

KOENIG & BAUER

un:iversal

Metamor[e]phosis

Summary Annual Report 2023

we're on it.



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# The Packaging of the Future

What will the packaging of the future look like? Just like the front cover of this year's annual report – a vision created by the 'imagination' of AI? Will packaging might even, just like smartphones, become a smart companion that accompanies us in our daily lives with as-yet inconceivable features? Today more than ever, packaging already protects our products, promotes brands, and drives innovation. We will be excited to see how packaging continues to evolve. But one thing is already certain: however things develop, Koenig & Bauer will continue to keep its finger on the pulse of the latest trends and offer the right solutions to suit all requirements and applications – as a universal provider that offers individually tailored products and technologies. You will find out how we managed to do this in the 2023 financial year on the following pages.

# Metamor[e]phosis

In the last annual report, we focused on the mor[e] in **metamor[e]phosis** and looked at how Koenig & Bauer has continued to evolve over a history stretching back more than 200 years, focusing very specifically on the 2022 financial year. This time, we are going a little beyond this and also taking one step back. Welcome to the **meta** level!

But what does '**meta**' actually mean, what image does this conjure up in your mind? **Meta** is a topic that everyone's talking about – not least because of the social media company of the same name that continues to grow and expand. And we encounter '**meta**' in many places. For example, in the form of **metaphors**, which are linguistic expressions whose original meaning is applied to different contexts. Or as **metadata**, which is structured data that contains information about aspects of other data. **Metaphysics** deals with everything that defines the natural world we can perceive with our senses. And we are of course familiar with **metamorphosis**, which is the transformation from a current state into the fundamentally (pre-)determined, fully developed form. **Meta** is a space, sometimes meaning something hidden and in some cases meaning something superior. Each **methodology** is based on a view 'from above', detached from the process itself, in order to achieve a defined objective [metá from Greek (μέτα, μετά) in the middle, between, with, after, behind + hodós from Greek (ὁδός) way].

The moment when we decided to go beyond mere printing with Exceeding Print and incorporate sustainability, digitalisation and modularity into our corporate strategy was also when we took the first step on the path to the **meta** level. It is one of many steps and our path will not be straight by any means. This is because developments – including those that are **methodically** planned and controlled – are subject to external dynamics beyond our control. Koenig & Bauer's development from a traditional printing press

manufacturer into an agile tech company is already starting to bear fruit, yet it is more important than ever to stay focused on the big objective.

Wars, social and economic uncertainties, the aftermath of the COVID pandemic, fluctuations in the international currency market, the challenges posed by climate change, the growing possibilities that artificial intelligence offers and the risks associated with this, etc. – the list of challenges facing society and businesses is long and seems to be growing longer by the day. Global developments do not currently provide the most stable foundation and yet they also demand agile, effective solutions that can be implemented quickly. How do we want to continue to work in the future, and how can we achieve this? How can we link printing to the digitalised world? We are living through a period of change, with some people even calling it a new epoch. Many things are impossible to predict, and this is precisely why it is so important to be bold, to explore different paths and to dare to seize new opportunities with an open mind. Adaptability has been a hallmark of our company from day one, and there have been numerous occasions when this attribute has proven its worth – including, or especially in, tough times.

Just as '**meta**' simultaneously describes something superior and something inherent – that is to say, something universal, in our company's recent past we have embraced Exceeding Print and ventured into previously unknown areas of business that have not only opened completely new doors for us, but have also boosted our core business by providing new ideas. What we can say today with absolute certainty is that in 2021 the Exceeding Print strategy was based on the notion that, both today and in the future, printing needs to be sustainable, digital and modular to succeed.

We can achieve this because we look at the value chain in its entirety and spare no effort when it comes to ensuring a complete circular economy

in which all processes are connected. Instead of focusing exclusively on our business, our machines, we try to keep everything in mind – from the requirements of the brand owners, suppliers and different printing technologies as well as substrates, to the end customers and returning products to the cycle by implementing recycling measures. We combine all the essential areas and with an export ratio of over 80 percent we see ourselves as a global player – un:iversal.

This is why this annual report contains a practical application case for each pillar of our Exceeding Print strategy. The compostable packaging will deliver a **lasting** benefit to the environment, and the forget-me-not in the little pack of flower seeds will put a smile on your face. All you need to do is dampen the substrate tray, sow the seeds and keep them moist. As proof of concept, you can also bury the compostable packaging in the soil. To bridge the gap to the **digital** world, in addition to topic-specific content outlining the progress made on digitalisation at Koenig & Bauer, you can



once again access the whole of this year's annual report online. And just as **modularity** is defining and driving the (further) development of our products, this annual report – from the front cover to the last full stop – shows that the whole, the universal cycle, is more than the sum of its parts and that everything really is connected.

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# Metamor[e]phosis through Sustainability

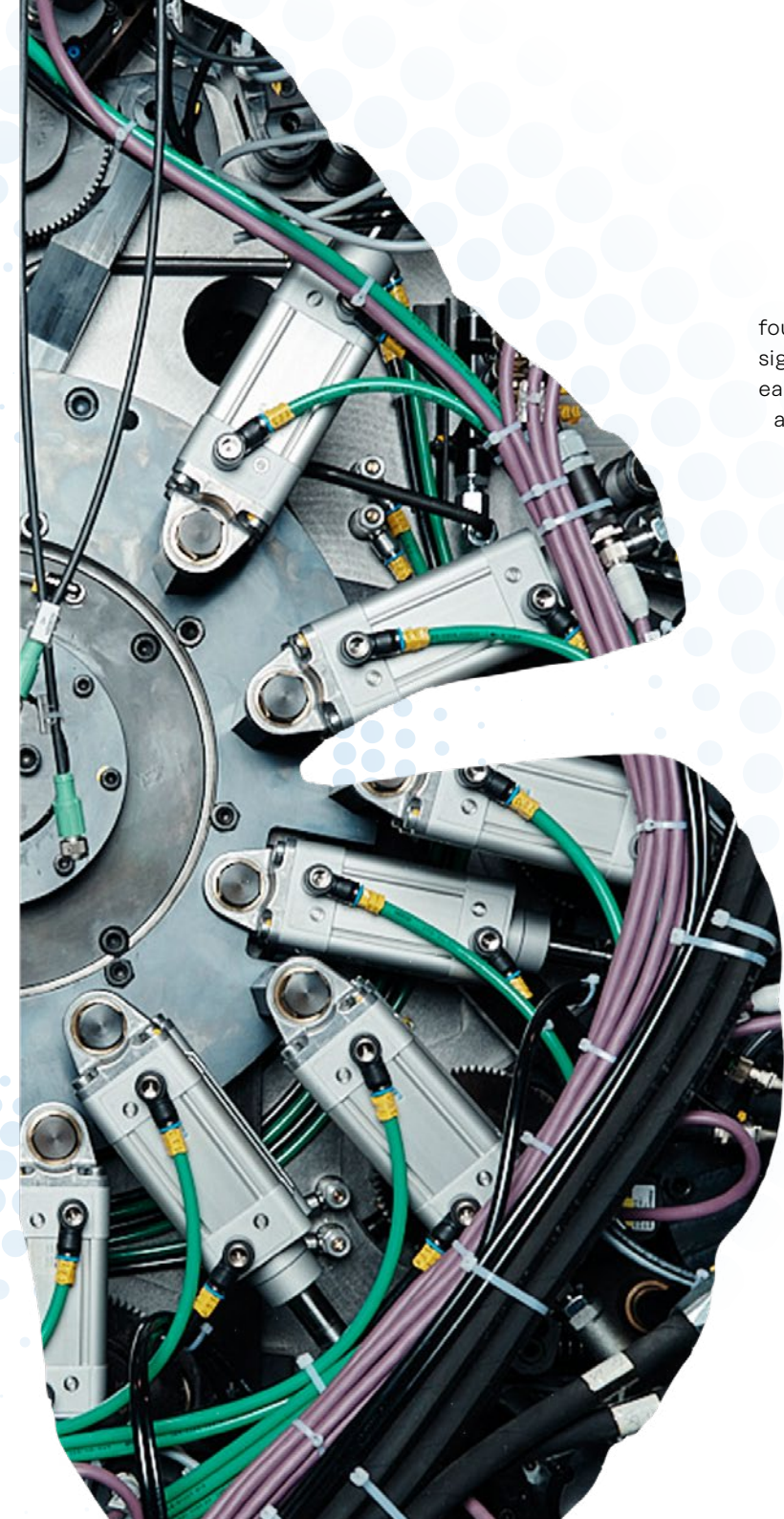
... because sustainability is  
the meta-topic of the future.

In order to meet the increasing demands of climate protection and make our own active contribution to it, we have championed the Green Energy project. The aim is not just to reduce our dependence on fossil fuels, but also to achieve our sustainability goals. By 2025, we are aiming to reduce CO<sub>2</sub> emissions (Scope 1 and 2) in our production plants by 75 per cent compared to the reference year of 2019. Green Energy provides a package of measures that we want to implement in order to optimise our energy demand and supply. These include energy-efficiency measures such as measures to reduce and optimise the amount of energy required in production.

To make sure this transformation is also sustainable, we particularly need to expand our supply of energy from renewable sources. This means we need to use solar energy and other green energy sources and storage systems. At some of our sites, huge progress has already been made when it comes to sustainability: for example, the Mödling site is aiming to achieve carbon neutrality by as early as 2028.

What's more, a major measure has already been implemented at the company's headquarters in Würzburg. By modernising our





foundry smelting operations, we have achieved significant cost savings while increasing our earnings. This optimisation will result in annual electricity savings of roughly 3,200 MWh in the smelting process and the recovery of waste heat, which will enable us to reduce our gas consumption significantly. In addition, we will save a third of the water consumed annually at the Würzburg site, which is a major benefit at a time when water is in short supply.

