

Q1

**TECHNOLOGIES
FOR TOMORROW**

**Interim statement
Q1 2022/2023**



INTERIM STATEMENT FOR THE FIRST QUARTER OF 2022/2023

Key figures at a glance

Figures in € millions	Q1 2021/2022	Q1 2022/2023
Incoming orders	652	607
Order backlog	840	969
Net sales	441	530
EBITDA ¹⁾	15	35
in percent of sales	3.5	6.7
Result of operating activities (EBIT)	-4	16
Financial result	-8	-7
Net result before taxes	-12	9
Net result after taxes	-14	5
Equity	82	405
Net debt ²⁾	41	5
Leverage ³⁾	1.7	0.0
Free cash flow	29	-1
Earnings per share in €	-0.05	0.02
Number of employees at end of quarter (excluding trainees)	10,115	9,568

¹⁾ Result of operating activities before interest and taxes and before depreciation and amortization

²⁾ Net total of financial liabilities and cash and cash equivalents and current securities

³⁾ Ratio of net debt to EBITDA for the last four quarters

Figures

- Successful start to 2022/2023 financial year – sales grow by 20 percent to € 530 million
- Incoming orders amount to € 607 million despite COVID-19 restrictions in China
- Order backlog therefore rises further to € 969 million – good basis for achieving targets for year as a whole
- EBITDA rises by € 20 million to € 35 million – significant operating improvements
- Result after taxes positive at € 5 million
- Free cash flow (€ -1 million) squeezed by NWC build-up
- Forecast for 2022/2023 financial year confirmed

Facts

- Dr. Ludwin Monz becomes Chief Executive Officer of Heidelberg from April 1, 2022
- AMPERFIED is the new name for HEIDELBERG's solutions in the field of e-mobility: new product generation from fall
- New cloud-based workflow "Prinect Direct" introduced: new Prinect apps for autonomous production
- Gallus site in St. Gallen becomes center of excellence for digital label printing: reorganization of site and innovations in digital printing portfolio
- Annual General Meeting successfully held virtually – all items on the agenda approved

Note

In individual cases, rounding could result in discrepancies in the totals and percentages contained in this interim statement.

Events in the first quarter of 2022/2023

April 2022

Dr. Ludwin Monz becomes new CEO of HEIDELBERG

Ludwin Monz succeeded Rainer Hundsdörfer as the Chief Executive Officer of Heidelberg Druckmaschinen AG on April 1, 2022. Prior to joining the Company, he held top office at the MDAX company Carl Zeiss Meditec AG and was also a member of the Management Board of Carl Zeiss AG. He will continue to refine HEIDELBERG's strategic focus, boost its core business and tap new markets with existing expertise. "We will further strengthen our financial position on our core printing market by systematically focusing on customer requirements. This will enable us to simultaneously build new business in technologically related areas," said Ludwin Monz of the Company's major progress over the past two years.

May 2022

Prinect Direct: Cloud-based app automates job creation and prepress

In May, HEIDELBERG presented the second Prinect app as part of the new Prinect Direct workflow. The Smart Product App enables the reliable automation of the job creation in prepress without restricting creativity in design or print production options. It offers easy-to-use, cloud-based order creation with automatic quality control of the PDF files generated, which includes checking against all additional order data. HEIDELBERG is completely redeveloping the Prinect workflow for the cloud under the Prinect Direct name. The new Prinect apps do away with many manual steps throughout a print shop's production process, from job creation to dispatching the finished printed product. Further Prinect apps will be launched gradually.

April 2022

HEIDELBERG backing growing label market

To improve its foothold on the growing label market, HEIDELBERG is reorganizing the Gallus head office in St. Gallen, Switzerland, and turning it into a center of excellence for digital label printing. This also includes the opening of a customer demonstration center, the "Gallus Experience Center", by the end of the year. The digital printing portfolio is also being refined with innovations in equipment, service, software and ink. In conjunction with the reorganization of the production site, the property in St. Gallen was sold to Baumer Switzerland, which intends to transform the Gallus area into an open campus for businesses and institutions. The Gallus Group is an anchor tenant in the area with its headquarters and the digital campus.

