

Group financial statements 2023

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Group balance sheet to 31 December 2023

in €m	Note	31.12.2022	31.12.2023
Assets			
Non-current assets			
Intangible assets	(G) (1)	144.9	155.6
Property, plant and equipment	(G) (1)	248.7	255.5
Investments and other financial receivables	(G) (2)	25.5	25.2
Investments accounted for using the equity method	(G) (2)	16.0	15.1
Other assets	(G) (2)	1.6	3.6
Deferred tax assets	(G) (6)	89.8	93.2
		526.5	548.2
Current assets			
Inventories	(G) (3)	426.2	426.8
Trade receivables	(G) (2)	121.6	156.2
Other financial receivables	(G) (2)	33.7	41.3
Other assets	(G) (2)	200.2	149.4
Current tax assets		5.3	4.9
Securities	(G) (4)	3.5	3.9
Cash and cash equivalents	(G) (5)	132.2	96.4
		922.7	878.9
		1,449.2	1,427.1

in €m	Note	31.12.2022	31.12.2023
Equity and liabilities			
Equity	(G) (7)		
Share capital		43.0	43.0
Share premium		87.5	87.5
Reserves		290.6	278.0
Equity attributable to owners of the Parent		421.1	408.5
Equity attributable to non-controlling interests		1.7	1.5
		422.8	410.0
Liabilities			
Non-current liabilities			
Pension provisions and similar obligations	(G) (8)	86.3	104.8
Other provisions	(G) (9)	31.7	37.0
Bank loans and other financial payables	(G) (10)	158.6	217.2
Other liabilities	(G) (10)	9.1	5.4
Deferred tax liabilities	(G) (6)	73.0	71.5
		358.7	435.9
Current liabilities			
Other provisions	(G) (9)	106.6	89.7
Trade payables	(G) (10)	104.7	79.3
Bank loans and other financial payables	(G) (10)	151.9	138.6
Other liabilities	(G) (10)	299.0	270.3
Current tax liabilities		5.5	3.3
		667.7	581.2
		1,449.2	1,427.1

Group income statement 2023

in €m	Note	2022	2023
Revenue	(H) (15)	1,185.7	1,326.8
Cost of sales	(H) (16)	-868.3	-979.3
Gross profit		317.4	347.5
Research and development costs	(H) (16)	-54.2	-57.5
Distribution costs	(H) (16)	-147.3	-158.1
Administrative expenses	(H) (16)	-92.8	-104.7
Other operating income	(H) (18)	25.9	24.9
Other operating expenses	(H) (18)	-26.5	-25.8
Impairment gains and losses on financial assets	(H) (18)	0.3	3.0
Other financial results	(H) (19)	-0.8	0.6
Earnings before interest and taxes (EBIT)		22.0	29.9
Other interest and similar income		1.3	2.3
Other interest and similar expenses		-10.1	-19.2
Interest result	(H) (19)	-8.8	-16.9
Earnings before taxes (EBT)		13.2	13.0
Income tax expense	(H) (20)	-2.1	-10.2
Net profit		11.1	2.8
of which			
attributable to owners of the Parent		10.4	2.6
attributable to non-controlling interests		0.7	0.2
Earnings per share (in €, basic/dilutive)	(H) (21)	0.63	0.16

Statement of comprehensive Group income 2023

in €m	2022	2023
Net profit	11.1	2.8
Items to be reclassified to consolidated profit or loss		
Foreign currency translation	-0.6	-0.8
Measurement of derivatives	3.7	-0.1
Deferred taxes	-1.1	-
	2.0	-0.9
Items not to be reclassified to consolidated profit or loss		
Defined benefit plans	51.4	-24.1
Revaluation of land	-	0.9
Deferred taxes	-12.2	8.5
	39.2	-14.7
Gains/losses recognised directly in equity	41.2	-15.6
Total comprehensive income	52.3	-12.8
of which		
attributable to owners of the Parent	51.6	-13.0
attributable to non-controlling interests	0.7	0.2

Statement of changes in Group equity 2023

in €m	Reserves							Equity attr. to owners	Equity attr. to non-controlling interests	Total
	Share capital	Share premium	Defined benefit plans	Revaluation of land	Derivatives	Exchange differences	Other			
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
1 January 2023	43.0	87.5	-52.8	18.3	–	5.5	319.6	421.1	1.7	422.8
Net profit	–	–	–	–	–	–	2.6	2.6	0.2	2.8
Gains/losses recognised directly in equity	–	–	-15.6	0.8	-0.1	-0.7	–	-15.6	–	-15.6
Total comprehensive income	–	–	-15.6	0.8	-0.1	-0.7	2.6	-13.0	0.2	-12.8
Other	–	–	–	–	–	–	0.4	0.4	-0.4	–
31 December 2023	43.0	87.5	-68.4	19.1	-0.1	4.8	322.6	408.5	1.5	410.0

* reserves recognised in equity are shown net of deferred taxes

Group cash flow statement 2023

in €m	Note	2022	2023
Earnings before taxes		13.2	13.0
Appreciation/depreciation on intangible assets, property, plant and equipment	(F)	40.8	45.7
Currency measurement	(H) (18)	-3.6	5.0
Non-cash interest income/expense		5.9	5.0
Other non-cash income/expenses		1.6	2.7
Gross cash flow		57.9	71.4
Changes in inventories		-96.1	-7.3
Changes in receivables and other assets		-33.8	10.2
Changes in other provisions		-13.9	-10.5
Changes in payables and other liabilities		102.6	-75.5
Interest received		1.5	1.0
Interest paid		-4.4	-13.0
Income tax paid		-8.6	-10.2
Income tax refunded		0.2	2.1
Cash flows from operating activities		5.4	-31.8
Proceeds from the disposal of intangible assets, property, plant and equipment		3.2	1.2
Payments for investment in intangible assets, property, plant and equipment		-44.0	-52.2
Proceeds from the disposal of investments		0.1	–
Payments for investments		-20.6	-4.8
Dividends received		0.5	1.5
Payments for loans to associates		-4.3	-7.3
Cash flows from investing activities		-65.1	-61.6
Free cash flow		-59.7	-93.4
Proceeds from loans		75.4	63.3
Repayment of loans		-6.0	-15.2
Proceeds from financial service providers		–	69.2
Repayments to financial service providers		–	-46.9
Payments for lease liabilities		-9.2	-9.5
Changes in equity attr. to non-controlling interests		0.4	-0.1
Other changes in equity		-1.2	0.4
Cash flows from financing activities		59.4	61.2
Change in funds		-0.3	-32.2
Effect of changes in exchange rates		3.0	-3.6
Funds at beginning of period		129.5	132.2
Funds at end of period	(G) (5)	132.2	96.4

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 2023 to 31 December 2023 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 20 March 2024 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 2023 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 2023.

IFRS 17	Amendments to IFRS 17 - Insurance Contracts
IAS 1	Amendments to IAS 1 - Presentation of the Financial Statements
IAS 8	Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
IAS 12	Amendments to IAS 12 - Restriction on "Initial Recognition Exception"
IAS 12	Amendments to IAS 12 - International Tax Reform of Pillar 2

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 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. Financial assets may be presented in the comparative period as if the classification and measurement rules in IFRS 9 had been applied to those financial assets. This does not have any impact on Koenig & Bauer AG's consolidated financial statements.

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. This does not have any material impact on Koenig & Bauer AG's consolidated financial statements.

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. This does not have any material impact on Koenig & Bauer AG's consolidated financial statements.

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 does not have any impact on Koenig & Bauer AG's consolidated financial statements.

Amendments to IAS 12 – International Tax Reform of Pillar 2

The amendment to IAS 12 allows companies to temporarily avoid the obligation to recognise deferred taxes if these result from the implementation of the Pillar 2 rules. If use is made of this exception, this fact and the actual tax expense or income in connection with Pillar 2 income taxes must be reported separately. For periods in which a law implementing the Pillar 2 regulations has been passed but has not yet entered into force, known or reliably estimable information must also be made available so that users of financial statements can assess the effects of the Pillar 2 rules. Concerning the impact of Pillar 2 for Koenig & Bauer, we refer to the explanations in section (C) Accounting policies.