We are currently in the third sustainability wave – the most effective so far. The causes are obvious: the ever-increasing pace of climate change and the increasing amount of global waste pose a huge challenge for the whole world. This is why sustainability is the central, universal topic of today and the future – and this for the printing and packaging industry as well. As a printing press manufacturer and a provider of digital solutions and services, we experience first-hand the concerns of printers (our customers) in relation to climate developments. How will the legislation evolve? Which investments make sense; which are unavoidable? How can they ensure their production remains stable during this period

characterised by crises? Unfortunately, there is no all-encompassing solution, but we do at least do everything we can to use innovative approaches to support our customers.

For example, digital printing from Koenig & Bauer – with the RotaJET, the VariJET and also with Kammann – using water-based inks offers a particularly sustainable option. Demand-based production can help reduce waste and resource consumption throughout the entire life cycle of the print product. Digital solutions such as our VisuEnergy X energy management system enable customers to reduce their production costs and work more efficiently, which in turn can contribute to climate protection.

The downstream side, where the products are used, contributes more than 90 percent to Koenig & Bauer's Scope 3 footprint. This is why reducing the energy consumption of the products by increasing their energy efficiency, expanding digital services for optimum press capacity utilisation, and making customers aware of the switch to green electricity is a high priority.

We recognise visionary leaders from the printing industry who display outstanding sustainability activities with our specially created Green Dot Award.

# Metamor[e]phosis through Digitalisation

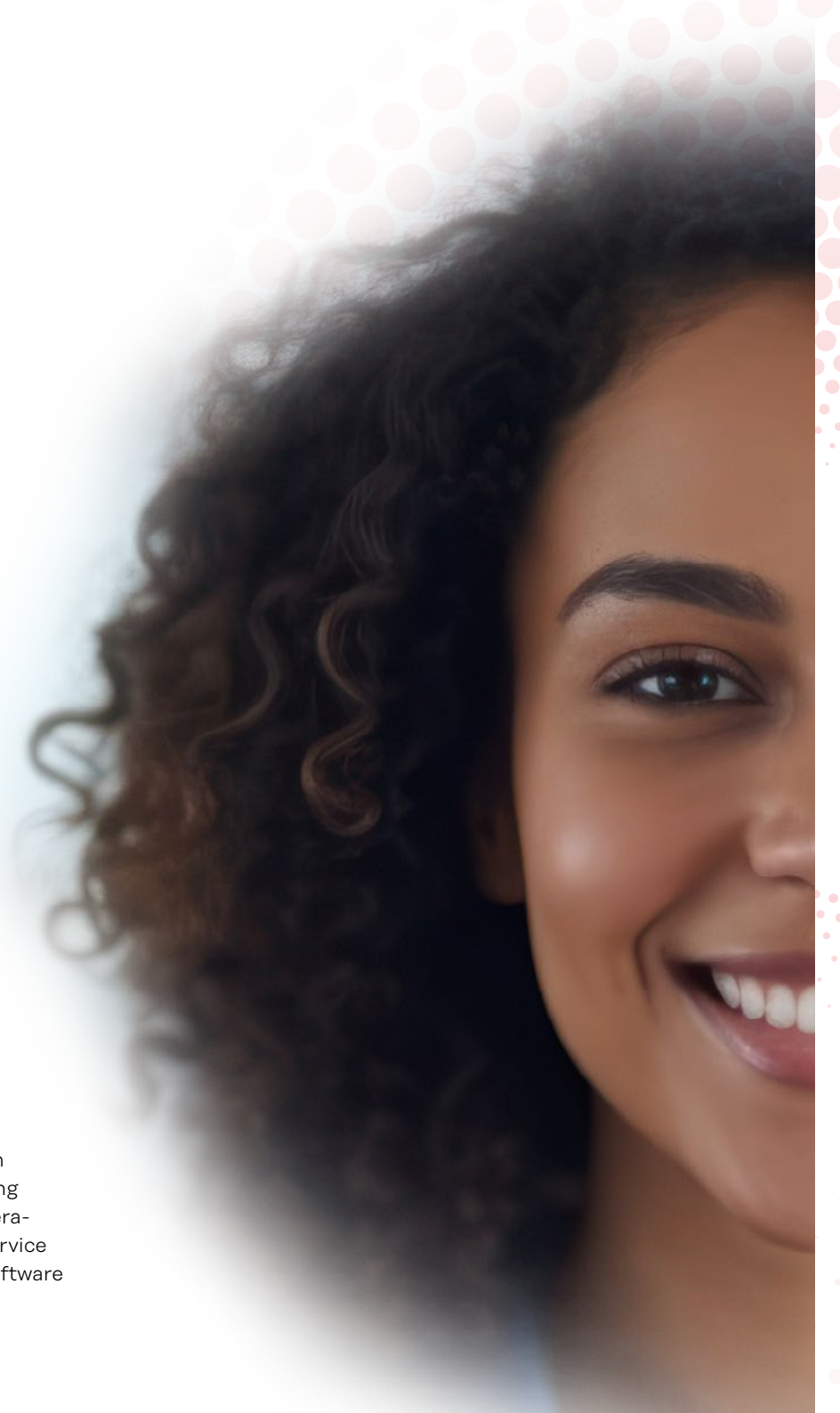
... because digitalisation means  
making the analogue world meta.

Digitalisation – with all its opportunities and risks, its limitations and options – is becoming increasingly important in almost all areas of life. This certainly became evident with the release of AI-based tools such as ChatGPT, which gives everyone the opportunity to make use of artificial intelligence – as we did to produce the image on the cover of this annual report. We have long been focusing on how to make the transition from the analogue printing industry to the digital world. Since the start of 2022, a specially established digital unit has been exploring how we and our customers can benefit from digital, data-based solutions.


At a time when data provides a robust business model, Koenig & Bauer is using the triad of **myKyana**, **Kyana Connect** and **Kyana Data** to set new standards in the print and packag-

ing industry. The market launch of these three innovations is just one milestone on a comprehensive digital roadmap that aims to improve machine efficiency and the customer experience.

**myKyana** is the higher-level portal into which all digital solutions from Koenig & Bauer are pooled. This is where, in future, users will find everything they need to ensure smooth operation of their machines – from service tickets to the management of software







subscriptions and user administration, along with direct purchase options and access to digital services and products that they subscribed to. It is also where existing digital solutions will find a new home. **myKyana** is our customers' gateway to the extensive digital world that we offer to supplement our innovative printing and packaging technologies.

The IIoT gateway **Kyana Connect** provides the technical basis for all data-based products and forms the decisive link between our customers' machines and the Koenig & Bauer cloud. Machine, sensor and job data are pre-processed directly at the source and uploaded to our cloud in a secure and standardised format. This opens up whole new dimensions in data analysis for the users of data-based solutions.

**Kyana Data** is the first digital product that directly accesses the data provided by **Kyana Connect**. The production data analysis tool will offer real-time views of key performance indicators in future, as well as uncovering previously hidden potential to improve efficiency in the production process.

The name **Kyana** will become a byword for the entire digital product portfolio offered by Koenig & Bauer, and stands for our spirit of innovation as a catalyst for digital transformation in our industry.

The three tools are currently in an intensive beta phase during which they are undergoing extensive testing by selected, strategically important customers. This phase is crucial in order to adapt the products to specific needs of the market and to ensure

that they can be rolled out to customers all over the world from spring 2024 on.

As well as focusing on the (further) development of digital solutions for our customers, we as a company naturally also want to become more digital and fully exploit the associated potential to optimise our processes. Digital solutions are now an indispensable tool, especially when it comes to the transparent configuration of our supply chains, so we can guarantee reliable procurement and make deliveries on schedule.

In addition, we are directing a keen focus on automating processes in our production facilities – using robotics, artificial intelligence and autonomous, driverless transport systems. This will enable us to boost our productivity and, among other benefits, it will help us deal with the increasing shortage of skilled workers.

From the development of digital solutions for our machines and customers to digitalisation at Koenig & Bauer itself – we are taking big steps in the right direction. This is not about replacing printing, but making it as smart as possible by adopting digital applications.

# Metamor[e]phosis through Modularity

... because modularity means agility.

When we launched our Exceeding Print strategy in the 2021 financial year, it was not apparent at the time how highly relevant the modularity pillar would become in such a short space of time. We originally chose to focus on this topic because the megatrend of individualisation in our industry is resulting in increasing complexity, and this demands a higher degree of standardisation. The geopolitical events of 2022 and the resulting energy problems, along with disruption to global supply chains, have clearly shown how quickly supposedly stable systems and processes can start to topple. A global shortage of chips led to bottlenecks in the production of critical components. This is why it was so important for us to work through these new experiences and initiate measures so we can be even more proactive in responding to unexpected events in future. Making investments to ensure the resilience of our supply chains is essential as the level of global disruption continues to increase. It is becoming apparent that we will have to expect

disruption to supply chains from time to time. In our globalised world, international business relations are an established part of commercial operations. For all the benefits that this brings, developments such as Russia's war of aggression on Ukraine and the Hamas terrorist attack on Israel show how rapidly the world order can change. This does, of course, also have an impact on economic relationships and supply chains.

Group-wide supply chain management, which is responsible for planning and monitoring right along the value chain, is therefore essential. This organisation expediting the following primary tasks:

- Identifying and eliminating risks in complex supply chains at an early stage
- Ensuring a reliable supply through central purchasing and order management
- Devising creative solutions when there is disruption in the market





Making scheduled deliveries to our customers by monitoring and tracking our value chain from start to finish

The development of our modular automation building kit (MAB) is right on track – also thanks to strategic partnerships, including one with Siemens – and the first prototype is set to be released with real ambition. The MAB framework will be raised to a new level and create a solution that not only meets but exceeds our expectations. The modular automation platform will make it possible to record standardised printing press and operating data, making it easier to scale Koenig & Bauer's digital business models in the next stage of the digital transformation process.

Establishing end-to-end digital business processes is another key aspect of standardisation. This is why the platform architecture of the Rapida product family is currently being analysed and the modular automation building kit is now being developed to set the company on course for modular machine configuration. The number of product variants is being reduced, and modules and features are being standardised. At the same time, we are developing a design guide that defines the design of Koenig & Bauer machines to enable platform thinking and modular design.