June 2022

AMPERFIED: New name for HEIDELBERG's e-mobility business

HEIDELBERG's e-mobility business area is starting the new financial year as a stand-alone company. The HEIDELBERG subsidiary will enter the next phase of its strategic development under the name AMPERFIED. Its headcount will be expanded in sales and marketing and development in particular and the product portfolio will be expanded with state-of-the-art charging solutions. HEIDELBERG will therefore be introducing a new generation of smart wallboxes under the name AMPERFIED Wallbox connect in the fall. The new product family with network-enabled charging solutions will be controlled by a bespoke app that can produce a charging diagnostic, start or end the charging process automatically, and increase or reduce charging performance at any time.

Overall assessment of business development

Heidelberger Druckmaschinen AG has had a successful first quarter of the 2022/2023 financial year. At € 607 million, incoming orders thus matched the level of the pre-crisis year of 2019/2020 (€ 615 million), even though business in China was restrained on account of the lockdown. Significant progress was made in profitability as well. As a result of the improvement in capacity utilization due to the significant increase in sales to € 530 million (previous year: € 441 million) in particular, the better price quality of orders and further efficiency gains from the transformation program, EBITDA rose by around € 20 million to € 35 million. Meanwhile, the first quarter was negatively affected by the restrictions due to the pandemic in China and the rise in materials prices as a result of the Ukraine war. The two-month closure of the production site in China as a result of the lockdown in Shanghai ordered by the Chinese government was partly offset by other sites in the production network.

All segments increased their sales in the first quarter, with the Packaging Solutions segment in particular contributing to this development with an increase of 28 percent. In terms of regions, sales mainly grew in Europe and North America. The main driver was new machinery business. By contrast, China was temporarily weaker than in the previous year owing to the widespread lockdowns in its major economic centers.

Net sales and results of operations Interim consolidated income statement

Figures in € millions	Q1 2021/2022	Q1 2022/2023
Net sales	441	530
Change in finished goods and work in progress/other own work capitalized	68	57
Total operating performance	510	587
EBITDA	15	35
Depreciation and amortization	19	19
Result of operating activities (EBIT)	-4	16
Financial result	-8	-7
Net result before taxes	-12	9
Taxes on income	3	4
Net result after taxes	-14	5

- At € 607 million, incoming orders reached the level of the pre-crisis year of 2019/2020 (€ 615 million) in the first quarter of the 2022/2023 financial year, but were still down on the prior-year figure of € 652 million. This was particularly high on account of a significant order volume in connection with the China Print 2021 trade show. Also, the restriction on sales activities in China as a result of lockdowns had a negative effect on incoming orders in the reporting period.
- Despite the two-month closure of the plant in Shanghai, net sales were significantly higher than the prior-year figure of € 441 million at € 530 million. The increase is essentially due to higher deliveries of new machinery.
- As a result of the consistently high incoming orders, the order backlog rose significantly again to € 969 million as of June 30, 2022 (June 30, 2021: € 840 million).

- EBITDA increased significantly to € 35 million (same quarter of the previous year: € 15 million), while the EBITDA margin was 6.7 percent after 3.5 percent in the same period of the previous year. In particular, this was positively affected by the significantly higher sales volume, the better price quality of orders and further savings in staff costs, which declined in line with planning after adjustment for the positive effects of reduced working hours in the previous year and currency translation effects. By contrast, negative factors included the higher costs of materials and the under-utilization of the plant in Shanghai. In addition to this significant operating improvement, the sale of land in St. Gallen made a slight double-digit million euro contribution to the positive result in the first quarter of the 2022/2023 financial year.
- The financial result improved slightly to € -7 million as a result of lower financial liabilities (same quarter of the previous year: € -8 million).
- Taking income taxes of € 4 million (same quarter of the previous year: € 3 million) into account, the net result after taxes amounted to € 5 million (same quarter of the previous year: € -14 million).