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
IAS 1	Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current, with Covenants	2024
IFRS 16	Amendments to IFRS 16 - Lease liability in a sale and leaseback	2024
IAS 7/IFRS 7	Amendments to IAS 7 and IFRS 7 - Disclosure requirements of Reverse Factoring arrangements	2024
IAS 21	Amendments to IAS 21 - Lack of Exchangeability	2025
IFRS 10/IAS 28	Amendments to IFRS 10 and IAS 28 - Sales or contributions of assets between an investor and its associate/joint venture	open

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current with Covenants

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 the exercise of these rights is tied to certain conditions, these conditions have no influence on classification as current or non-current. However, if liabilities that are conditional within 12 months of the reporting date are classified as non-current, further information must be disclosed to enable users of the financial statements to assess any risks that may exist. This is not expected to have any impact on Koenig & Bauer AG's consolidated financial statements.

Amendments to IFRS 16 – Lease liability in a sale and leaseback

The amendment to IFRS 16 stipulates that when the lease liability arising from a sale and leaseback transaction is subsequently measured, the seller/lessee must measure it in such a way that no gain or loss relating to the retained right of use is recognised. Gains or losses arising in connection with the partial or complete termination of a lease must continue to be recognised as they relate to the terminated right of use. This is not expected to have any impact on Koenig & Bauer AG's consolidated financial statements.

Amendments to IAS 7 and IFRS 7 – Disclosure requirements of Reverse Factoring arrangements

The amendment to IAS 7 and IFRS 7 results in additional disclosures on reverse factoring agreements with the aim of enabling users of financial statements to assess the effects of these agreements on liabilities, cash flows and the liquidity risk. For example, the carrying amount and balance sheet items of the liabilities concerned, non-cash changes in the carrying amounts of the liabilities concerned and the carrying amount of the liabilities for which suppliers have already received payments from the factor must be disclosed. This amendment would probably have an effect on Koenig & Bauer AG's disclosure requirements.

Amendments to IAS 21 – Lack of Exchangeability

The amendment to IAS 21 specifies how non-exchangeability is to be addressed in currency translation. If the entity is able to obtain the other currency within a normal administrative timeframe and through a market or exchange mechanism in which a transaction gives rise to enforceable rights and obligations, that currency is deemed to be exchangeable. For this purpose, it is irrelevant whether there is an actual intention or decision to acquire the other currency. If there is no exchangeability, the spot rate on the measurement date is to be estimated as the rate that would have applied for a proper transaction between market participants. This is not expected to have any impact on Koenig & Bauer AG's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 – Sales or contributions of assets between an investor and its associate/joint venture

To eliminate any inconsistency between IFRS 10 and IAS 28 on the disposal or contribution of assets to associates or joint ventures, future gains or losses should be recognised only if the assets disposed of or contributed constitute a business as defined in IFRS 3. Otherwise, gains or losses may only be recognised on a pro rata basis. This may result in changes for Koenig & Bauer if corresponding transactions occur.

(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
- Measurement of inventories
- Recognition and measurement of other provisions - particularly provisions for warranties
- 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 and recognition of deferred tax assets on tax loss carryforwards
- 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 in the functional area research and development.

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.

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.

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 1,128.45 basis points as of 31 December 2022 and increased to 1,859.38 basis points as of 31 December 2023.

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. The effects of currency translation are presented in other comprehensive income in the statement of changes in equity.

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

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 lease is to be classified as a finance lease. At the commencement date, the carrying amount of the underlying asset is derecognised and a lease receivable is recognised in the amount of the net investment in the lease. Any gain or loss (as the case may be) must be disclosed in the income statement. In subsequent measurement, interest income is recognised using the effective interest method, which reflects a constant periodic rate of return on the net investment. If these conditions are not met, the lease is classified as an operating lease and the lease payments received are recognised in profit or loss for the period.

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 recoverable amount is calculated using a discounted cash flow method to determine the present value of discounted free cash flows. This corresponds to the value in use of the cash-generating units. Country-specific pre-tax interest rates which correspond to the weighted average cost of capital are used for discounting. 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 (as of December 31) 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 recoverable amount, 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. Impairments of goodwill cannot be reversed. 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 reclassified 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 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%	0.2%
overdue for ≤ 30 days	0.0%	0.7%
overdue for 31 - 90 days	0.0%	1.3%
overdue for 91 - 180 days	0.0%	1.8%
overdue for 181 - 360 days	0.0%	2.7%
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 unit, 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 is 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.

Global minimum tax

Koenig & Bauer AG and its affiliated companies continuously monitor the changing tax environment in order to comply with their obligations. In connection with these efforts, the minimum tax received particular attention in the year under review.

The company operates in the Federal Republic of Germany, which has recently passed legislation to implement the global minimum tax. In view of the fact that the global minimum tax in the Federal Republic of Germany will not apply to the Group until 2024, it did not have any direct consequences on effective tax expense in 2023. After an initial indicative analysis, management assumes that the company's activities in Switzerland and the Hong Kong Special Administrative Region could potentially be subject to a Pillar 2 top-up tax.

The allocation of a possible top-up tax would result in a notional charge of less than € 0.5m for the Group.

In accordance with IAS 12.4 (a), Koenig & Bauer has not considered the potential impact of the Pillar 2 tax reform on the recognition and measurement of deferred tax.

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. The payment terms are agreed individually with the customers. 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 functional area research and development 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.

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: 2).

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. 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

in €m	Cost						31.12.
	01.01.	Additions	Revaluation surplus	Exchange differences	Reclassifications	Disposals	
2022							
Intangible assets							
Industrial property rights and similar rights	68.4	13.3	–	–	30.1	0.6	111.2
Goodwill ¹	38.4	–	–	–	–	–	38.4
Product development costs ²	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	192.3	3.9	–	0.4	-19.3	12.9	164.4
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
	669.6	31.4	–	1.3	-0.2	28.0	674.1
	861.1	49.8	–	1.3	0.3	28.6	883.9
2023							
Intangible assets							
Industrial property rights and similar rights	111.2	3.2	–	–	–	6.1	108.3
Goodwill ¹	38.4	–	–	–	–	–	38.4
Product development costs ²	60.0	17.2	–	–	0.5	–	77.7
Prepayments and assets under construction	0.2	5.2	–	–	–	0.2	5.2
	209.8	25.6	–	–	0.5	6.3	229.6
Property, plant and equipment							
Land and buildings	305.3	9.9	0.9	0.3	–	0.1	316.3
Plant and machinery	164.4	3.2	–	-0.5	6.7	1.1	172.7
Other facilities, factory and office equipment	190.0	11.4	–	0.4	0.3	7.7	194.4
Prepayments and assets under construction	14.4	14.1	–	–	-7.5	0.7	20.3
	674.1	38.6	0.9	0.2	-0.5	9.6	703.7
	883.9	64.2	0.9	0.2	–	15.9	933.3

¹ Segment Digital & Webfed

² Segment Special

³ Reconciliation (from use of the revaluation method)

⁴ Level 3 of fair-value hierarchy

Depreciation							Carrying amount		
01.01.	Annual depreciation	Impairments	Exchange differences	Reclassifications	Disposals	31.12.	01.01.	31.12.	
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	
156.2	5.2	–	0.2	-8.6	12.8	140.2	36.1	24.2	
113.6	15.0	–	0.1	8.6	9.1	128.2	51.7	61.8	
–	–	–	–	–	–	–	10.2	14.4	
419.8	30.1	–	0.6	–	25.1	425.4	249.8	248.7	
473.8	40.0	0.8	0.6	0.6	25.5	490.3	387.3	393.6	
53.6	7.0	–	–	–	6.0	54.6	57.6	53.7	
1.0	–	–	–	–	–	1.0	37.4	37.4	
10.2	6.1	2.1 ²	–	–	–	18.4	49.8	59.3	
0.1	–	–	–	–	0.1	–	0.1	5.2	
64.9	13.1	2.1	–	–	6.1	74.0	144.9	155.6	
157.0	10.1	0.1 ³	0.2	–	0.1	167.3	148.3	149.0	
140.2	5.2	–	-0.3	–	1.1	144.0	24.2	28.7	
128.2	15.1	–	0.4	–	6.8	136.9	61.8	57.5	
–	–	–	–	–	–	–	14.4	20.3	
425.4	30.4	0.1	0.3	–	8.0	448.2	248.7	255.5	
490.3	43.5	2.2	0.3	–	14.1	522.2	393.6	411.1	

(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 € 1.6m (previous year: € 1.9m).