To continue to champion productivity in the area of value creation, the Operational Excellence (Opex) department is working continuously to provide lean management methods and practices so that all of Koenig & Bauer's business operations are able to

implement an efficient value creation process. One highlight during 2023 was the project to optimise the end-to-end process for the Digital & Webfed division. All the key stakeholders involved in assembly, which stands at the centre of value creation, were incorporated in order to optimise the processes from order intake to final assembly by reducing costs and lead times.

The innovative strength of the Koenig & Bauer team has always been one of the company's driving forces. To promote this, in addition to the core Opex team, the company has set up special technical committees with participants from all its divisions who define the requirements for future topics and devise standards. This allows it to develop vital solutions cost effectively, such as ones in the areas of robotics and automation, which can then be used in production and assembly across all business units.

In all projects and activities, it is evident – especially as the sum total of its parts – that the focus on modularity is helping us make great strides in many areas. In this context in particular, there is a need to keep an eye on the big picture and remain open to new perspectives because, just as the methodology requires us to take a step back from the specific application, modularity requires a process of analysis, evaluation and sorting of all the existing elements in order to bring together what unites us universally.

# Metamor[e]phosis through Partnerships & Business Models

... new ways often lead to the best results.


Koenig & Bauer has been synonymous with innovative printing technology for more than two centuries. We want to continue to meet this high standard in future and so we continuously strive to optimise our product portfolio. We offer the right solution for almost any printing application and strategic modernisation allows us to ensure that we and our customers can meet tomorrow's requirements when it comes to digitalisation and sustainability. One of the ways we do this is by relying on strategic partnerships and close collaboration with our system suppliers. In 2022, we saw how this enabled us to identify bottlenecks in the supply chain really quickly and take prompt action to rectify the situation.

In our core business, mechanical engineering, the latest relationships with Celmacch and SEE were real drivers of innovation in the 2023 financial year, together with our long-standing partnerships with Durst and HP. The existing partnership with Sealed

Air Corporation (SEE) is opening up new options in digital web printing. The aim of the partnership is to increasingly connect physical packaging with the digital world, and this is already established on the market under SEE's own 'prismiq™' brand. This strategic partnership will entail the two companies' hardware and software components being developed together in the future. This will allow brand owners to promote their products by connecting with consumers using digitally enhanced packaging.

Koenig & Bauer's partnership with Celmacch was able to present a very special innovation in 2023: printing on the inside and outside in one pass for processing corrugated board. Printing both sides in one single work step not only makes it possible to boost efficiency significantly; it also allows production costs to be reduced considerably. Koenig &





Bauer Celmacch has thereby responded to the increasing needs of customers in this market. It should be possible to 'amaze' end customers and offer fast, cost-effective printing. The presettable die-cutting unit for the Chroma X Pro series and top-bottom printing on Chroma High Tech and Chroma Smart machines cater to all the latest trends and requirements. The new Chroma 2S high board line solution manufactures at a maximum speed of 10,000 sheets per hour. The printing unit for printing on the inside is also equipped with the already established automation systems from the Chroma High Tech or Chroma Smart series.

As part of the Koenig & Bauer Durst joint venture, which was set up around five years ago, we intend to continue to make investments so we can take advantage of the great opportunities that exist in the folding carton and corrugated board sectors. The new activities we are planning involve the site at Radebeul in Germany.

Koenig & Bauer Durst is the global market leader for digital single-pass sheetfed printing systems as well as software services for the folding carton and corrugated board industries. The company utilises the expertise and know-how of the two parent companies to offer an unrivalled range of digital printing presses. These include the CorruJET and Delta SPC 130 for the corrugated board market and the jointly developed VariJET 106 printing press for the folding carton market. These machines use water-based, food-safe inks and coatings that satisfy all legal requirements.

Other partnerships, such as those with Google and HYBRID, enable us to continue to drive forward and accelerate progress in the field of digitalisation. One of the things that digitalisation means to us is being open-minded to see what we can learn from our printing machines. What does this mean? In very simple terms, focusing more on the data that is also produced on a daily basis whenever the machines operate – but has so far gone relatively unnoticed. To take full advantage of this huge potential, we chose Google Cloud as an innovative partner to manage and process this data. With a heavy focus on the manufacturing industry and dedicated industry solutions, the cloud provider should be an important element when it comes to making the world of printing and packaging fit for the future.

A demonstration of the first working prototype (MVP) of the new Kyana Data product was given at the Google Cloud stand at the Hannover Fair in April 2023. This powerful analysis tool seamlessly combines data from multiple sources, such as machine log files and data from existing MES and MIS systems. It enables users to create complex evaluations in a very simple way so they can gain a holistic understanding of their production processes. The partnership with one of the world's leading AI specialists and the number one cloud provider in the field of industrial manufacturing will pave the way to Koenig & Bauer becoming a holistic solutions provider for its customers. Kyana Data is designed to enable users to identify patterns, trends and anomalies in production processes and take action before they escalate into bigger problems. The aim is for as many machines as possible to achieve almost 100 per cent productivi-

ty. The focus is on the Manufacturing Data Engine (MDE) from Google Cloud, which makes it possible to consolidate data silos and gain insights from manufacturing data in order to boost efficiency and productivity.

To further optimise the digital workflows between pre-press and printing on the sheetfed offset presses from our Rapida series, the basis for a partnership with HYBRID Software was established in 2023. This means that with PrintFusion, we can now jointly offer an exclusive product for the packaging workflow on Rapida sheetfed offset presses. Acting as a gateway, PrintFusion manages Koenig & Bauer's printing presses using the pre-press software PACKZ and the production workflow suite CLOUDFLOW from HYBRID Software. Parallel to plate creation, all relevant job data is delivered securely and efficiently to the Rapida presses. Users benefit from this automation with faster makeready times and greater efficiency between job changes. What's more, printing parameters are convenient to save with the remaining job data and then recall for subsequent repeat jobs. This end-to-end packaging workflow solution boosts efficiency through the automatic retrieval of job data from connected MIS/ERP systems. PrintFusion maximises press and substrate utilisation and continually optimises print quality. The Rapida sheetfed offset presses run with fewer operator interventions and with a substantially reduced risk of errors.

In the area of Banknote Solutions, the strategic partnership with GIETZ is set to be used to improve and develop OVD (Optically Variable Devices) application platforms for banknote printers. The combination of technology, expertise and research in this area creates a unique opportunity for both companies to discover new ways of adding value for customers while maintaining the highest OVD application standards that are essential to the banknote industry. Furthermore, the intention is to jointly develop and market a high-speed application platform that will cater to future requirements. The technologies that are developed as

part of this new partnership will be sold worldwide (with the exception of Japan) by Koenig & Bauer Banknote Solutions.

All these partnerships show how we can accelerate innovations and explore new opportunities by pooling the energy of experts from the Koenig & Bauer Group and external specialists. What we achieve together is more than the sum of its parts. This is because every innovation can spark more synergies within the Group, taking the whole company to the next level.

Our consistent spirit of innovation is also opening up completely new areas in which Koenig & Bauer's expertise is not just capable of being used but can be expanded. We are embracing new business models to tap into areas that we have not previously exploited, and to emphasise what we can already do really well.

An excellent example of this is the cooperation with the Volkswagen subsidiary PowerCo SE to collaborate on developments in the area of sustainable battery cell production. The new facility will be used for the industrial powder coating of electrodes. Dry coating, which is a sub-process within multi-stage battery cell production, does not require any complex, energy-intensive drying of wet-coated electrodes. Koenig & Bauer plans to cover most of the development outlay by using its own engineering resources. Based on current plans, the development phase is scheduled for the period up to the end of 2024. If the development goals are achieved, Volkswagen will have the exclusive right to use or distribute the Koenig & Bauer systems itself for a period of seven years.





The Vision & Authentication department, which focuses on optical measuring and control systems and authentication solutions, also demonstrates in impressive style how Koenig & Bauer's enormous know-how can be implemented successfully in new business areas. The team develops and produces high-performance electronics, camera technology, complex image processing systems and data processing solutions. The modular solutions can be used for various applications right across the Group. One example is our MetalControl solution for MetalPrint, which recently won the Metpack Innovation Award. We now also offer components of these solutions to users outside the Koenig & Bauer Group, for example in battery cell manufacturing. In February 2024, we unveiled a strategic partnership with Mitsubishi Electric with the aim of offering standardised, high-quality components for industrial image processing in the field of electrode manufacturing for battery cells.

Following the success of the ValiCash™ app for checking the authenticity of banknotes, we are now taking the next step. What we have been able to achieve for banknotes is set to be implemented for all types of print products. What is special about this is that the solution does not require any specific elements to be added, but instead just reads the unique characteristics that are created with every print but are invisible to the human eye. This means we are setting a new 'Secure at Print' standard and are stepping up our efforts in offering digital authentication services in order to use new business models to meet the challenges of our time and the developments in the world market.

This also demonstrates that Koenig & Bauer is very well positioned at the meta level with all its divisions and segments and that the synergies can be optimally exploited within the Group.

# Metamor[e]phosis through Our Employees

... because people are our greatest asset.

The needs of employees have changed along with the whole of society and our company as well. Workers from the 19th century would probably barely be able to contain their joy if they were confronted with modern working conditions, and yet the labour market seems to be awash with a general dissatisfaction among workers. There is more disharmony than ever between generations, whose views could hardly be more different.

From a business perspective, the retirement of the baby-boomer generation from 2025 on represents a really major challenge that we need to start addressing now in order to fill the significant gap they will leave behind. One important way to produce the next generation of highly skilled workers is for each company to train them in-house. This is why 168 apprenticeship places, almost twice as many as last year, were advertised and filled at the company's sites in Germany and Austria in 2023. More than anything,

this unwavering commitment to vocational training is also an investment in the future of our company – and the best way to respond to the shortage of skilled workers that will be felt even more acutely in the years ahead. Thanks to our vocational training school and a clear focus on ensuring the right balance

between theoretical training and practical application, the apprentices can receive the very best training so they know the specific characteristics of the Group.