Net assets

Assets

Figures in € millions	31-Mar-2022	30-Jun-2022
Non-current assets	843	839
Inventories	631	697
Trade receivables	246	256
Receivables from sales financing	43	40
Cash and cash equivalents	146	138
Other assets	274	289
Total assets	2,183	2,259

- Inventories increased by € 66 million to € 697 million as a result of the high order volume (same quarter of the previous year: increase of € 68 million to € 610 million).
- Nonetheless, net working capital remained at a low level as of June 30, 2022 and increased only slightly to € 455 million (June 30, 2021: € 465 million; March 31, 2022: € 440 million). Higher prepayments by customers and higher trade payables largely compensated for the increase in inventories due to production.

Equity and liabilities

Figures in € millions	31-Mar-2022	30-Jun-2022
Equity	242	405
Provisions	1,113	937
of which: pension provisions	843	687
Financial liabilities	135	143
Trade payables	216	230
Other equity and liabilities	477	544
Total equity and liabilities	2,183	2,259

- Equity increased to € 405 million as of the end of the quarter, essentially as a result of the normalization of the interest rate for pensions in Germany (from 2.1 percent as of March 31, 2022 to 3.7 percent as of June 30, 2022). The equity ratio thus climbed significantly to around 18 percent.

- The higher interest rate for German pensions meant that pension provisions declined as of June 30, 2022. Provisions amounted to € 937 million in total (March 31, 2022: € 1,113 million).
- Financial liabilities amounted to € 143 million as of the end of the reporting period. Net financial debt thus totaled € 5 million and was still at a low level (same quarter of the previous year: € 41 million).
- Leverage amounted to 0.0 as of June 30, 2022 (same quarter of the previous year: 1.7).
- HEIDELBERG's financing portfolio consists of a syndicated credit facility (around € 250 million) with a term to 2024 and various loans and development loans. Heidelberg's credit facilities, which currently total around € 316 million, have a maturity structure until 2024, and provide a solid foundation for the Company's continued strategic development.

Financial position

Interim consolidated statement of cash flows

Figures in € millions	Q1 2021/2022	Q1 2022/2023
Net result after taxes	-14	5
Cash used in operating activities	-5	-25
of which: net working capital	39	-9
of which: receivables from sales financing	0	4
of which: other operating changes	-44	-20
Cash generated by investing activities	33	24
Free cash flow	29	-1
in percent of sales	6.6	-0.2

- Free cash flow amounted to € -1 million after three months and was therefore almost neutral (same quarter of the previous year: € 29 million). While the result after taxes rose significantly, the year-on-year decline in free cash flow was essentially a result of the different development in net working capital.
- These effects can be seen by the cash used in operating activities, which amounted to € -25 million after the first quarter (same quarter of the previous year: € -5 million).
- Net other operating changes improved on account of the result after taxes, but were again impacted by scheduled payments in connection with the transformation program initiated in March 2020. In the first quarter, net other operating changes were also negatively affected by the usual seasonal payments in connection with collectively agreed vacation pay.
- Net cash generated by investing activities amounted to around € 24 million in the quarter under review, essentially as a result of an inflow from the sale of land in St. Gallen.

Segments

Segment key figures

Figures in € millions	Print Solutions		Packaging Solutions		Technology Solutions		HEIDELBERG Group	
	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
Incoming orders	355	348	288	250	9	10	652	607
Order backlog	421	486	408	469	11	15	840	969
Sales	238	273	194	247	9	10	441	530
EBITDA ¹⁾	8	19	6	17	1	-1	15	35

¹⁾ Result of operating activities before interest, taxes, depreciation and amortization

- Following the slump in conjunction with the COVID-19 pandemic, the **PRINT SOLUTIONS SEGMENT** continued to benefit especially from the market recovery and reported high incoming orders once again in the first quarter of 2022/2023. Sales increased by around 15 percent as a result of the order situation. EBITDA likewise climbed accordingly to € 19 million, with the proceeds from the disposal of land in St. Gallen divided between the segments in line with sales.
- In the **PACKAGING SOLUTIONS SEGMENT**, the restriction on sales activities in China owing to lockdowns resulted in a decline in incoming orders. However,

the same quarter of the previous year had been characterized by a high order volume on account of the China Print trade show. Thanks to the high order backlog, sales rose by 28 percent to € 17 million.