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 segment Special and from reconciliation.

Goodwill is made up as follows:

in €m	31.12.2022	31.12.2023
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 Duran Karton Ambalaj Teknolojileri Sanayi A.Ş., Istanbul, Turkey	10.6	10.6
	37.4	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
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 Duran Karton Ambalaj Teknolojileri Sanayi A.Ş., Istanbul, Turkey	5	11.3%	9.1%
2023			
Koenig & Bauer MetalPrint GmbH, Stuttgart, Germany	5	11.3%	8.8%
Business Unit Security	5	10.3%	9.0%
Koenig & Bauer Kammann GmbH, Löhne, Germany	5	12.0%	8.8%
Koenig Bauer Duran Karton Ambalaj Teknolojileri Sanayi A.Ş., Istanbul, Turkey	5	11.0%	8.9%

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

In addition, all cash-generating units were tested for impairment as at 31 December 2023. No adjustments were needed.

Koenig & Bauer assumes on the basis of various sensitivity analyses that no impairment is required for the cash-generating units 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, changes in value of € 0.8m were recognised from 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: € 21.4m) 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	27.5
Koenig & Bauer Sheetfed Management GmbH, Radebeul, Germany	100.0	0.1
Koenig & Bauer Sheetfed AG & Co. KG, Radebeul, Germany	100.0	-0.7 ²
Koenig & Bauer Digital & Webfed Management GmbH, Würzburg, Germany	100.0	0.1
Koenig & Bauer Digital & Webfed AG & Co. KG, Würzburg, Germany	100.0	-64.0 ²
Koenig & Bauer Banknote Solutions GmbH, Würzburg, Germany	100.0	256.5
Koenig & Bauer Banknote Solutions (DE) GmbH, Würzburg, Germany ¹	100.0	126.3
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	1.7
Koenig & Bauer (DE) GmbH, Radebeul, Germany	100.0	0.4
Koenig & Bauer Coding GmbH, Veitshöchheim, Germany	100.0	21.3
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	18.4
Holland Graphic Occasions B.V., Wieringerwerf, Netherlands	100.0	0.5
Koenig & Bauer (FR) SAS, Tremblay-en-France, France	100.0	4.2
Koenig & Bauer IT S.R.L., Lainate, Italy	100.0	2.9
Koenig & Bauer Flexotecnica S.p.A., Tavazzano, Italy	100.0	1.3
Koenig & Bauer Iberica, S.A., Gavà (Barcelona), Spain	100.0	4.5
Koenig & Bauer (UK) Limited, Watford, UK	100.0	3.9
Koenig & Bauer Grafitec s.r.o., Dobruška, Czech Republic	100.0	19.2
KBA-SWISS HOLDING SA, Lausanne, Switzerland ¹	100.0	48.2
Koenig & Bauer Banknote Solutions SA, Lausanne, Switzerland ¹	100.0	88.7
Koenig & Bauer Banknote Solutions International SA, Geneva, Switzerland ¹	100.0	0.4
KBA NOTASYS Egypt LLC, Cairo, Egypt ¹	100.0	-0.6 ^{2,3}
Koenig & Bauer (CH) AG, Höri, Switzerland	100.0	2.4
Koenig & Bauer (CEE) Sp. z o.o., Warsaw, Poland	100.0	3.9
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	53.0
Koenig & Bauer LATAM, S.A.P.I. de C.V., Mexico City, Mexico	90.0	3.2
Koenig & Bauer (HK) Co. Limited, Hong Kong, China ⁵	100.0	3.2
Koenig & Bauer Printing Machinery (Shanghai) Co., Limited, Shanghai, China	100.0	1.6

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	-0.2 ^{2,3}
Koenig & Bauer Banknote Solutions (US) Inc., Washington D.C., USA ¹	100.0	0.2
Koenig & Bauer (RU), LLC, Moscow, Russia	100.0	-1.1 ^{2,4}
Koenig & Bauer Kammann (US), Inc., Portsmouth, NH, USA ¹	100.0	4.2
Koenig & Bauer Kammann (Shanghai) Co., Ltd., Shanghai, China ¹	100.0	0.1
Koenig & Bauer RS d.o.o., Belgrade, Serbia ¹	100.0	0.3 ³
Koenig & Bauer (HU) Kft., Fót, Hungary ¹	100.0	0.3 ³
Koenig & Bauer (BR) Comércio de Impressoras e Serviços Ltda., São Paulo, Brasil	100.0	0.9
Koenig & Bauer (SEA) Sdn. Bhd., Kuala Lumpur, Malaysia	100.0	0.6
Koenig & Bauer KR Co. Ltd., Goyang-si, South Korea	100.0	0.6
Koenig & Bauer (JP) Co., Ltd, Tokyo, Japan	100.0	0.2
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	1.2 ³
Koenig & Bauer Coding (PL) Sp. z.o.o., Dopiewo-Dabrowa, Poland ¹	80.0	0.4
Koenig & Bauer Coding (Hangzhou) Co., Ltd., Hangzhou, China ¹	80.0	0.5
All-Print Holding AB, Stockholm, Sweden ¹	100.0	1.0 ³
Koenig & Bauer Coding Sverige AB, Stockholm, Sweden ¹	76.0	0.8 ³
Koenig & Bauer Banknote Solutions (IN) Private Limited, New Delhi, India ¹	100.0	1.1
Koenig & Bauer Banknote Solutions (Beijing) Ltd., Beijing, China ¹	100.0	0.5
Koenig & Bauer Banknote Solutions (SEA) Limited, Hong Kong, China ¹	100.0	0.2 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	0.2 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 ⁴
Associates		
Koenig & Bauer Durst GmbH, Würzburg, Germany	50.0	-36.4 ^{2,3}
Koenig & Bauer Celmacch S.R.L., Desenzano del Garda, Italy	49.0	9.0

¹ Indirect interests

² Deficit not covered by equity

³ Preliminary figures

⁴ Previous year 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% 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 ChromaCut. 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 Koenig & Bauer Celmacch S.R.L.. The successive acquisition of up to 80% of the shares can be executed in two further steps by 2029 at the earliest.

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.

in €m	Koenig & Bauer Durst GmbH		Koenig & Bauer Celmacch S.R.L.	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Non-current assets	–	–	1.2	1.1
Current assets	14.8	22.8	33.6	40.7
Non-current liabilities	–	–	-0.9	-0.9
Current liabilities	-41.3	-59.2	-27.9	-32.7
Net assets (100%)	-26.5	-36.4	6.0	8.2
Group share in net assets	-13.2	-18.2	3.0	4.0
Shares in associates	-0.2	-0.2	16.4	16.4
Unrecognised share of net assets (including PPA effects)	-13.0	-18.0	-3.4	-5.3
Financial investments in associates	–	–	16.0	15.1

in €m	Koenig & Bauer Durst GmbH		Koenig & Bauer Celmacch S.R.L.	
	2022	2023	16.09.-31.12. 2022	2023
Revenue	9.2	8.5	11.3	36.8
Earnings (100%)	-6.4	-9.9	0.8	2.2
Group share of earnings	-3.2	-4.9	0.4	1.1
Unrecognised share of earnings	-3.2	-4.9	2.0	1.1
Group share of earnings	–	–	0.4	1.1

Financial and other assets

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

in €m	31.12.2022	Term to maturity		31.12.2023	Term to maturity	
		up to 1 year	more than 1 year		up to 1 year	more than 1 year
Trade receivables						
from affiliates	5.6	5.6	–	6.5	6.5	–
from associates	4.9	4.9	–	3.8	3.8	–
from third parties	111.1	108.3	2.8	145.9	140.1	5.8
	121.6	118.8	2.8	156.2	150.4	5.8
Investments	22.8	–	22.8	21.9	–	21.9
Other financial receivables						
from affiliates	1.8	1.8	–	1.6	1.6	–
from associates	13.5	13.5	–	20.5	20.5	–
derivatives	3.4	3.2	0.2	0.7	0.7	–
sundry other financial receivables	33.7	15.2	18.5	36.9	18.5	18.4
	75.2	33.7	41.5	81.6	41.3	40.3
Other assets						
contract assets	142.6	142.6	–	100.6	99.6	1.0
payments for inventories to third parties	14.3	14.3	–	17.7	17.7	–
tax receivables	37.6	37.3	0.3	24.7	24.4	0.3
prepayments	7.3	6.0	1.3	10.0	6.7	3.3
	201.8	200.2	1.6	153.0	148.4	4.6
	398.6	352.7	45.9	390.8	340.1	50.7

Performance obligations for customer contracts comprise **trade receivables** of € 51.0m (previous year: € 33.3m) and **contract assets** of € 96.8m (previous year: € 137.5m).