In addition to recruiting more apprentices, we also view the further training of our own employees as a useful tool for meeting the challenges of the labour





market. Investing in their specialisation and skills enables them to work more efficiently. In 2022, we again greatly expanded and optimised the courses on offer to employees at the Koenig & Bauer Academy. The comprehensive and diverse training courses are designed so that quite literally every employee – from the shop floor to the management offices – will find the perfect tools to match their needs.

In addition, wherever possible, we already rely on automation in our processes and workflows. This enables us to actively mitigate the losses in productivity caused by demographic change as much as we can.

The fact that we are thinking about the future is also reflected in an award that we are particularly proud of: our vocational training school in Würzburg was awarded the accolade 'Climate School' for the sustainable way the school operates and the way it has gradually managed to save CO<sub>2</sub>. As well as sending a signal to current and future generations, we see this as a great opportunity

to identify specific areas in which we can potentially make savings and give the next generations a comprehensive understanding of sustainable production in the process. The 'Climate School' project involves both teachers and students in equal measure. There are a total of eight action areas (waste, purchasing,

nutrition, communication & networking, compensation & carbon bonding, mobility, electricity, heat) in which potential savings are identified and implemented.

Finally, we are also continuing to champion the measures we have already initiated so we can enhance Koenig & Bauer's attractiveness as an employer. It has been shown that being open to new concepts such as mobile working, individual working time agreements, sabbaticals, job sharing and the like is very attractive to (potential) employees and that these concepts can be integrated into the company and production structures efficiently at the appropriate point.

A good example showing that Koenig & Bauer is still an attractive employer at its various locations is the twin anniversary that we celebrated in 2023: 175 years in Mödling and 125 years in Radebeul. The sense of belonging among employees was a key element at both events.

# Letter to the shareholders

*Dear shareholders,*

As so often in the course of history, we are currently experiencing a phase of great upheaval that is changing the world around us at an ever increasing pace. Like virtually all manufacturing companies, Koenig & Bauer also faces geopolitical and macroeconomic tensions, which are being additionally amplified by a variety of challenges such as the shortage of skilled workers, higher energy costs and disrupted supply chains. Although we are able to influence these developments to only a limited extent, we can make an important contribution to shaping the future by acting as a reliable partner in our role as an innovation leader in the printing industry, underpinned by our technical expertise and our broad product portfolio.

## **Sustainability seen in “uni:versal” terms**

Sustainability is no longer just a issue solely for individual companies seeking to reduce their environmental footprint. Rather, a changed sense of responsibility has made sustainability an all-encompassing phenomenon. Companies that are aware of this social transformation process and align their own actions to the new needs of consumers stand to benefit from this change. The ability to metamorphose, i.e. to constantly change, is of elementary importance for companies when it comes to remaining competitive. Koenig & Bauer has proven this time and again in its history spanning more than 200 years. Thus, rather than resting on its laurels and remaining with newspaper printing presses, it has completed a successful metamor-

phosis, which has now made Koenig & Bauer a packaging printing company with printing expertise covering almost all substrates and all printing technologies. Today, Koenig & Bauer prioritises agility, speed and flexibility, as well as proximity to its customers. It is with this in mind that this Annual Report, whose flexible packaging is 100% compostable, has also been prepared under the motto “uni:versal”.

Koenig & Bauer’s forward-looking orientation has led to its transformation into a packaging printing company whose solutions for the packaging industry already account for the largest share of its total revenue and is set to generate further impetus for growth in the near future. This is indicated by a legislative initiative of the European Commission, which was launched at the end of 2022 under the name “Proposal for a regulation on packaging and packaging waste”. As an element of the European Green Deal, the law aims to help reduce packaging waste in the EU member states, stipulating that packaging is to be fully recyclable by 2030.

## **Sector focus on digitisation and services**

The fact that our customers have increasingly opened up to digital printing and that digitisation is becoming increasingly important is also an encouraging sign. This is a trend that we have been observing for some time and which we believe will continue to grow in importance. Here as well, Koenig & Bauer recognised the signs early on, taking a number of measures to provide our customers with a wide range of products today. However, as with the focus on sustainability, digitisation is not an end in itself for the industry and is not driven solely by regulatory factors. Rather, it is obvious that incorporating these and future developments in production processes must not – and will not – be to the detriment of our customers’ profitability. Global economic growth is currently as diverse and disparate as the needs of our customers from all over the world. Impetus for dynamic growth can be seen in some of our target markets in Europe and the United States. Yet, the true drivers of the global economy are located in Asia, especially in India and individual countries in Southeast Asia. As well as this, there are growth markets in Latin America holding great promise for the future. This is due to a growing middle class, which is expanding at disproportionately

strong rates in these regions of the world. However, increasingly national political agendas are also set to generate further impetus for growth. At the same time, it should not be forgotten that this year around 4.2bn people – corresponding to more than half of the world’s population – will be electing new governments in their countries.

### **People at the core**

In spite of all the geopolitical and global economic adversities, we must not lose sight of the human factor. After all, employees are the company’s most valuable asset. Indeed, they have made Koenig & Bauer what it is today: an internationally leading technology company that meets the zeitgeist with its broad and innovative product range and at the same time influences the everyday lives of a large part of the world’s population. In order to maintain this leadership role as we move forward, it is crucial for us to find qualified employees and to retain them in our business operations by offering attractive benefits. This also includes conducting further education for existing staff and giving young people an opportunity to participate in the transformation process. The fact that we have almost doubled the number of apprentices in our business operations and that the proportion of young women opting for a career at Koenig & Bauer has widened testifies to our appeal as an employer.

Short distances to the customer are invaluable. This is why local service is a core distinguishing feature, setting Koenig & Bauer apart from many of its competitors. It is not without reason that, out of a total of around 5,000 employees at Koenig & Bauer, roughly 1,000 are now employed in service business. This not only positions the company as a market leader, but also enables it to respond quickly to the needs of its customers. The emergence of a political trend in favour of “near shoring”, i.e. production that is as regional and self-sufficient as possible, is also playing into the hands of a globally positioned company such as Koenig & Bauer.

### **Satisfactory business performance in 2023**

Despite the ongoing challenging global economic environment, Koenig & Bauer achieved consolidated earnings before interest and taxes (EBIT) of

€29.9m. This places EBIT within the forecast range of €25m to €35m that had been adjusted on 8 November 2023. At around €1.3bn, the forecast revenue target was achieved. The heightened profitability despite the start-up and trailing costs in the Digital & Webfed segment is mainly due to the more efficient handling of inflation-induced additional costs as well as improved cost management in the third quarter as a result of the absence of any recovery in demand. In this regard, the final quarter returned to its usual strength.

### **Future dividend policy adopted with a payout ratio of 15–35%**

In view of the earnings performance in 2023 and the persistently challenging global economic market environment, the Management Board and the Supervisory Board will be proposing at the Annual General Meeting that the net profit generated by the holding company Koenig & Bauer AG be retained and that a dividend be omitted for the 2023 financial year. However, as Koenig & Bauer attaches great importance to ensuring appropriate participation of its shareholders in its success, a future dividend policy has been adopted which, subject to profitable business performance during the year, aims to distribute a dividend of 15–35% of consolidated earnings, with a minimum dividend of €0.30 per share.

Nevertheless, we are aware that Koenig & Bauer needs to be more profitable looking forward. Just like our successful customers, we must focus on the value drivers that are spurring our transformation from a printing press manufacturer into a technology company.

### **“Spotlight” on growth drivers and innovations**

With the “2023 Growth Offensive” adopted in 2018, which aimed to proactively exploit the market opportunities arising in digital printing, corrugated board, cardboard packaging and flexible packaging printing in particular, as well as in the postpress sector in the interests of sustainable profitable growth, Koenig & Bauer has significantly driven forward its transformation from a printing press manufacturer to a technology company. The company is thus headed in the right direction, although external and internal factors are resulting in heightened complexity and rising costs. For this reason, the Management Board initiated the “Spotlight” focus programme at the end of 2023.

To summarise, the old adage that you reap what you sow still applies. We launched the growth initiatives in 2018 with foresight. With this mindset, we have been the market and technology leader in many areas for more than 200 years. And that's how we want things to stay. We have now almost completed the sowing phase and want to reap the harvest. This will also be aided by the "Spotlight" programme, in which we are prioritising initiatives and business models that boost earnings and financial strength, deprioritising initiatives that do not directly impact earnings and optimising the Group and segment organisation as well as the indirect cost structure to make processes even leaner and more customer-friendly. For the most part, the measures will be identified, implemented and finalised in 2024, although the full-year effect will not be felt until 2025.

#### **Outlook for 2024**

Provided that the global economic situation does not deteriorate again and no special effects disrupt global consumer spending, Koenig & Bauer's growth path is likely to remain intact, as the world's affluent middle class is growing particularly rapidly, indeed at a disproportionately sharp rate especially in Asia. This is indicated by the expected compound average growth ratio, or CAGR for short, of roughly 4% for the packaging market. New partnerships, such as the one with automotive OEM Volkswagen for joint development activities in sustainable battery cell production, mark a further step on our growth trajectory. In addition, drupa, the world's largest trade fair for the printing and graphics industry will be taking place in Düsseldorf from the end of May until the beginning of June, generating important impetus in the second quarter of this year.

Despite this challenging macroeconomic environment, Koenig & Bauer assumes that revenue and the EBIT margin will remain stable in 2024 at the previous year's level. Specifically, we are looking for operating earnings of between €25m and €40m and revenue of around €1.3bn. However, Group EBIT for 2024 will be burdened by up to €10m from spending on drupa, resulting in Group EBIT of between €15m and €30m after this one-off effect. Given the persistently muted economic situation, the company projects an EBIT margin of 6–7% in 2026 at the latest, accompanied by Group revenue of €1.5bn. In the medium term, it is looking for revenue of around €1.8bn and an EBIT margin of 8–9%.