- Despite the limited availability of electronics components at times, the **TECHNOLOGY SOLUTIONS SEGMENT** reported slight increases in incoming orders and sales. Most of this related to e-mobility operations. The segment's EBITDA was reduced by start-up losses for Zaikio and Printed Electronics, and amounted to € -1 million.

Regions

Incoming orders by region

Figures in € millions	Q1 2021/2022	Q1 2022/2023
EMEA	262	242
Asia/Pacific	204	145
Eastern Europe	79	61
North America	97	133
South America	11	26
HEIDELBERG Group	652	607

Sales by regions

Figures in € millions	Q1 2021/2022	Q1 2022/2023
EMEA	170	240
Asia/Pacific	131	112
Eastern Europe	58	54
North America	76	110
South America	6	14
HEIDELBERG Group	441	530

- Despite the slight year-on-year decline, the **EMEA** region achieved by far the highest incoming orders of all regions. The EMEA region took the lead in sales as well, increasing its volume by more than 40 percent as against the first quarter of the previous year.
- As anticipated, incoming orders in the **ASIA/PACIFIC** region failed to match the prior-year level, when order books had been very full as a result of the China Print 2021 trade show in the first quarter of 2021/2022. Moreover, sales activities in China were restricted by lockdowns. The two-month production shutdown in Shanghai is also reflected in sales.

- Incoming orders and sales in the **EASTERN EUROPE** region were clearly affected by the armed conflict between Russia and Ukraine and its consequences. While incoming orders declined by around a quarter in the first quarter of 2022/2023, the effects on sales were less pronounced at minus 9 percent.
- The **NORTH AMERICA REGION** performed especially well with growth as against the same quarter of the previous year of 37 percent in incoming orders and of 44 percent in sales in the reporting period.
- The highest growth rates – from a low baseline – were achieved by the **SOUTH AMERICA REGION**. Incoming orders increased by 146 percent, sales by 127 percent.

Risks and Opportunity Report

As of June 30, 2022, there were no fundamental changes in the assessment of the risks and opportunities of the HEIDELBERG Group compared to the presentation in the 2021/2022 Annual Report.

HEIDELBERG also closely monitors the risks arising in connection with gas supply. As things stand at present, it is possible to avoid significant impairments to the Company's own production. From today's perspective, the security of supply with natural gas can hardly be assessed. However, an indirect risk remains in that suppliers could be more severely affected by a possible gas shortage.

Outlook

The forecast for the financial year 2022/2023 is unchanged from that published in the Group's 2021/2022 Annual Report (pages 64 and 65) on June 9, 2021.

Financial section

Interim consolidated income statement

Figures in € millions	1-Apr-2021 to 30-Jun-2021	1-Apr-2022 to 30-Jun-2022
Net sales	441	530
Change in inventories/other own work capitalized	68	57
Total operating performance	510	587
Other operating income	24	29
Cost of materials	237	280
Staff costs	199	206
Depreciation and amortization	19	19
Other operating expenses	82	95
Result of operating activities	-4	16
Financial income	1	1
Financial expenses	9	8
Financial result	-8	-7
Net result before taxes	-12	9
Taxes on income	3	4
Net result after taxes	-14	5
Basic earnings per share according to IAS 33 (in € per share)	-0.05	0.02
Diluted earnings per share according to IAS 33 (in € per share)	-0.05	0.02

Interim consolidated statement of financial position as of June 30, 2022

Assets	Figures in € millions	31-Mar-2022	30-Jun-2022
Non-current assets			
Intangible assets		199	201
Property, plant and equipment		630	627
Investment property		7	5
Financial assets		7	7
Receivables from sales financing		21	24
Other receivables and other assets		20	20
Deferred tax assets		75	76
		960	959
Current assets			
Inventories		631	697
Receivables from sales financing		22	16
Trade receivables		246	256
Other receivables and other assets		133	165
Income tax assets		17	8
Cash and cash equivalents and current securities		146	138
		1,194	1,280
Assets held for sale		30	20
Total assets		2,183	2,259