The decrease in contract assets in the Group is mainly due to the fulfilment of the contractual performance obligations and the associated reclassification as trade receivables or settlement of the amount owed by our customers.

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

Miscellaneous **other financial assets** comprise non-current claims of € 15.4m (previous year: € 15.9m) held against insurance companies arising

from the partial external funding of the company pension scheme in Germany.

They also include a finance lease entered into with a customer in 2021. Lease receivables of € 0.3m (previous year: € 0.5m) were recognised for this contract at the end of the year. These correspond to the net investment in the lease. The interest component amounts to € 0.0m (previous year: € 0.1m). € 0.2m of the lease receivables are due for settlement within one year as a cash inflow (previous year: € 0.2m), a further € 0.1m is due for settlement in 2025 and a further € 0.0m in 2026. This contract expires in 2026.

(3) Inventories

in €m	31.12.2022	31.12.2023
Raw materials, consumables and supplies	165.2	161.5
Work in progress	249.3	255.8
Finished goods and products	11.7	9.5
	426.2	426.8

The carrying amount of inventories balanced at net realisable value was € 214.8m (previous year: € 163.8m). In the year under review, additions of € 11.9m (previous year: € 10.6m), reversals of € 0.8m (previous year: € 0.7m) and utilisations of € 4.2m (previous year: € 9.8m) resulted in a total increase in value adjustments of € 6.9m recognised in profit or loss (previous year: € 0.1m).

(4) Securities

These refer to shares in a fund combining stocks and bonds. The market value of the fund was € 6.8m (previous year: € 6.3m). 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	31.12.2022	31.12.2023
Cheques, cash in hand	0.2	0.1
Balances with banks	132.0	96.3
	132.2	96.4

(6) Deferred taxes

Deferred tax assets and liabilities relate to the following items:

in €m	Deferred tax assets		Deferred tax liabilities	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Assets				
Intangible assets, property, plant and equipment	1.1	1.0	40.9	44.2
Inventories	44.9	46.2	2.1	1.1
Financial receivables and other assets	26.5	11.4	31.1	23.4
Securities	0.9	0.7	0.4	0.2
Equity and liabilities				
Provisions	27.5	35.9	8.7	8.5
Financial payables and other liabilities	9.5	10.6	55.8	45.7
	110.4	105.8	139.0	123.1
Tax loss carryforwards	45.3	38.9	–	–
Others	-0.1	–	-0.2	-0.1
Offset	-65.8	-51.5	-65.8	-51.5
	89.8	93.2	73.0	71.5
of which current deferred taxes	8.2	7.8	22.3	18.1

At the end of the year there were loss carryforwards of € 330.4m (previous year: € 264.8m) and temporary differences of € 149.3m (previous year: € 165.5m) for which no deferred tax assets were recognised. The recognition of deferred tax assets, even though the respective companies made a loss, amounted to € 28.3m (previous year: € 0.5m)

No deferred tax liability was recognised on temporary differences on shares of € 3.3m (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 2023: € 379.0m, previous year: € 332.6m) and

the net financial position (31 December 2023: € -147.6m, previous year: € -63.7m) are the main target and control parameters.

The Group has access to syndicated finance with a term until October 2028, which can optionally be extended by two years subject to agreement with the lenders. In addition to a revolving cash facility of € 300m, the syndicated finance includes a guarantee facility of € 200m. The new syndicated facility replaces the existing arrangements, which were due to expire in December 2024. There are no longer any restrictions on dividend distributions. Compliance with the contractual leverage ratio and observance of a minimum amount of equity were reviewed at regular intervals. The covenants were complied with in 2023.

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 € 77.8m as of the reporting date (previous year: € 153.8m).

Changes in shareholders' equity are described on page 57.

Share capital

The Parent's share capital at 31 December 2023 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

The use of hedge accounting decreased reserves by € 0.6m. During completion of the underlying transactions € 0.5m was recognised through income and expense.

Deferred taxes changed reserves by € 8.5m (previous year: € -13.1m), with defined benefit pension plans accounting for € 8.6m (previous year: € -

12.2m), with derivatives of € 0.0m (previous year: € -1.1m) and with revaluation of land € -0.1m.

(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 3.4% (previous year: 3.9%) 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. The method for calculating the discount rate was adjusted as at 31 December 2023. The 5A approach is now applied using the cash flow determined. This combines the

expected payments with the bond values of the corresponding durations of the 2A and 3A bonds. There are sufficient bond values available that result in resilient interest rates even with higher durations. 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 (3.1%), they would have been approximately € 6.4m higher and the plan assets would have been roughly € 3.3m higher. Service cost in the following year would have increased by approximately € 0.2m.

In the case of other European companies, a weighted discount rate of 2.0% (previous year: 2.8%) is applied. In addition, salary increase rates of 2.8% (previous year: 2.5%) are assumed for other European countries. The pension adjustment rate is assumed to be 1.9% (previous year: 1.7%) in

Germany and 1.0% (previous year: 0.2%) in other European countries. In addition, a pension trend of 4.5% was applied for the next two years to take into account the inflation that has already occurred and which exceeds the assumed pension increase for the existing pension commitments in Germany. 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:

in €m	Present value of pension obligations		Fair value of plan assets		Net obligation/ net asset	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Status at 01.01.	292.9	210.2	-153.8	-126.8	139.1	83.4
Recognised in profit or loss						
Current service cost	8.4	6.0	–	–	8.4	6.0
Interest expense/income	3.5	7.1	-1.7	-4.2	1.8	2.9
	11.9	13.1	-1.7	-4.2	10.2	8.9
Recognised in other comprehensive income						
Actuarial gain/loss						
financial assumptions	-85.0	24.7	0.9	-0.1	-84.1	24.6
experience adjustments	0.6	0.1	-0.7	0.3	-0.1	0.4
Return on plan assets	–	–	32.8	-0.9	32.8	-0.9
	-84.4	24.8	33.0	-0.7	-51.4	24.1
Other						
Contributions paid by employer	–	–	-6.6	-6.7	-6.6	-6.7
Contributions paid by plan beneficiaries	0.3	0.5	-3.0	-3.4	-2.7	-2.9
Benefits paid	-13.4	-9.7	7.3	4.1	-6.1	-5.6
Foreign currency changes	2.9	4.8	-2.0	-4.2	0.9	0.6
	-10.2	-4.4	-4.3	-10.2	-14.5	-14.6
Status at 31.12.	210.2	243.7	-126.8	-141.9	83.4	101.8

Pension provisions and similar obligations constituted the following:

in €m	31.12.2022	31.12.2023
Present value of non-funded obligations	78.2	85.4
Present value of funded obligations	132.0	158.3
Present value of obligations	210.2	243.7
Fair value of plan assets	-126.8	-141.9
Net value	83.4	101.8
Pension provisions and similar obligations	86.3	104.8
Net defined benefit asset	-2.9	-3.0

Plan assets comprised € 21.8m (previous year: € 25.2m) from shares and equity securities, € 7.4m (previous year: € 9.1m) from loans, € 5.5m (previous year: € 1.4m) from cash and cash equivalents, € 65.3m (previous year: € 56.8m) from pension liability insurance, € 19.8m (previous year: € 17.6m) from real estate and € 22.1m (previous year: € 16.7m) 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 AA or AAA, based on rating agency ratings.