In addition to his existing duties as Chief Financial Officer and Deputy Chief Executive Officer, Dr Stephen Kimmich will also be assuming responsibility from 1 April for the Special segment, which I previously held. This will allow me to devote greater attention to the "Spotlight" focus project.

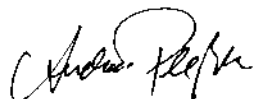
Looking forward into the long term, the best is still ahead of the company, because Koenig & Bauer has always been a technological leader in its markets and will continue to expand this leading position over the next few years – not least of all through selective, carefully considered M&A transactions, by rolling out the basic technologies in adjacent areas as well as through cross-selling. Take a look at our trend radar in the summary of the Annual Report, to find out more about what you can expect from us as we move forward. In addition, you will also find many exciting insights into what the packaging of the future could look like.

### Acknowledgements

As in the past years of its history spanning more than 200 years, Koenig & Bauer will be keeping a close eye on the developments in the market and, above all, the individual needs of its investors, customers, employees and service providers. Bold and forward-looking strategic decisions made in the year under review have laid solid foundations for this. The Management Board thanks all the parties involved for this and their many years of loyalty.

Würzburg, 20 March 2024

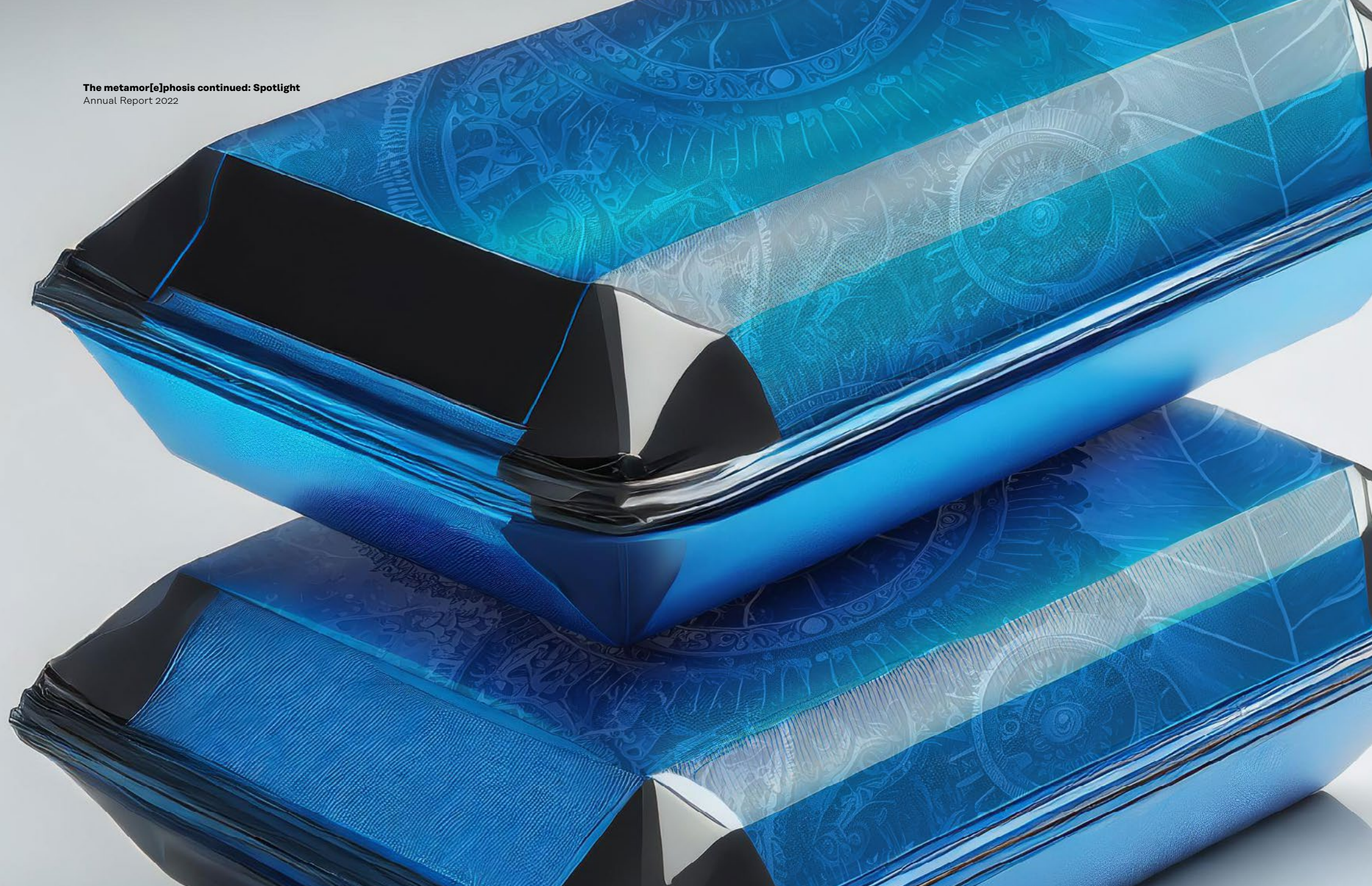
The Management Board of Koenig & Bauer AG



Dr. Andreas Pleßke  
Chief Executive Officer

**Koenig & Bauer Management Board (from left): Ralf Sammeck (CDO), Dr. Stephen M. Kimmich (CFO / Deputy CEO),  
Dr. Andreas Pleßke (CEO), Christoph Müller (CEO Digital & Webfed), Michael Ulverich (COO)**





# meta & mor[e] focus

## Spotlight on growth drivers and innovative

... because you can't harvest what you don't sow

With the "2023 Growth Offensive" adopted in 2018, the company significantly driven forward its transformation from a printing press manufacturer into a technology company. The aim was to proactively exploit market opportunities – particularly in digital printing, corrugated board, cardboard packaging and flexible packaging printing as well as in the postpress sector – in order to achieve sustainable, profitable growth. Koenig & Bauer is headed in the right direction despite the heightened complexity and rising costs caused by external and internal factors. For this reason, the Management Board initiated the "Spotlight" focus programme at the end of 2023.

Under the guiding principle of "you reap what you sow", the growth initiative, which was launched in 2018 with fore-

sight, is now to be taken to the next level – in order to reap the benefits of the activities and efforts of recent years, figuratively speaking. With the "Spotlight" programme, we want to prioritise initiatives and business models that boost earnings and financial strength, deprioritise initiatives that do not directly impact earnings and optimise the Group and segment organisation as well as the indirect cost structure, as well as creating the basis for making processes even leaner and more customer-friendly. Under the leadership of CEO Dr Andreas Pleßke, the measures will be identified, implemented and finalised in 2024 for the most part, although the full-year effect will not be felt until 2025. So we have to be patient because, as they say, "you can't harvest what you don't sow".



# Supervisory Board report

*Dear shareholders,*

The Supervisory Board devoted its attention to the Group's strategic development in terms of digitisation, modularisation and internationalisation in addition to measures for securing and enhancing its earnings and financial strength on a sustained basis. The 2023 financial year was once again overshadowed by geopolitical crises as well as challenging economic conditions caused by inflation, rising interest rates, muted economic growth in key markets and pronounced uncertainties. Various conditions such as a temporary reluctance to invest in new printing presses and delayed ordering in some business areas as well as the strong momentum in the launch

of future-oriented products and new digital business left adverse traces on target achievement in the year under review. However, the extraordinarily broad product portfolio, which is aligned to growth and stable niche markets, stabilised business performance, with service business once again proving to be a reliable earnings pillar.

In addition to discussing market trends and growth business, the Supervisory Board dealt in detail with the business and earnings situation as well as the financial position of Koenig & Bauer AG and the Group together with the situation at key subsidiaries. Business policy, the M&A strategy, the competitive situation, risk management, compliance, the internal control system, internal auditing, cybersecurity, the capital market and personnel strategy were discussed at length. The Supervisory Board and the Audit Committee dealt with sustainability issues pertaining to environment, social and governance matters (ESG for short) as well as with the new ESG-related regulatory requirements. In addition to the Management Board's corporate and investment planning, further items on the agenda of the Supervisory Board and the committees included the dividend policy, governance and remuneration matters and, in particular, the revision of the Management Board remuneration system. All necessary resolutions were passed after detailed examination and intensive discussion.

In the year under review, the Supervisory Board was again informed promptly, regularly and comprehensively by the Management Board of all events that were of material importance for the Company. In 2023, this was done in the form of hybrid Supervisory Board meetings with combined in-person attendance and online participation, in video conferences as well as over the phone and in writing. The Chairman of the Supervisory Board and the Chief Executive Officer meet on a weekly basis, and further regular meetings are held between the Chair of the Audit Committee and the Chief Financial Officer. In addition, the Supervisory Board received continuous reports concerning the Company's key performance indicators.

The Supervisory Board performed its duties with great care in accordance with the law, the Articles of Association and the Rules of Procedure. Six The



Supervisory Board performed its duties with great care in accordance with the law, the Articles of Association and the Rules of Procedure. Six Supervisory Board meetings and six information events for the Supervisory Board were held on matters of current relevance in 2023. These were supplemented by internal preparatory video conferences held prior to the Supervisory Board meetings. The Supervisory Board also met at times in the absence of the Management Board to discuss matters that concerned either the Management Board itself or internal Supervisory Board subjects. Of the six meetings of the Supervisory Board, four were held as hybrid meetings with in-person attendance and online participation and two as in-person meetings. Five of the six information events for the Supervisory Board were held as video conferences and one in hybrid form with in-person attendance and online participation. The chairpersons of the Supervisory Board committees reported regularly to the full Supervisory Board on the agenda and recommendations of the committee meetings. In the year under review, no members of the Supervisory Board were subject to any conflict of interests.



