site in Würzburg which covers the requirements to water. The long service life of our presses and systems, the services offered, such as upgrades to extend their service life, their recyclability and the use of secondary materials in the production of core components all help to meet the EU's environmental objective of transition to a circular economy. The criteria for the EU environmental objective "Pollution prevention and control" primarily relate to legal and regulatory requirements, which we are obliged to comply with. Compliance within the scope of our business activities is monitored and ensured through various policies and measures. Currently, we have no knowledge that our business activities contribute to the production, marketing or use of substances classified as hazardous. With regard to the EU environmental objective "Protection and restoration of biodiversity and ecosystems", we carry out environmental impact assessments or comparable assessments as part of our business activities, where required. Our business activities are not located in or near biodiversity-sensitive areas. As a result, we have not identified any significant impairment by Koenig & Bauer's business activities of the achievement of the five other EU environmental objectives.

Compliance with minimum protection as a prerequisite for taxonomy alignment

With regard to companies' compliance with minimum protection requirements, the EU Taxonomy Regulation calls for the OECD Guidelines, the United Nations Guiding Principles, the International Human Rights Charta and the ILO Core Labour Standards to be followed. In our business activities, we have verified compliance with these principles and standards with regard to human and labour rights (including health and safety at work, freedom of association, prohibition of child labour) and combating bribery and corruption. In addition, fair competition and taxes are also considered. We have come to the conclusion that the minimum protection required by the EU Taxonomy Regulation is complied with throughout the Group. The framework conditions and systems established throughout the Group along the entire value chain, the applicable instructions and guidelines as well as the whistleblowing system and various systems such as employee representation, ensure that minimum protection is assured and violations are prevented, and that any violations that, contrary to expectations, do occur can be identified and countermeasures initiated quickly.

Taxonomy-aligned revenue

Having determined the absence of any material impact on the achievement of EU environmental objectives two to six (DNSH) and compliance with the minimum required protection in our business, we have classified as taxonomy-aligned those taxonomy-eligible activities and the revenue they produced for which we have been able to demonstrate a substantial contribution to climate change mitigation through substantial savings in lifecycle greenhouse gas emissions during the product-utilisation phase compared to the best performing alternative technology available in the market through publicly available energy data on the competing printing press. We report taxonomy-aligned revenue of €150.7m for 2022 from activities with banknote printing presses, equivalent to 12.7% of the Group revenue of €1,185.7m in 2022.

				Criteria for a material contribution					
Economic activities (1)	**Code(s) (2)**	**Absolute revenue (3) € m**	**Share of revenue (4) %**	**Climate change mitigation (5) %**	**Climate change adaptation (6) %**	**Water and marine resources (7) %**	**Circular economy (8) %**	**Environmental pollution (9) %**	**Biodiversity and ecosystems (10) %**
A. Taxonomy-eligible activities									
A.1 Ecologically sustainable activities (taxonomy-aligned)									
Manufacture of other low carbon technologies	3.6	150.7	12.7	100	0				
Revenue from ecologically sustainable activities (taxonomy-aligned) (A.1)		150.7	12.7						
A.2 Taxonomy-eligible, but not ecologically sustainable activities (non-taxonomy-aligned activities)									
Manufacture of other low carbon technologies	3.6	215.7	18.2						
Revenue from taxonomy-eligible, but not ecologically sustainable activities (non-taxonomy-aligned activities) (A.2)		215.7	18.2						
Total A (A.1 + A.2)		366.4	30.9						
A. Non-taxonomy-eligible activities									
Revenue from non-taxonomy-eligible activities (B)		819.3	69.1						
Total (A + B)		1,185.7	100						

Image: Share of revenue from goods or services related to taxonomy-aligned economic activities

Taxonomy-eligible operating expenditure

Operating expenditure in the sense of the EU taxonomy includes non-capitalisable expenses, including for research and development, building refurbishment measures, short-term leases, maintenance and servicing. Non-capitalised R&D expenses, maintenance and servicing costs in production, sales and administration as well as expenses for short-term and low-value leases determined by Group accounting are used as the denominator to identify