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

in €m	Present value of reimbursement rights	
	31.12.2022	31.12.2023
Status at 01.01.	7.8	7.8
Recognised in profit or loss		
Interest expense/income	0.1	0.3
	0.1	0.3
Recognised in other comprehensive income		
Other income from reimbursement rights	0.2	-
	0.2	-
Other		
Benefits paid	-0.3	-0.4
	-0.3	-0.4
Status at 31.12.	7.8	7.7

The actual return on plan assets was € 4.3m (previous year: € 0.9m). The anticipated rate of return is 3.0% (previous year: 1.3%), based on returns in previous years.

The plan contributions to be paid in 2024 will amount to € 10.2m (previous year: € 9.6m). In addition, retirement benefits of € 5.2m (previous year: € 5.6m) are payable.

The weighted duration of pension obligations is 15.4 years (previous year: 14.9 years).

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 € 34.4m (previous year: € 32.1m).

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:

in €m	Benefit obligation			
	Increase		Decrease	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Discount rate (0.5% change)	-13.4	-16.3	15.0	18.4
Salary increase rate (0.5% change)	0.9	1.1	-0.9	-1.0
Pension increase rate (0.5% change)	7.4	9.1	-4.6	-5.2
Fluctuation rate (0.5% change)	0.2	0.1	-0.1	-0.1
Life expectancy (1 year change)	5.8	6.7	-6.0	-6.8

(9) Other provisions

in €m	01.01.2023	Utilisation	Reversal	Addition	Unwind of discount	Exchange differences	Reclassifications	31.12.2023
Other provisions								
for personnel and social obligations	16.3	10.4	0.6	11.6	0.1	-0.1	0.3	17.2
for restructuring	11.3	5.6	3.8	–	–	–	–	1.9
for warranties and goodwill gestures	36.6	10.1	4.9	14.1	–	-0.3	–	35.4
for obligations related to sales	23.9	6.6	1.4	3.0	0.1	-0.1	–	18.9
for sundry obligations	50.2	18.2	8.5	30.5	–	-0.4	-0.3	53.3
	138.3	50.9	19.2	59.2	0.2	-0.9	–	126.7
of which								
non-current provisions	31.7							37.0
current provisions	106.6							89.7
	138.3							126.7

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 released by € 3.8m in the year under review.

The provisions for **warranties and goodwill gestures** relate to future warranty and goodwill gestures cases arising from statutory, contractual or individual obligations towards our customers for reworking, replacement deliveries and compensation payments.

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 € 28.6m (previous year: € 16.1m) as well as variable compensation, dismantling obligations and other obligations. The reversal of other provisions of € 8.5m mainly relates to the reassessment of risk provisions for litigation risks.

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 € 9.9m for personnel obligations, € 1.7m for restructuring, € 30.9m for warranties and goodwill gestures, € 10.8m for obligations related to sales and € 36.4m for sundry obligations will lead to a cash outflow within one year. Cash outflows are not expected to occur until 2025 in the case of all the other provisions.

(10) Financial and other liabilities

in €m	31.12.2022	Term to maturity		31.12.2023	Term to maturity	
		up to 1 year	more than 1 year		up to 1 year	more than 1 year
Trade payables						
to affiliates	0.8	0.8	–	1.3	1.3	–
to associates	–	–	–	0.2	0.2	–
to third parties	103.9	103.9	–	77.8	77.8	–
	104.7	104.7	–	79.3	79.3	–
Bank loans	195.9	59.5	136.4	244.0	52.8	191.2
Other financial payables						
from derivatives	0.5	0.5	–	0.6	0.6	–
sundry	114.1	91.9	22.2	111.2	85.2	26.0
	310.5	151.9	158.6	355.8	138.6	217.2
Other liabilities						
from payments received from third parties	257.6	257.6	–	211.8	211.8	–
from taxes	28.2	28.2	–	20.2	20.2	–
from financial service providers	–	–	–	22.4	22.4	–
sundry	22.3	13.2	9.1	21.3	15.9	5.4
	308.1	299.0	9.1	275.7	270.3	5.4
	723.3	555.6	167.7	710.8	488.2	222.6

Bank loans were secured by mortgages to the value of € 6.9m (previous year: € 6.9m) due in more than one year and the assignment of trade receivables totalling € 2.8m (previous year: € 2.8m) due in less than one year. The carrying amounts of property, plant and equipment pledged as collateral came to € 16.4m (previous year: € 16.0m) and of trade receivables € 3.1m (previous year: € 3.7m). Failure to fulfil contractual obligations may result in the seizure of collateral.

Sundry other financial payables included finance leases to the sum of € 33.9m (previous year: € 29.4m). 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	31.12.2022	Term to maturity			31.12.2023	Term to maturity		
		up to 1 year	1 to 5 years	more than 5 years		up to 1 year	1 to 5 years	more than 5 years
Minimum lease payments	30.1	8.4	15.4	6.3	34.8	8.8	22.7	3.3
Interest portion	-0.7	-0.3	-0.3	-0.1	-0.9	-0.4	-0.5	–
Present value of finance lease	29.4	8.1	15.1	6.2	33.9	8.4	22.2	3.3

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 € 22.0m (previous year: € 31.4m) for customer-specific production.

The reduction in prepayments received in the Group for the year under review is mainly due to the achievement of production readiness and the associated revenue recognition.

(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 deducted. The risk therefore lies not in the nominal amount but in changes in the related exchange and interest rates.

The **market 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	2022	2023
Forward contracts		
Nominal amount	88.5	85.2
Term to maturity more than 1 year	9.5	4.4
Market value	3.3	0.1
Hedging ratio	100%	100%
Currency options		
Nominal amount	12.3	20.6
Term to maturity more than 1 year	–	–
Market value	-0.4	–
Hedging ratio	100%	100%

Forward contracts with a maturity of up to 15 months (previous year: up to 13 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 contracts qualifying as hedges with a nominal volume of € 85.2m (previous year: € 88.5m) amounts to € 0.1m (previous year: € 3.3m).

In the year under review, a change in value of € -0.1m was recognised in other comprehensive income. As the parameters (such as nominal amount, currency and expected payment date) of the hedged item and the hedge fully match, changes in the value of these items are exactly balanced. The hedging ratio stands at 100%. There was no ineffectiveness requiring recognition.

The average hedge rates for the major currency pairs as of 31 December 2023 are shown below.

in €m	2022	2023
Hedging rate		
Average EUR-USD-Forward exchange rate	1.0494	1.0987
Average EUR-JPY-Forward exchange rate	139.9100	145.8250
Average EUR-GBP-Forward exchange rate	0.8508	0.8775

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

in €m	2022	2023
Status at 01.01.	-2.6	–
Changes recognised within other comprehensive income	-0.3	-0.6
Recycled from other comprehensive income to profit and loss	4.0	0.5
Deferred taxes	-1.1	–
Status at 31.12.	–	-0.1

(12) Further disclosures on financial instruments

in €m	Measurement						31.12.2022 Fair value
	31.12.2022 Carrying amount	Amortised cost	FVTPL Fair value through profit and loss	FVOCI Fair value through OCI	Fair value hedges		
Assets							
Investments and other financial receivables							
interests in affiliates	6.8	–	–	6.8	–	–	
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	
	59.2	49.0	3.4	6.8	–	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	–	–	–	–	
	316.5	302.8	6.9	6.8	–	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 ²	–	–	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	