**The individual breakdown by member of the participation in the meetings of the Supervisory Board and its committees as well as all the details of the meetings of the Supervisory Board and its committees and information events can be accessed directly via this QR Code.**

While there were no changes in the composition of the Management Board in the year under review, the composition of the Supervisory Board did change in the course of 2023. Following the resignation of Mr Matthias Hatschek as a shareholder representative on the Supervisory Board at the end of the Annual General Meeting on 16 June 2023, Mr Claus Bolza-Schünnemann was elected to the Supervisory Board as his successor at the Annual General Meeting. The Supervisory Board thanked Mr. Hatschek for his long-standing confidence-inspiring contributions and for his commitment to the Company. The composition of the committees was determined at the constituent meeting of the Supervisory Board held following the Annual General Meeting on 16 June 2023. Details of the current composition of the Supervisory Board's committees can be found on the Company's web-

site. With the elections held during the 2023 Annual General Meeting, the Supervisory Board was able to advance its own profile of skills, particularly with regard to industry-specific knowledge. Effective 31 July 2023, Mr. Werner Flierl resigned from the Supervisory Board as a trade union representative. His successor, Ms Sabine Witte-Herdering, was appointed to the Supervisory Board as an employee representative for the remainder of Mr Werner Flierl's term of office under a ruling issued by the Würzburg Registry Court on 1 August 2023. No modifications were required to the composition of the Supervisory Board committees as a result of this change.

The members of the Supervisory Board receive appropriate support from the Company in the form of training and further education. The Supervisory Board training system, which was expanded in 2022, comprises two webinars a year on selected topics together with optional external training events. The training events in the year under review focused on the rules for adhoc disclosures, the Annual General Meeting and proxy advisors as well as enterprise valuation. As well as this, the Koenig & Bauer Board Academy has developed its own website as a platform for training and further education for the members of the Supervisory Board. In addition, the employee representatives are able to make use of the conferences organised by the Hans Böckler Foundation as well as the further education provided by the trade unions and DGB-Bildungswerk.

The Supervisory Board would like to thank all employees, the Management Board, managers and employee representatives for their active commitment and constructive cooperation in the 2023 financial year. It expresses its gratitude to the shareholders for their confidence in the Company.

Würzburg, 20 March 2024

The Supervisory Board of Koenig & Bauer AG

**Prof. Dr.-Ing. Raimund Klinkner**

Chairperson of the Supervisory Board

# Corporate governance & compliance

Corporate governance and compliance are underpinned by responsible and transparent management and control of the company oriented to long-term value creation. The Management Board and the Supervisory Board are convinced that good corporate governance forms an essential basis for sustainable business success and strengthens the trust of shareholders, business partners and employees as well as the financial markets in the Company. Important principles of good corporate governance and supervision have been firmly anchored in the Koenig & Bauer Group.

Under the recommendations of the German Corporate Governance Code, the Management Board is required to install an appropriate and effective internal control system and risk management system, which also addresses sustainability-related targets and includes a compliance management system. Koenig & Bauer fully supports these recommendations and has been initiating measures since 2022 to comply with them in full in the future.

Accordingly, a dedicated Internal Control System (ICS) department has been set up at Koenig & Bauer AG. Its duties include adopting a methodical approach, continuously developing the instruments in accordance with legal requirements and adjusting internal framework conditions, e.g. by rolling out new IT systems or implementing organisational changes. In addition, the central ICS supports various departments in the implementation of the Group-wide standards in accordance with the Group-wide ICS policy and risk control matrix. Furthermore, it monitors the progress of ICS implementation in the companies and reports to operational management, the Management Board and the Audit Committee.

In 2022, the first step was to formalise internal controls relating to the accounting, sales, purchasing and personnel management process as well as value added tax, income tax and payroll tax in the ICS IT tool. The ICS role pyramid was developed and the roles clearly defined. In 2023, the standard controls were rolled out step by step across the Group's subsidiaries. During the rollout, the role owners were nominated and trained, and the controls assigned to the control owners. The control descriptions were individualised in the light of the business model, organisational size and IT systems. By the end of 2023, the system had been implemented at 10 Group companies as well as in 5 shared services hubs at Koenig & Bauer AG.

In order to determine the scope of the internal control system in relation to sustainability goals, a double materiality analysis was carried out under the leadership of the Sustainability 2023 Group function. The resulting fields of action were assigned to the relevant departments. The implementation of a non-financial ICS covering the legal requirements and future sustainability reporting obligations is currently being planned.

In order to reduce potential information security risks, analyses are carried out regularly as well as on an adhoc basis, including with external support in some cases. The defined measures will be included in an information security roadmap requested by the Management Board. In addition, it was decided to expand the existing information security management system (ISMS) in accordance with ISO 27001.

The compliance management system set up by the Management Board pro-

protects employees and companies from breaches of laws or internal rules and assists them in applying them correctly.

The Management Board and the Supervisory Board regard integrity and compliance in business transactions as indispensable and pursue a zero-tolerance policy. Good corporate compliance is not only a duty and responsibility but also offers business opportunities that should be utilised. We see the corporate governance statement as an opportunity for communicating the stability and sustainability of corporate governance at Koenig & Bauer Aktiengesellschaft. It describes Koenig & Bauer's understanding of corporate governance transparently and is readily accessible on our website at Investor Relations > Corporate Governance. In addition, you will also find all the information related to this topic here.

As part of its corporate governance practices, Koenig & Bauer AG applies a large number of important ethical standards that go beyond the legal requirements: the Code of Business Conduct, the Supplier Code, the Declaration of Principles on Human Rights. These are conveniently summarized on our website at Company > Compliance. The compliance management system established by the Management Board has created the foundations for ensuring that our business practices meet high standards of compliance and integrity. Our anti-corruption system is also certified in accordance with ISO 37001. Based on a constant analysis of possible compliance risks, the continuous adaptation of the compliance management system ensures business conduct that is characterised by compliance and integrity.

## Diagram illustrating the Koenig & Bauer CMS

### Planning

- Tone from the top / Verpflichtung des Managements
- Erwartungen an die Stakeholder
- Compliance-Richtlinie & Geltungsbereich & Organisation
- Compliance-Risikobewertung

### Action

- Organisation & Kultur
- Richtlinien & Grundsätze
- Prozesse & Verfahren & Kontrollen
- Training & Awareness



### Optimising

- Compliance Untersuchungen
- Umsetzung von Maßnahmenplänen
- Sanktionen
- Kontinuierliche Verbesserung der Prozesse & Überwachung

### Checking

- Compliance Bewertungen & Audits
- KPIs & Berichterstattung
- Whistleblowing

# Non-financial Group report

## “Sustainability is the greatest challenge of our time.”

Andreas Pleßke

Koenig & Bauer attaches extraordinarily high importance to its responsibility and its tradition spanning more than 200 years. As a pioneer of in-company social policies, we have always taken our responsibility towards our employees seriously. Indeed, it is firmly anchored in our corporate values. We are committed to the preservation and conservation of the environment through our initiatives for emission-reduced and resource-saving products and manufacturing processes along the entire value chain. We are committed to our responsibility to society and sponsor social and cultural projects. Integrity in our business activities and respect for human rights are core elements of our corporate governance practices. Our sustainability strategy is based on the five pillars:

- **Responsibility towards our employees**
- **Responsibility towards our customers**
- **In-company environmental protection**
- **Social and community responsibility**
- **Integrity and compliance**

These are conveniently summarised on our website at [Company > Sustainability](#). Here you will also find details of our strategic ESG goals, with which we want to fulfil our environmental, social and community obligations even more effectively:

- **Sustainability enabler for our customers**
- **Carbon neutral from 2030 for Scope 1 and Scope 2**
- **Minimise work-related accidents**
- **Continue encouraging diversity**
- **Step up activities against racism & discrimination**
- **Sustainability in the supply chain**

Together with our partners and the initiatives we joined in 2021, we want to significantly expand our activities in this area, which is of crucial importance for the Group's future development. The principles and goals of the UN Global Compact match the values and principles which guide the way we conduct our business. As part of the strategic development of our Group, we want to do even greater justice to our social, ecological and societal responsibility through a wide range of ESG activities and innovations wherever we are able to make a difference.

### Koenig & Bauer ESG ratings



### Koenig & Bauer supports many partners and initiatives



### Commitment to the 12 principles of the UN Global Compact and reference to the SDGs

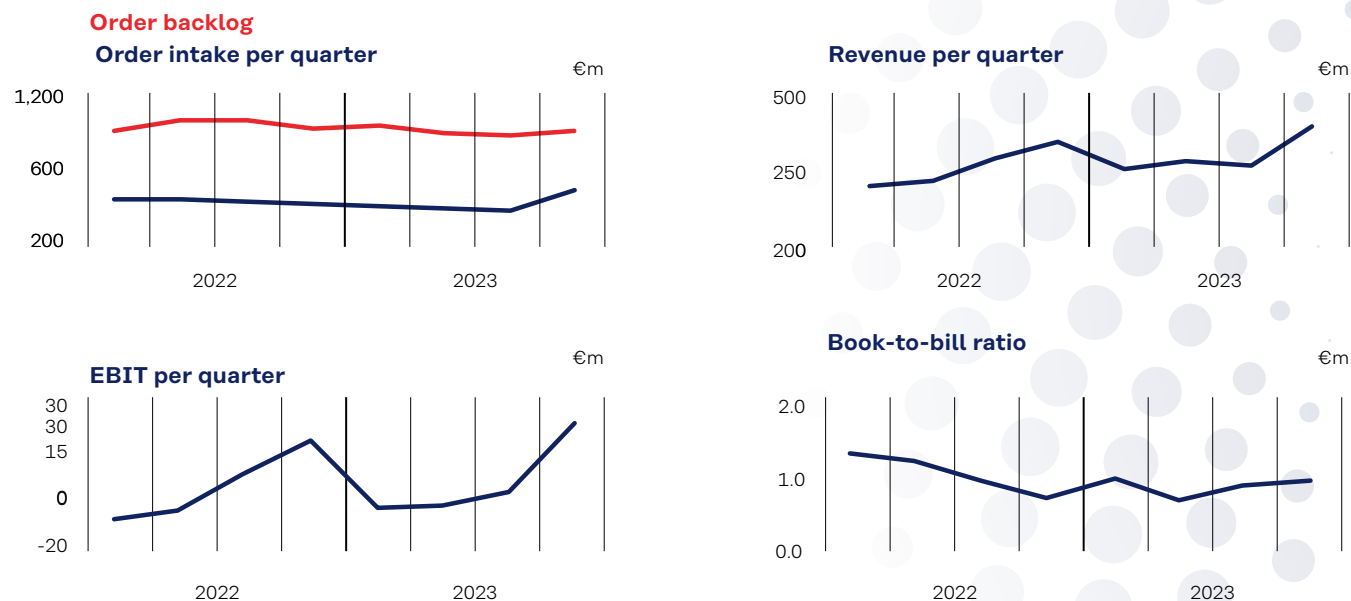


United Nations  
Global Compact



The non-financial Group Report 2022 can be accessed directly via this QR Code.