Equity and liabilities	Figures in € millions	31-Mar-2022	30-Jun-2022
Equity			
Issued capital		779	779
Capital reserves, retained earnings and other reserves		-570	-379
Net result after taxes		33	5
		242	405
Non-current liabilities			
Provisions for pensions and similar obligations		843	687
Other provisions		71	69
Financial liabilities		64	64
Contract liabilities		19	19
Income tax liabilities		55	55
Other liabilities		8	8
Deferred tax liabilities		3	2
		1,063	904
Current liabilities			
Other provisions		198	181
Financial liabilities		72	79
Contract liabilities		265	312
Trade payables		216	230
Income tax liabilities		17	13
Other liabilities		110	135
		878	950
Total equity and liabilities		2,183	2,259

Interim consolidated statement of cash flows as of June 30, 2022

Figures in € millions	1-Apr-2021 to 30-Jun-2021	1-Apr-2022 to 30-Jun-2022
Net result after taxes	-14	5
Depreciation and amortization/write-downs/reversals ¹⁾	20	19
Change in pension provisions	-3	-3
Change in deferred tax assets/deferred tax liabilities/tax provisions	-1	-1
Result from disposals	-9	-12
Change in inventories	-71	-62
Change in trade receivables/payables	50	7
Change in advance payments received ²⁾	60	45
Change in sales financing	0	4
Change in other provisions	-20	-25
Change in other items of the statement of financial position ²⁾	-16	-3
Cash used in operating activities	-5	-25
Intangible assets/property, plant and equipment/investment property		
Investments	-12	-9
Income from disposals	45	33
Financial assets/company acquisitions		
Investments	0	0
Cash generated by investing activities before cash investment	33	24
Cash investment	0	0
Cash generated by investing activities	33	24
Borrowing of financial liabilities	4	8
Change in financial liabilities	-64	-15
Cash used in financing activities	-60	-8
Net change in cash and cash equivalents	-31	-9
Cash and cash equivalents at the beginning of the reporting period	204	146
Changes in the scope of consolidation	0	0
Currency adjustments	0	1
Net change in cash and cash equivalents	-31	-9
Cash and cash equivalents at the end of the reporting period	173	138
Cash used in operating activities	-5	-25
Cash generated by investing activities	33	24
Free cash flow	29	-1

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

²⁾ Since April 1, 2022, HEIDELBERG has been reporting the change in advance payments received separately; they had previously been reported under "Change in other items of the statement of financial position". The prior-year figures have been restated accordingly.

Financial calendar 2022/2023

November 9, 2022	↪ Publication of Half-Year Figures 2022/2023
February 8, 2023	↪ Publication of Third Quarter Figures 2022/2023
June 14, 2023	↪ Press Conference, Annual Analysts' and Investors' Conference
July 26, 2023	↪ Annual General Meeting

Subject to change

This interim statement was published on August 10, 2022.

Important note

This interim statement contains forward-looking statements based on assumptions and estimates by the management of Heidelberger Druckmaschinen Aktiengesellschaft. Although the Management Board is of the opinion that these assumptions and estimates are realistic, actual future developments and results may deviate substantially from these forward-looking statements due to various factors. These factors could, for instance, include changes in the overall economic situation, exchange rates and interest rates, as well as changes within the print media industry. Heidelberger Druckmaschinen Aktiengesellschaft provides no guarantee and assumes no liability for future developments and results deviating from the assumptions and estimates made in this interim statement. HEIDELBERG neither intends nor assumes any obligation to update the assumptions and estimates made in this interim statement to reflect events or developments occurring after the publication of this interim statement.

In individual cases, rounding may result in discrepancies concerning the totals and percentages contained in this interim statement.

This report is a non-binding English convenience translation of the German interim statement of Heidelberger Druckmaschinen Aktiengesellschaft. The Company disclaims responsibility for any misunderstanding or misinterpretation due to this translation.

Contact

Investor Relations
Tel. +49-6222-82 67120
investorrelations@heidelberg.com

Publishing information

Heidelberger Druckmaschinen
Aktiengesellschaft
Kurfürsten-Anlage 52 - 60
69115 Heidelberg
Germany
www.heidelberg.com