¹ level 1 of fair-value-hierarchy

² level 2 of fair-value hierarchy

in €m	Measurement					31.12.2023 Fair value
	31.12.2023 Carrying amount	Amortised cost	FVTPL Fair value through profit and loss	FVOCI Fair value through OCI	Fair value hedges	
Assets						
Investments and other financial receivables						
interests in affiliates	6.8	–	–	6.8	–	–
lease receivables	0.3	0.3	–	–	–	0.3
other financial receivables from hedge accounting	0.7	–	–	–	0.7 ²	0.7
sundry other financial receivables	58.7	58.7	–	–	–	58.7
	66.5	59.0	–	6.8	0.7	59.7
Trade receivables	105.2	105.2	–	–	–	105.2
Gross amounts due from customers for contract work	51.0	51.0	–	–	–	51.0
Securities	3.9	–	3.9 ¹	–	–	3.9
Cash and cash equivalents	96.4	96.4	–	–	–	96.4
	323.0	311.6	3.9	6.8	0.7	316.2
Liabilities						
Bank loans and other financial payables						
bank loans	244.0	244.0	–	–	–	244.0
lease liabilities	33.9	33.9	–	–	–	33.9
other financial payables from hedge accounting	0.6	–	–	–	0.6 ²	0.6
sundry other financial payables	77.3	77.3	–	–	–	77.3
	355.8	355.2	–	–	0.6	355.8
Trade payables	79.3	79.3	–	–	–	79.3
	435.1	434.5	–	–	0.6	435.1

¹ level 1 of fair-value-hierarchy

² level 2 of fair-value hierarchy

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** is 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 € 76.0m (previous year: € 77.7m) within the next twelve months, € 100.2m (previous year:

€ 152.2m) in one to three years and € 141.0m (previous year: € 13.5m) in more than three years from now. Derivative financial instruments with a negative market value will result in liquidity outflows of € 46.8m (previous year: € 14.4m) and liquidity inflows of € 46.3m (previous year: € 13.9m) 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.

in €m	Net gain/loss	from interest	from subsequent measurement		from disposal	Other
			due to impairment	currency impact		
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
2023						
Equity instruments at fair value through other comprehensive income	0.1	–	–	–	–	0.1
Debt instruments at fair value through profit and loss	0.5	–	–	–	–	0.5
Financial assets at amortised cost	1.2	-0.3	–	3.0	-1.5	–
Gross amounts due from customers for contract work at amortised cost	0.4	–	0.7	–	-0.3	–
Financial liabilities at amortised cost	-16.8	-12.7	–	-4.1	–	–
	-14.6	-13.0	0.7	-1.1	-1.8	0.6

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 € 0.1m (previous year: € 3.2m) that are not exposed to any credit risk, as they are covered by appropriate insurances.

in €m	Expected loss ratio	Carrying amount credit- worthiness not impaired	Carrying amount credit- worthiness 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

in €m	Expected loss ratio	Carrying amount credit- worthiness not impaired	Carrying amount credit- worthiness impaired	31.12.2023
not overdue	0.0%	217.8	1.2	219.0
overdue by 1-30 days	0.0%	12.5	–	12.5
overdue by 31-90 days	0.0%	6.5	–	6.5
overdue by 91-180 days	0.0%	3.7	–	3.7
overdue by 181-360 days	2.3%	4.2	0.1	4.3
overdue by more than 360 days	75.0%	0.5	0.1	0.6
Group		245.2	1.4	246.6

The following table presents the impairments of trade receivables and contract assets. Impairments of € 2.1m (previous year: € 2.4m) have also been recognised in other financial assets.

Impairments

in €m	Creditwor- thiness not impaired	Creditwor- thiness impaired	31.12.2022	Creditwor- thiness not impaired	Creditwor- thiness impaired	31.12.2023
1 January	2.8	10.8	13.6	3.6	9.2	12.8
Utilisation	–	-0.9	-0.9	-1.9	-2.1	-4.0
Reversal	–	-1.7	-1.7	–	-2.1	-2.1
Addition	0.8	1.0	1.8	–	3.2	3.2
31 December	3.6	9.2	12.8	1.7	8.2	9.9

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. On the balance sheet date the Group was exposed to a foreign currency risk amounting to € 10.1m, primarily relating to the “not measured at fair value” category. The effects of changes in currency exchange rates on equity and the net profit/loss are shown in the following table.

in €m	Equity		Net profit/loss	
	31.12.2022	31.12.2023	31.12.2022	31.12.2023
Devaluation USD by 5%	–	2.1	2.3	0.9
Revaluation USD by 5%	–	-2.1	-2.7	-0.8
Devaluation CHF by 5%	–	0.8	0.7	0.8
Revaluation CHF by 5%	–	-1.0	-0.8	-1.0

A sensitivity analysis to assess **interest rate risks**, based on the assumption that variable interest rates would fluctuate by +/- 1%, 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.
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	–	0.3
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
2023					
Intangible assets					
Industrial property rights and similar rights	0.1	–	0.1	–	–
	0.1	–	0.1	–	–
Property, plant and equipment					
Land and buildings	13.9	8.2	4.7	–	17.4
Plant and machinery	0.3	–	0.1	–	0.2
Other facilities, factory and office equipment	3.9	3.3	2.7	0.2	4.7
	18.1	11.5	7.5	0.2	22.3
	18.2	11.5	7.6	0.2	22.3

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 € 27.1m (previous year: € 21.9m) for the Group. If the special termination right is exercised, the leasing liabilities will be reduced by € 1.3m.

A finance lease of a flexible packaging machine is recognised as receivables from finance leases of € 0.3m with **Koenig & Bauer as a lessor** (see also (G) (2)).

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

in €m	
2022	
Depreciation and amortization	7.7
Interest expenses	0.3
Short-term leases	0.5
Leases for low-value assets	0.7
2023	
Depreciation and amortization	7.6
Interest expenses	0.4
Short-term leases	0.6
Leases for low-value assets	1.6

Further details on leases are given in Note (G) (2), (G) (10) and (I).

(14) Other financial obligations and contingent liabilities

Other financial obligations

in €m	31.12.2022	Term to maturity			31.12.2023	Term to maturity		
		up to 1 year	1 to 5 years	more than 5 years		up to 1 year	1 to 5 years	more than 5 years
Obligations from:								
off-balance leases	2.3	1.0	1.3	–	4.4	1.5	2.6	0.3
service contracts	21.0	11.5	9.5	–	45.0	14.2	28.6	2.2
investment plans	2.3	2.3	–	–	2.8	2.8	–	–
long-term purchase commitments to suppliers	11.7	6.3	5.4	–	5.4	5.2	0.2	–
sundry other obligations	11.8	11.8	–	–	0.4	0.4	–	–
	49.1	32.9	16.2	–	58.0	24.1	31.4	2.5

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 € 2.8m (previous year: € 2.3m).

Contingent liabilities

These comprise contingencies totalling € 6.6m (previous year: € 12.1m) 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 € 2.3m (previous year: € 1.8m) 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 € 925.3m (previous year: € 821.3m) and revenue from other deliveries and services € 401.5m (previous year: € 364.4m). The breakdown by product group is shown in Note (J).

In the year under review, revenue from customer-specific production of € 280.6m (previous year: € 266.4m) was recognised, cumulative revenue from orders not yet completed as of the balance sheet date amounted to € 493.2m (previous year: € 715.7m).

The prepayments received as of 1 January resulted in revenues of € 214.7m in the year under review (previous year: € 175.0m).

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

(16) Expenses by function

Cost of sales

The **cost of sales** include government grants of € 0.1m.

Manufacturing costs for customer-specific projects still in progress on the balance sheet date amounted to € 373.5m (previous year: € 496.1m).

Research and development costs

Research and development costs of € 57.5m were higher than the previous year's figure of € 54.2m. This included research grants in the previous year of € 1.5m.

Distribution costs and administrative expenses

Distribution costs increased over the previous year from € 147.3m to € 158.1m. **Administrative expenses** increased from € 92.8m to € 104.7m. 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 and research grants of € 0.1m.

(17) Expenses by nature

Material costs

in €m	2022	2023
Cost of raw materials, consumables, supplies and purchased goods	441.9	501.9
Cost of purchased services	121.4	137.5
	563.3	639.4

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

in €m	2022	2023
Wages and salaries	347.8	384.1
Social security and other benefits	68.3	71.5
Pensions	8.0	6.1
	424.1	461.7
Average payroll:		
Wage-earning industrial staff	2,539	2,634
Salaried office staff	2,568	2,688
Apprentices/students	289	317
	5,396	5,639

Reimbursements from the Federal Employment Agency for social security expenses in connection with short-time work reduced personnel expenses by € 0.0m (previous year: € 0.1m).