DNSH criteria ("Do no significant harm")										
Climate change mitigation (11) Yes/no	**Climate change adaptation (12) Yes/no**	**Water and marine resources (13) Yes/no**	**Circular economy (14) Yes/no**	**Environmental pollution (15) Yes/no**	**Biodiversity and ecosystems (16) Yes/no**	**Minimum protection (17) Yes/no**	**Taxonomy-aligned share of revenue 2022 (18) %**	**Taxonomy-aligned share of revenue 2021 (19) %**	**Category (enabling activities) (20) E**	**Category "Transitional activities" (21) T**
n/a	Yes	Yes	Yes	Yes	Yes	Yes	12.7	n/a	E	n/a
							12.7	n/a	E	n/a
							12.7			

the proportion of taxonomy-eligible operating expenses. The consolidated income statement on page 55 of the annual report 2022 includes the R&D expenses that are not recognised on the balance sheet and the other cost items included in production, selling and administrative expenses. The expenses incurred for measures for reducing energy consumption or increasing energy efficiency at the factory buildings form a partial value in the numerator for identifying the taxonomy-eligible proportion of operating expenditure. These expenses, which essentially fall under category 7.3 "Installation, maintenance and repair of energy efficiency equipment", are classified as taxonomy-eligible operating expenses in accordance with section 1.1.3.2.(c) of Annex I of the Delegated Act on Article 8 of the EU Taxonomy Regulation. As the remainder of the total operating expenditure for taxonomy-eligible or non-taxonomy-eligible economic activities arises at the Group locations and a more accurate breakdown is not possible for system-related reasons, this difference is disaggregated on the basis of the percentage of taxonomy-eligible revenue in the entire product portfolio in order to determine the taxonomy-eligible category A operating expenses. The sum total of the taxonomy-eligible category A and category C operating expenditure is used as the numerator for calculating the taxonomy-eligible share of operating expenses as no category B operating expenses arose in the year under review.

Taxonomy-aligned operating expenditure

It was not possible to report on taxonomy-aligned operating expenditure coming within category 7.3 “Installation, maintenance and repair of energy efficient equipment” during the year under review, as no DNSH evidence was available for the individual types of taxonomy-aligned operating expenditure. In the case of economic activities under category 3.6 “Manufacture of other low-CO2 technologies”, it was possible to report on taxonomy-aligned operating expenditure as a result of the application of a revenue-based allocation key. On balance, the total taxonomy-aligned operating expenditure coming within category 3.6 amounted to €8.4m in 2022, equivalent to 12.6% of the total operating expenditure of €66.5m in the year under review.

Image: Share of operating expenditure (“OpEx”) from goods or services related to taxonomy-aligned economic activities

				Criteria for a material contribution					
Economic activities (1)	**Code(s) (2)**	**Absolute OpEx (3) € m**	**Share of OpEx (4) %**	**Climate change mitigation (5) %**	**Climate change adaptation (6) %**	**Water and marine resources (7) %**	**Circular economy (8) %**	**Environmental pollution (9) %**	**Biodiversity and ecosystems (10) %**
A. Taxonomy-eligible activities									
A.1 Ecologically sustainable activities (taxonomy-aligned)									
Manufacture of other low carbon technologies	3.6	8.4	12.6	100	0				
OpEx on ecologically sustainable activities (taxonomy-aligned) (A.1)		8.4	12.6						
A.2 Taxonomy-eligible, but not ecologically sustainable activities (non-taxonomy-aligned activities)									
Manufacture of other low carbon technologies	3.6	12.1	18.2						
Installation, maintenance and repair of energy efficiency equipment	7.3	0.2	0.3						
OpEx on taxonomy-eligible, but not ecologically sustainable activities (non-taxonomy-aligned activities) (A.2)		12.3	18.5						
Total A (A.1 + A.2)		20.7	31.1						
B. Non-taxonomy-eligible activities									
OpEx on non-taxonomy-eligible activities (B)		45.8	68.9						
Total (A + B)		66.5	100						