# The key figures for the Koenig & Bauer Group at a glance



- As expected, order intake as of 31 December was slightly below the previous year's historically high figure.
- In Q4 alone, order intake reached €456.6m, underpinned by an order in the Banknote Solutions business unit received from the United States Bureau of Engraving and Printing in Washington, D.C.
- As planned, the order backlog contracted to €911.5m at the end of the year as a result of the completed deliveries.
- Cumulative Group revenue increased by 11.9% over the previous year. In the fourth quarter of the year, the growth trajectory that had been adopted in the first half of 2023 was thus maintained despite a weaker Q3.
- All told, EBIT improved by €7.9m to €29.9m, translating into an EBIT margin of 2.3%, compared with 1.9% in the previous year.
- In this regard, the final quarter returned to its usual strength, with revenue EBIT coming to €32.0m (previous year: €25.0m). This marks a significant improvement over the same period in the previous year.
- The book-to-bill ratio stood at 1.05 in the fourth quarter, up from the previous year's figure of 0.8.

## Koenig & Bauer Group five-year overview

€m	31 Dec. 2019	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	Change %
Order intake	1,141.3	974.7	1,290.6	1,329.3	<b>1,287.9</b>	-3.1
Order backlog (31 Dec.)	685.9	632.0	806.8	950.4	<b>911.5</b>	-4.1
Revenue	1,245.8	1,028.6	1,115.8	1,185.7	<b>1,326.8</b>	11.9
Revenue by region (%)						
Germany	15.1	15.4	13.8	11.4	<b>13.1</b>	14.9
Rest of Europe	32.9	32.9	32.6	34.9	<b>29.1</b>	-16.6
North America	13.4	18.1	15.8	20.5	<b>22.6</b>	10.2
Asia/Pacific	26.0	24.8	26.0	24.1	<b>24.5</b>	1.7
Africa/Latin America	12.6	8.8	11.8	9.1	<b>10.7</b>	17.6
Earnings before interest and taxes (EBIT)	70.1	-67.9	28.5	22.0	<b>29.9</b>	35.9
EBIT margin (%)	5.6	-6.6	2.6	1.9	<b>2.3</b>	21.1
Earnings before taxes (EBT)	63.9	-73.5	19.0	13.2	<b>13.0</b>	-1.5
EBT margin (%)	5.1	-7.1	1.7	1.1	<b>1.0</b>	-9.1
Group profit/loss	52.3	-103.1	14.5	11.1	<b>2.8</b>	-74.8
Total assets	1,413.8	1,321.1	1,288.7	1,449.2	<b>1,433.5</b>	-1.1
Intangible assets and property, plant and equipment	361.0	392.3	387.3	393.6	<b>411.1</b>	4.4
Equity	432.8	342.2	369.4	422.8	<b>410.0</b>	-3.0
Equity ratio (%)	30.6	25.9	28.7	29.2	<b>28.6</b>	-2.1
Net financial position	-8.3	-47.1	2.9	-63.7	<b>-147.6</b>	-131.7
Net working capital	385.6	344.0	297.1	332.6	<b>379.0</b>	14.0
Free cash flow	-52.3	-24.1	56.3	-59.7	<b>-93.4</b>	-56.4
Capital expenditure on intangible assets and property, plant and equipment	104.9	46.5	36.5	49.8	<b>64.2</b>	28.9
Depreciation and amortisation	33.6	34.5	37.9	40.0	<b>43.5</b>	8.8
Annual average number of employees	5,763	5,671	5,437	5,396	<b>5,639</b>	4.5
Earnings per share (€)	3.15	-6.27	0.83	0.63	<b>0.16</b>	-74.6
Dividend per no-par-value share (€)	-	-	-	-	-	

# The range of **Koenig & Bauer** product and services at a glance

For more than 200 years, the Koenig & Bauer Group has been synonymous with innovation and technical progress in the global printing industry and is thus also the world's oldest printing press manufacturer. Koenig & Bauer is more than just a producer of high-tech presses and systems that are consistently tailored to meet customer requirements. We define ourselves as a provider of end-to-end solutions, which is why the portfolio also includes comprehensive services – which are becoming increasingly digital – for end-to-end workflow solutions. Whether it is maintenance and inspection, training and consulting, spare parts or intelligent software solutions such as predictive maintenance that are underpinning the digital transformation, Koenig & Bauer is a reliable partner that understands and addresses the entire printing process. In this way, we enable people all over the world to come into contact with printed, processed and finished products. In addition to various types of packaging for the food, beverage, pharmaceutical and cosmetics industries, this also includes banknotes, decorations and laminates as well as magazines and newspapers. The graph shows the products that can be produced on and with our printing presses and equipment. In addition to heatset and banknotes, these mainly include packaging. It also provides an overview of the end markets in which the segments conduct their operating business. In the Sheetfed segment – as the name suggests – the substrates are printed, finished and post-processed in the form of a sheet. In the Digital & Webfed segment, the substrates are fed through the printing presses and systems as continuous webs from a large roll. And the Special segment combines a variety of special, high-value substrates from glass to hollow bodies, metal plates and cans as well as also cotton paper or biaxially stretched polypropylene.

## Overview of segment figures 2023

€m	Sheetfed	Webfed	Special
Order intake	606.2	179.8	538.8
Revenue	779.8	172.3	413.7
EBIT	29.8	-23.9	23.0



## Sheetfed

Packaging printing and further processing



Commercial printing



Label printing and further processing



## Digital & Webfed

Packaging printing and further processing



Newspaper and commercial printing



Industrial decoration printing



## Special

Packaging printing



Marking and coding


























Banknote and security printing



[more] information on the segments can be found under „Business activities and developments in the segments“. The markets we address and our growth opportunities can be found in the „Goals and strategy“ section.

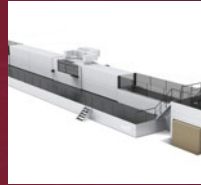


Digital & Webfed	<p>Koenig &amp; Bauer Digital &amp; Webfed / Flexotecnica</p>  <p>X-Serie</p>  <p>RotaJET*</p>  <p>HP T1100*</p>  <p>Commander</p>  <p>Compacta</p>
	<p>Koenig &amp; Bauer Celmacch</p>  <p>Chroma X Pro</p>  <p>ChromaCUT X Pro</p>  <p>Chroma Smart</p>  <p>Chroma High Tech</p>  <p>ChromaCUT High Tech</p>  <p>ChromaCUT Smart</p>
Sheetfed	<p>Koenig &amp; Bauer Sheetfed</p>  <p>Rapida 76</p>  <p>Rapida 106</p>  <p>Rapida 145</p>  <p>Rapida 164</p>  <p>CutPRO Q</p>  <p>CutPRO X</p>
	<p>Koenig &amp; Bauer Iberica</p>  <p>Optima</p>  <p>Ipress</p>  <p>CutPRO Q</p>
	<p>Koenig &amp; Bauer Duran</p>  <p>Omega Allpro</p>  <p>Omega Magnus</p>  <p>Alius</p>

Koenig & Bauer  
Durst



VariJET\*



SPC\*



CorruJET\*

Koenig & Bauer  
MetalPrint



Mailänder



MetalStar

Koenig & Bauer  
Kammann



K31



K23N



K15/20\*



HS300

Koenig & Bauer  
Banknote  
Solutions



SUSI evo



NotaScreen II



OptiNota H



SOI evo



SUNU evo



CutPak/CutLink

Koenig & Bauer  
Coding



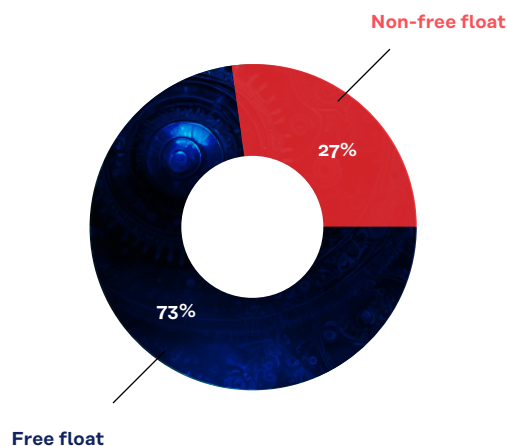
AlphaJET\*



Print & Apply\*

\* Digital printing

# Share price with strong gains in the first half and losses in the second half of the year



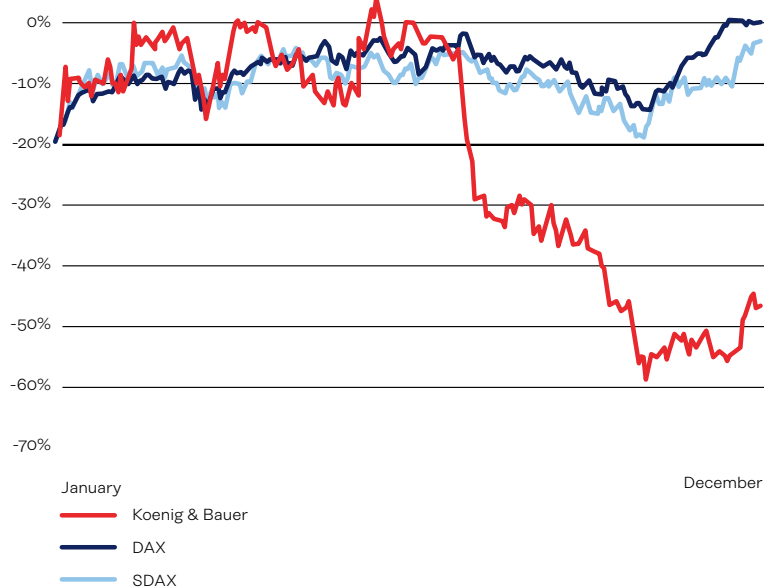
With most indices losing ground in 2022 due to a variety of external factors, equity markets were able to recoup a large part of their losses in 2023. However, the gains achieved over the year as a whole were not evenly distributed across all sub-segments. For example, business confidence in the mechanical engineering sector increasingly deteriorated in the course of the year due to the frequent postponement of new orders due to consumer restraint and consequently muted capital spending by manufacturing companies. Despite the headway achieved in the first half of the year, Koenig & Bauer shares were unable to completely shrug off this negative sentiment over the year as a whole.