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

(18) Other income and expenses

in €m	2022	2023
Gains from the disposal of intangible assets, property, plant and equipment	0.4	0.1
Foreign currency gains	5.1	10.2
Currency measurement	8.8	2.0
Income from reversal of provisions	5.1	8.2
Sundry other operating income	6.5	4.4
Other operating income	25.9	24.9
Losses from the disposal of intangible assets, property, plant and equipment	-0.6	-0.6
Foreign currency losses	-11.9	-9.1
Currency measurement	-5.2	-7.0
Bad debts	-3.0	-1.8
Additions to provisions	-0.7	-2.1
Sundry other operating expenses	-5.1	-5.2
Other operating expenses	-26.5	-25.8
Impairment gains and losses on financial assets	0.3	3.0
Other income and expenses	-0.3	2.1

Sundry other operating income included insurance and compensation claims and other refunds.

Sundry other operating expenses included customer credit notes and warranty claims.

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

(19) Financial result

in €m	2022	2023
Other financial results		
Income from interests in affiliates	0.5	1.0
Expenses from shares in associated companies	-0.3	-0.9
Expenses from interests in associates	-0.3	0.1
Expenses/Income from securities	-0.7	0.4
	-0.8	0.6
Interest result		
Other interest and similar income	1.3	2.3
of which affiliates	(0.4)	(0.9)
Other interest and similar expenses	-10.1	-19.2
from pension obligations	(-1.8)	(-2.9)
	-8.8	-16.9
Financial result	-9.6	-16.3

(20) Income taxes

in €m	2022	2023
Actual tax expenses	-7.9	-8.7
Deferred taxes from loss carryforwards	9.3	-6.4
Deferred taxes from temporary differences	-3.6	2.9
Prior-period income taxes	0.1	2.0
	-2.1	-10.2

in €m	2022	2023
Earnings before taxes	13.2	13.0
Group tax rate	30.0%	30.0%
Expected taxes	-4.0	-3.9
Tax effects from		
variances due to different tax rates	1.5	-2.9
tax-free earnings	0.7	0.9
impairment gains/losses	-1.2	-3.3
tax additions and settlements	1.6	-3.4
tax payments/refunds for prior years	–	2.0
Other	-0.7	0.4
Income tax	-2.1	-10.2

The approach of previously unrecognised tax losses and temporary differences relating to subsidiaries led to deferred tax income of € 3.3m (previous year: € 13.8m). Their use reduced the actual tax expense by € 2.1m (previous year: € 1.0m).

(21) Earnings per share

	2022	2023
Net profit attributable to owners of the Parent in €m	10.4	2.6
Weighted average of ordinary shares issued	16,524,783	16,524,783
Earnings per share (in €, basic/dilutive)	0.63	0.16

(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 in- and outflows from operating, investing and financing activities.

Cash flows from operating activities were adjusted for currency translation effects. Funds totalling € 96.4m (previous year: € 132.2m) included cash and cash equivalents.

Total payments for leases amount to € 10.5m (previous year: € 10.0m). Interest paid for leases is included in the payments for lease liabilities. Cash in- and outflows generated by reverse factoring transactions through a newly agreed contract with financial service providers are recognised under payments received from financial service providers and payments made to financial service providers. Other liabilities thus increased by € 22.4m. The changes in cash flows from financing activities are shown in the following table.

in €m	2022				2023			
	Bank loans	Liabilities to financial service providers	Lease liabilities	Equity	Bank loans	Liabilities to financial service providers	Lease liabilities	Equity
Balance as at 1 January	126.6	–	31.4	369.4	195.9	–	29.4	422.8
Proceeds from loans	75.4	–	–	–	63.3	–	–	–
Repayment of loans	-6.0	–	–	–	-15.2	–	–	–
Proceeds from financial service providers	–	–	–	–	–	69.2	–	–
Repayments to financial service providers	–	–	–	–	–	-46.9	–	–
Payments for lease liabilities	–	–	-9.2	–	–	–	-9.5	–
Payments for non-controlling interests	–	–	–	–	–	–	–	–
New leases	–	–	5.9	–	–	–	12.8	–
Other changes	-0.1	–	1.3	53.4	–	–	1.2	-12.8
Balance as at 31 December	195.9	–	29.4	422.8	244.0	22.3	33.9	410.0

(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.

in €m	Segments						Reconciliation		Group	
	Sheetfed		Digital & Webfed		Special		2022	2023	2022	2023
	2022	2023	2022	2023	2022	2023				
Revenue by product group										
Presses	512.3	608.3	74.4	90.3	254.9	239.2	-20.3	-12.5	821.3	925.3
Replacement parts	79.8	81.5	30.7	29.6	60.8	62.2	-2.1	-2.0	169.2	171.3
Service	75.9	81.4	30.8	40.5	78.6	91.1	-0.8	-0.8	184.5	212.2
Other	4.2	8.6	3.9	11.9	22.8	21.2	-20.2	-23.7	10.7	18.0
Revenue	672.2	779.8	139.8	172.3	417.1	413.7	-43.4	-39.0	1,185.7	1,326.8
EBIT	19.0	29.8	-19.3	-23.9	23.2	23.0	-0.9	1.0	22.0	29.9
Depreciation	17.5	17.6	4.9	4.8	7.7	8.2	9.9	12.9	40.0	43.5
Major non-cash expenses	36.0	39.3	4.1	3.4	12.7	12.2	5.1	4.7	57.9	59.6
Capital investments	21.0	18.3	2.2	1.4	10.2	26.1	16.4	18.4	49.8	64.2

Geographical breakdown

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

in €m	Revenue		Capital investments		Non-current assets	
	2022	2023	2022	2023	2022	2023
Germany	134.7	173.3	39.3	51.6	316.2	332.0
Rest of Europe	414.4	386.8	8.5	11.8	73.8	78.6
North America	243.4	300.1	0.4	0.1	1.2	0.8
China	144.3	126.1	0.9	0.2	0.9	0.6
Rest of Asia/Pacific	141.8	199.7	0.4	0.3	2.6	2.2
Africa/Latin America	107.1	140.8	0.3	0.2	0.2	0.3
Reconciliation	–	–	–	–	131.6	133.7
Group	1,185.7	1,326.8	49.8	64.2	526.5	548.2

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

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

The remuneration paid to the worldwide network of PwC and to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft in 2023 came to € 1,812 thousand for auditing services, € 88 thousand for tax consulting and € 52 thousand for other services.

The fee for services provided by the worldwide network of PwC and by the 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 HGB 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 2023.

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	2022	2023
Other current financial receivables as at 31.12.	15.3	22.1
from affiliates	1.8	1.6
from associates	13.5	20.5
Trade receivables as at 31.12.	10.5	10.3
from affiliates	5.6	6.5
from associates	4.9	3.8
Prepayments made for inventories as at 31.12.	–	1.8
to affiliates	–	–
to associates	–	1.8
Trade payables as at 31.12.	0.8	1.5
to affiliates	0.8	1.3
to associates	–	0.2
Revenue	43.3	30.1
from affiliates	39.5	27.9
from associates	3.8	2.2

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.

A consultancy agreement with annual remuneration of € 0.1m was entered into between Koenig & Bauer AG and a member of the Supervisory Board in the year under review.

Expenses for the Management Board totaled € 6.0m (previous year: € 5.5m). The short-term remuneration for the Management Board amounts to € 3.9m (previous year: € 3.8m). 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: € 1.6m). 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 € 0.5m (previous year: € 0.7m) 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: € 1.6m) and for short-term variable remuneration at € 1.2m (previous year: € 1.1m), while share-based remuneration accounts for € 1.6m (previous year: € 1.6m).

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 € 8.7m (previous year: € 7.2m) were set aside for retirement benefits for the Management Board in accordance with IAS 19. An amount of € 23.1m (previous year: € 21.0m) was set aside for former members of the Management Board and their surviving dependants.

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

The total remuneration of the Management Board under the German Commercial Code amounts to € 5.5m (previous year: € 5.5m), of which € 1.6m (previous year: € 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 2024.