Taxonomy-eligible capital expenditure

In order to identify the taxonomy-eligible proportion of capital expenditure, the investments determined by Group accounting in accordance with IFRS are placed in the denominator. This amount can be derived from the additions column in the consolidated statement of changes in assets on page 72 of the Annual Report 2022. It includes additions to property, plant and equipment and intangible assets during the year before depreciation and remeasurements, including those resulting from remeasurements and impairments for the 2022 financial year and excluding changes in fair value. Apart from additions to non-current assets (IAS 16) and intangible assets

(IAS 38), additions to right-of-use assets (IFRS 16) are also included. The first partial value of the numerator for determining the taxonomy-eligible share of capital expenditure includes investments in a photovoltaic and solar thermal system at the Würzburg site. These investments, which fall under categories 7.6 “Installation, maintenance and repair of renewable energy technologies”, are classified as taxonomy-eligible capital expenditure in accordance with section 1.1.2.2.(c) of Annex I to the Delegated Act on Article 8 of the EU Taxonomy Regulation. As the remainder of the total capital expenditure for taxonomy-eligible or non-taxonomy-eligible economic activities, adjusted for corporate investments, arises at the Group sites, e.g. for new production centres, this difference is broken down on the basis of the percentage of taxonomy-eligible revenue in order to determine the percentage of taxonomy-eligible capital expenditure in the total product portfolio. The resulting taxonomy-eligible capital expenditure is assigned to category A. The sum total of the taxonomy-eligible category A and category C capital expenditure is used as the numerator for calculating the taxonomy-eligible share of capital expenditure as no category B capital expenditure arose in the year under review.

DNSH criteria (“Do no significant harm”)										
Climate change mitigation (11) Yes/no	**Climate change adaptation (12) Yes/no**	**Water and marine resources (13) Yes/no**	**Circular economy (14) Yes/no**	**Environmental pollution (15) Yes/no**	**Biodiversity and ecosystems (16) Yes/no**	**Minimum protection (17) Yes/no**	**Taxonomy-aligned share of OpEx 2022 (18) %**	**Taxonomy-aligned share of OpEx 2021 (19) %**	**Category (enabling activities) (20) E**	**Category “Transitional activities” (21) T**
n/a	Yes	Yes	Yes	Yes	Yes	Yes	12.6	n/a	E	n/a
							12.6			
							12.6			

Taxonomy-aligned capital expenditure

It was not possible to report on taxonomy-aligned capital expenditure coming within category 7.6 "Installation, maintenance and repair of renewable energy technologies" during the year under review, as no DNSH evidence was available for the individual types of taxonomy-aligned capital expenditure. In the case of economic activities under category 3.6 "Manufacture of other low-CO2 technologies", it was possible to report on taxonomy-aligned capital expenditure as a result of the application of a revenue-based allocation key. On balance, the total taxonomy-aligned capital expenditure coming within category 3.6 "Manufacture of other low carbon technologies" amounted to €7.7m in 2022, including €4.3m via the allocation key and €3.5m via the capitalisation of development expenditure for taxonomy-aligned business activities. The total taxonomy-aligned investment expenditure is equivalent to 15.5% of the total capital expenditure of €49.8m in the year under review.

Image: Share of capital expenditure ("CapEx" in the diagram) from goods or services associated with taxonomy-aligned economic activities

				Criteria for a material contribution					
Economic activities (1)	**Code(s) (2)**	**Absolute CapEx (3) € m**	**Share of CapEx (4) %**	**Climate change mitigation (5) %**	**Climate change adaptation (6) %**	**Water and marine resources (7) %**	**Circular economy (8) %**	**Environmental pollution (9) %**	**Biodiversity and ecosystems (10) %**
A. Taxonomy-eligible activities									
A.1 Ecologically sustainable activities (taxonomy-aligned)									
Manufacture of other low carbon technologies	3.6	7.7	15.5	100	0				
CapEx on ecologically sustainable activities (taxonomy-aligned) (A.1)		7.7	15.5						
A.2 Taxonomy-eligible, but not ecologically sustainable activities (non-taxonomy-aligned activities)									
Manufacture of other low carbon technologies	3.6	6.2	12.4						
Installation, maintenance and repair of technologies for renewable energies	7.6	0.1	0.2						
CapEx on taxonomy-eligible, but not ecologically sustainable activities (non-taxonomy-alignedactivities) (A.2)		6.3	12.6						
Total A (A.1 + A.2)		14.0	28.1						
B. Non-taxonomy-eligible activities									
CapEx on non-taxonomy-eligible activities (B)		35.8	71.9						
Total (A + B)		49.8	100						

DNSH criteria ("Do no significant harm")										
Climate change mitigation (11) Yes/no	**Climate change adaptation (12) Yes/no**	**Water and marine resources (13) Yes/no**	**Circular economy (14) Yes/no**	**Environmental pollution (15) Yes/no**	**Biodiversity and ecosystems (16) Yes/no**	**Minimum protection (17) Yes/no**	**Taxonomy-aligned share of CapEx 2022 (18) %**	**Taxonomy-aligned share of Capex 2021 (19) %**	**Category (enabling activities) (20) E**	**Category "Transitional activities" (21) T**
n/a	Yes	Yes	Yes	Yes	Yes	Yes	15.5	n/a	E	n/a
							15.5	n/a	E	n/a
							15.5			

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting

To Koenig & Bauer AG, Würzburg
We have performed a limited assurance engagement on the separate non-financial group report of Koenig & Bauer AG, Würzburg, (hereinafter the "Company") for the period 1 January to 31 December 2022 (hereinafter the "Separate Non-financial Group Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group.

Responsibility of the Executive Directors
The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "Disclosures on the EU taxonomy") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "Disclosures on the EU taxonomy" of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "Disclosures on the EU taxonomy" of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm
We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner
Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group, is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Disclosures on the EU taxonomy" of the Separate Non-financial Group Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Group's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 1 January to 31 December 2022 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "Disclosures on the EU taxonomy" of the Separate Non-financial Group Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt, 21 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke	ppa. Felix Wandel
German public auditor	German public auditor

Additional Information

Detailed index

Balance sheet for Koenig & Bauer AG to 31 December 2022

Under the German Commercial Code (HGB)

in €m	31.12.2021	31.12.2022
Assets		
Non-current assets		
Intangible assets	43.7	53.8
Property. plant and equipment	77.2	72.4
Financial assets	408.4	423.3
	529.3	**549.5**
Current assets		
Other receivables and assets	91.3	125.2
Cash and cash equivalents	35.6	64.2
	126.9	**189.4**
Deferred income	**2.0**	**2.3**
	658.2	**741.2**

in €m	31.12.2021	31.12.2022
Equity and liabilities		
Equity		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	140.8	177.3
Retained earnings	35.2	1.3
	306.5	**309.1**
Special items with equity portion	**1.0**	**0.8**
Provisions		
Pension and similar provisions	79.3	77.1
Tax provisions	2.3	1.4
Other provisions	27.0	32.1
	108.6	**110.6**
Liabilities		
Bank loans	115.9	186.2
Trade payables	1.3	2.9
Other liabilities	124.9	131.6
	242.1	**320.7**
	658.2	**741.2**

Income statement for Koenig & Bauer AG 2022

Under the German Commercial Code (HGB)

in €m	2021	2022
Revenue	94.8	98.9
Cost of sales	-64.7	-70.3
Gross profit	**30.1**	**28.6**
Administrative expenses	-25.5	-28.0
Other operating income	6.8	2.3
Other operating expenses	-6.2	-11.5
Profit from operations	**5.2**	**-8.6**
Financial result	8.8	11.3
Income taxes	-2.4	-0.1
Earnings after taxes	**11.6**	**2.6**
Other taxes	-0.3	–
Net profit	**11.3**	**2.6**
Profit carried forward	29.5	35.2
Transfer to other reserves	-5.6	-36.5
Retained earnings	**35.2**	**1.3**

Key financial dates

Statement on 1st quarter 2023

15 May 2023

Koenig & Bauer Annual General Meeting

16 June 2023
Vogel Convention Center, Würzburg

Report on 2nd quarter 2023

28 July 2023

Statement on 3rd quarter 2023

8 November 2023

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Concept & Design:
Koenig & Bauer

Printed by:
Druckerei Joh. Walch GmbH & Co KG
Im Gries 6
86179 Augsburg
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Printed with Koenig & Bauer technology

Space for notes

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