At 31 December 2023 members of the management board held 0.12% and members of the supervisory board 5.05% of Koenig & Bauer's share capital, giving a total of 5.17%.

Supervisory Board

Professor Raimund Klinkner

Chairman

Managing Partner

INSTITUTE FOR MANAGEMENT EXCELLENCE GmbH

Gräfelting, Germany

Gottfried Weippert¹

Deputy Chairman

Technician

Eibelstadt, Germany

Dagmar Rehm

Deputy Chairman

Self-employed business consultant

Langen, Germany

Claus Bolza-Schünemann

(since 16 June 2023)

Technical consultant

Lübeck, Germany

Julia Cuntz¹

Trade union secretary of IG Metall

Berlin, Germany

Carsten Dentler

Managing Partner

Palladio Infrastruktur GmbH

Bad Homburg v. d. Höhe, Germany

Marc Dotterweich¹

Cutting machine operator

Birkenfeld, Germany

Werner Flierl¹

(until 31 July 2023)

1st representative of IG Metall

Würzburg office

Sulzbach-Rosenberg, Germany

Matthias Hatschek

(until 16 June 2023)

Entrepreneur

St. Martin, Austria

Christopher Kessler¹

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 für Technologie (KIT)

Karlsruhe, Germany

Dr Johannes Liechtenstein

CFO Constantia Industries AG

Vienna, Austria

Simone Walter¹

Head of Human Resources Management

Koenig & Bauer Coding GmbH

Arnstein, Germany

Sabine Witte Herdering¹

(since 1 August 2023)

Trade union secretary of IG Metall

Würzburg, Germany

¹ workforce representative

Committees

Mediation committee as per section 27(3) of

German Codetermination Act

Professor Raimund Klinkner (chairman)

Julia Cuntz

Carsten Dentler

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

Management Board

Dr Andreas Pleßke

President (since 1 January 2024) and CEO

Executive vice-president

Special segment

Herrsching am Ammersee, Germany

Dr Stephen Kimmich

Deputy president (since 1 January 2024)

CFO

Munich, Germany

Christoph Müller

Executive vice-president

Digital & Webfed segment

Würzburg, Germany

Effective 1 April 2024, the Supervisory Board assigned Dr Stephen Kimmich responsibility for the Special segment on the Management Board in addition to his position as CFO and deputy president.

Strategy Committee

Professor Gisela Lanza (chairman)

Claus Bolza-Schünemann

Carsten Dentler

Christopher Kessler

Professor Raimund Klinkner

Simone Walter

Gottfried Weippert

Nomination Committee

Professor Raimund Klinkner (chairman)

Claus Bolza-Schünemann

Carsten Dentler

Committee appointments to 31 December 2023

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 REHAU Verwaltungszentrale AG / REHAU Automative, Muri near Bern, Switzerland
Dagmar Rehm Deputy chairman	O'Donovan Consulting AG, Bad Homburg, Germany (until 31 March 2024) Grammer AG, Amberg, Germany (listed company) Renewable Power Capital Ltd., London, UK Rail Capital Europe Investment SAS, St Quen, France (since 1 March 2023) Power2X B.V., Amsterdam, Netherlands (since 22 January 2024)
Claus Bolza-Schünemann	Erich Netzsch GmbH & Co Holding KG, Selb, Germany
Carsten Dentler	Scope SE & Co. KGaA, Berlin, Germany Scope Management SE, Berlin, Germany Bastei Lübbe AG, Cologne, Germany (listed company) Caeli Wind GmbH, Berlin, Germany
Christopher Kessler	PrintHouseService GmbH, Halle, Germany
Professor Gisela Lanza	ZF Friedrichshafen AG, Friedrichshafen, Germany Hager SE, Blieskastel, Germany Balluff GmbH, Neuhausen, Germany Alfred Kärcher SE & Co. KG, Winnenden (since 1 July 2023)
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* *group positions of Constantia Industries AG

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

With the Supervisory Board's approval, the shareholders will be asked to pass a resolution to retain Koenig & Bauer AG's unappropriated surplus of € 2,893,288.78.

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

Würzburg, 20 March 2024

Management Board



Dr Andreas Pleßke



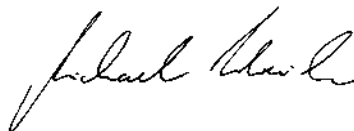
Dr Stephen Kimmich



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, 20 March 2024

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, 2023, 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, 2023, and notes to the consolidated financial statements, including any material disclosures on the 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, 2023.

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, 2023, and of its financial performance for the financial year from January 1 to December 31, 2023, 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") and 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, 2023. 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:

- ① Accounting treatment of deferred taxes
- ② Allocation of revenue from the sale of machines under contracts with customers to correct periods

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:

① Accounting treatment of deferred taxes

① In the consolidated financial statements of Koenig & Bauer AG, EUR 93.2 million in deferred tax assets (6.5% of Group equity) and EUR 71.5 million in deferred tax liabilities (5.0% of Group equity) are reported after netting 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 93.2 million in deferred tax assets before adjustments and offsetting, EUR 38.9 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 479.7 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 on deferred taxes are contained in section (6) "Deferred taxes" under "Accounting policies" in the notes to the consolidated financial statements.

② Allocation of revenue from the sale of machines under contracts with customers to correct periods

① In the Company's consolidated financial statements as of December 31, 2023 revenue amounting to EUR 1,326.8 million, of which EUR 925.3 million was recognized from the sale of machines under contracts with customers, is reported in the income statement. Koenig & Bauer AG recognizes revenues from the sale of machines under contracts with customers when if it satisfies its performance obligation by transferring the contractually agreed printing press to a customer. This generally occurs when the printing press is technically commissioned, which is the time at which control is transferred to the customer.

Due to technical imponderables in the manufacturing process and the use of different contractual agreements in the various markets, assessing the technical commissioning and thus the timing for the recognition of revenue is subject to estimates and assumptions and thus the judgments of the executive directors.

For this reason and due to the complexity of the applicable accounting standard on revenue recognition, this matter was of particular importance for our audit.

② In light of the fact that the complexity and the estimates and assumptions that have to be made give rise to an increased risk of accounting misstatements, our audit included assessing the Group's processes and controls for recognizing revenue from the sale of

machines. Our audit approach included assessing the design, implementation and effectiveness of the internal control system and the IT systems used with regard to order acceptance, invoicing and allocating revenue to the correct period.

We also assessed the invoicing processes and whether revenue was recognized in the correct period by inspecting the corresponding orders, contracts, delivery documentation, commissioning reports and receipts of payments.

In particular, by inspecting the customer contracts and commissioning reports, we assessed whether the estimates, assumptions and judgments made by the executive directors regarding the recognition and deferral of revenue are reasonable and appropriate.

We were able to satisfy ourselves that the systems, processes and controls in place are appropriate and that the estimates and assumptions made by the executive directors are sufficiently documented and the judgments thus sufficiently substantiated to serve as a basis for the proper recognition of revenue from the sale of machines.

- ③ The Company's disclosures relating to the recognition of revenue from the sale of machines are contained in section (15) "Revenue" 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 remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act] for which the supervisory board is also responsible

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.
- Evaluate 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 German 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 re-

quirements 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 auditor by the annual general meeting on June 16, 2023. We were engaged by the supervisory board on November 21, 2023. 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.

REFERENCE TO SUPPLEMENTARY AUDIT

We issue this auditor's report on the consolidated financial statements and the group management report as well as on the rendering of the consolidated financial statements and the group management report submitted for audit for the first time, contained in the file KoenigBauer_AG_KA+LB_ESEF-2023-12-31.zip and prepared for publication purposes on the basis of our audit, duly completed as at March 20, 2024 and our supplementary audit completed as at March 27, 2024, which related to the initial 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 20, 2024/limited to the first-time submission of the ESEF documents referred to in the "Reference to Supplementary Audit" section above:

Nuremberg, March 27, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Marco See
German Public Auditor
(Wirtschaftsprüfer)

ppa. Dr. Felix Canitz
German Public Auditor
(Wirtschaftsprüfer)

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