They reached a high for the year on 16 June at a XETRA closing price of €20.20. The adjustment made to the guidance in the third quarter also exerted pressure on the share price. At the end of 2023, the shares were trading at €12.10, down from €16.28 on 31 December 2022, equivalent to a decline of 25.68%. The DAX and the SDAX posted gains of 20.31% and 17.06%, respectively, with the DAX reaching a new all-time high of 17,003 points.



[more] information on our Investor Relations website and with the IR Newsletter.

### Share performance in 2023



### Koenig & Bauer share performance indicators

in €	2022	2023
Earnings per share	0.63	<b>0.16</b>
High for the year	32.00	<b>20.20</b>
Low for the year	10.90	<b>9.93</b>
Price at the beginning of the year <sup>1</sup>	31.30	<b>16.68</b>
Price at the end of the year <sup>1</sup>	16.28	<b>12.10</b>
Number of bearer shares issued	16,524,783	<b>16.524.783</b>
Market capitalisation at the end of the year (m)	269,00	<b>200.00</b>
Cash flow per share	0.33	<b>-1.9</b>
Dividend	0.00 <sup>2</sup>	<b>0.00</b>

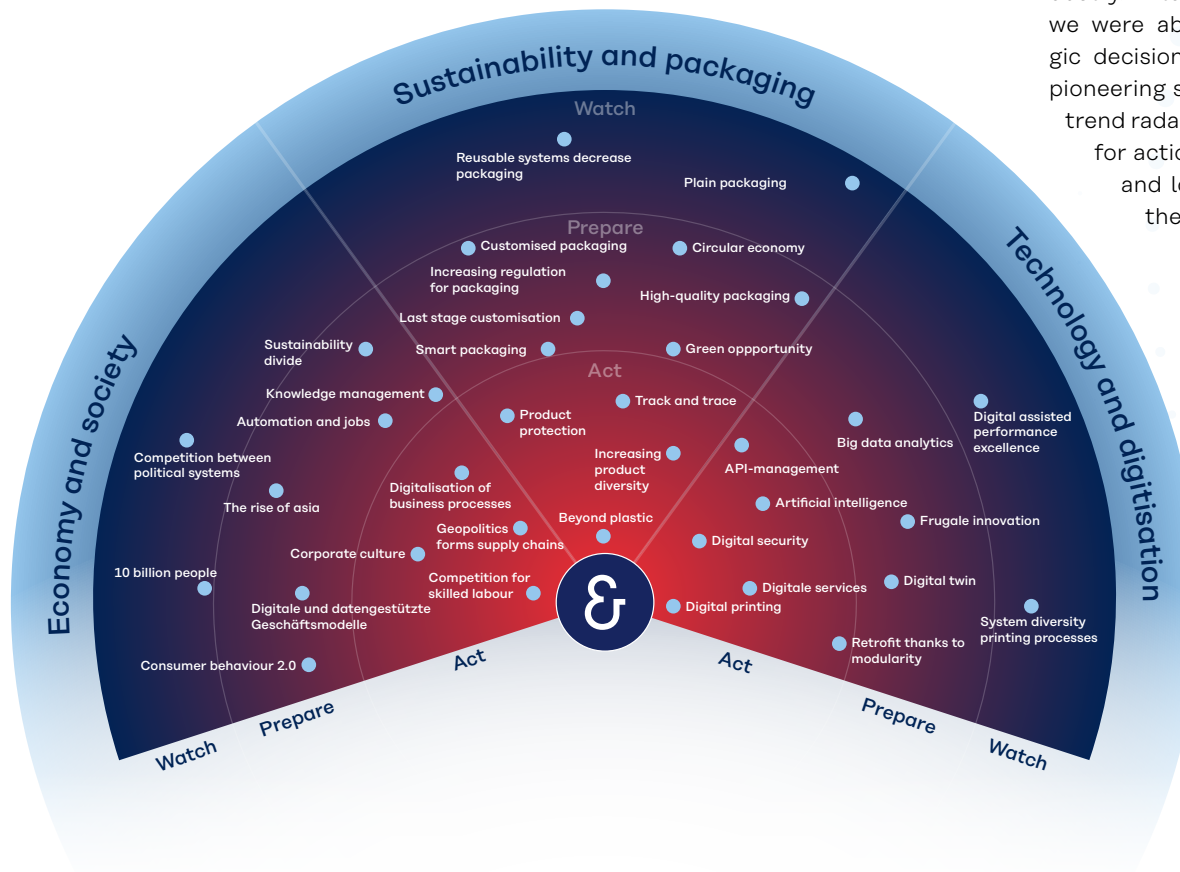
<sup>1</sup> Xetra closing price, source: Bloomberg

<sup>2</sup> The terms of the KfW loan do not permit any dividend distribution

### Koenig & Bauer AG shareholder structure

	Number of shares	Percentage holding
Koenig'sche Aktionärsvereinigung, Germany	2,751.704	<b>16.7 %</b>
AlternInvest GmbH, Vienna, Austria	1,683.428	<b>10.2 %</b>
Universal-Investment-GmbH, Frankfurt/Main	1,680.574	<b>10.2 %</b>
Hauck & Aufhaeuser Fund Services S.A., Munsbach/Luxemburg <sup>1</sup>	1,656.248	<b>10.0 %</b>
Union Investment Privatfonds GmbH, Frankfurt/Main	841.693	<b>5.1 %</b>
Date: 31. Dezember 2023	<b>Total number of shares issued:</b>	<b>16,524,783</b>

# And what's next?



In 2021, our Exceeding Print strategy focused on the three megatrends expected to have the greatest impact on our industry. After discussions and interviews with industry experts, we were able to create a stable roadmap and make strategic decisions. To remain agile, adaptable and imbued with a pioneering spirit as we move forward, we have developed a new trend radar that shows the areas in which we see an active need for action together with opportunities in the short, medium and long term. It clearly points to a continued focus on the packaging market and digitisation at various levels.

# Forecast

The forecasts made are based on the assumption that there will be no further setbacks or more severe restrictions compared to the current situation as a result of the war in Ukraine and the Middle East conflict, or an unabated rise in core inflation.

## Outlook for 2024: operating EBIT margin and revenue stable at the previous year's level

Koenig & Bauer continues to face a challenging macroeconomic environment in 2024. Even so, the Management Board expects the EBIT margin and revenue to remain stable at the previous year's level. Accordingly, it projects operating earnings of between €25m and €40m and revenue of around €1.3bn. However, Group EBIT for 2024 will be burdened by up to €10m as a result of spending on drupa, the world's largest trade fair for the printing and graphics industry, which will be taking place in Düsseldorf from the end of May until the beginning of June, resulting in Group EBIT of between €15m and €30m after this one-off effect.

The Special and Digital & Webfed segments should make a disproportionately large contribution to both EBIT and revenue. By contrast, the Sheetfed segment is expected to account for a disproportionately small proportion of earnings and revenue in the first half of 2024. In the sheetfed sector in particular, a wait-and-see attitude ahead of drupa could lead to purchasing restraint.

## Future dividend policy adopted with a payout ratio of 15–35%

In view of the earnings performance in 2023 and the persistently challenging global economic market environment, the Management Board and the Supervisory Board will be proposing at the Annual General Meeting that the net profit generated by the holding company Koenig & Bauer AG be retained and that a dividend be omitted for the 2023 financial year. However, as Koenig & Bauer attaches great importance to ensuring an appropriate participation of its shareholders in its success, a future dividend policy has been adopted which, subject to profitable business performance during the year, aims to distribute a dividend of 15–35% of consolidated earnings, with a minimum dividend of €0.3 per share.

## Medium-term targets

Given the persistently muted economic situation, the company projects an EBIT margin of 6–7% in 2026 at the latest, accompanied by Group revenue of €1.5bn. Economic volatility and geopolitical uncertainties have no impact on the medium-term targets, as the company's focus is on the packaging market, which is growing structurally and sustainably and is generally intact and resilient. In the medium term, it is looking for revenue of around €1.8bn and an EBIT margin of 8–9%. A further medium-term objective is to reduce net working capital to a maximum of 25% of annual revenue.

**8–9%**

EBIT margin

**~1,8**

bn €  
in revenue

max.  
**25%**

net working capital relative  
to full-year revenue

**~30%**

contributed to revenue  
by service business

# Combined management report 2023





**[more]** options: Thanks to our modular reporting format, you can read the individual chapters of the summarised management report directly at [annualreport.koenigbauer.com](https://annualreport.koenigbauer.com) - in our digital annual report world. This is because we have divided the reporting into two modules in line with the increasing requirements for transparency and digitalisation.

**Module 1:** You can view the complete report with all figures and data at [annualreport.koenigbauer.com](https://annualreport.koenigbauer.com) and order it if required. We are also planning an “annual report dashboard solution” for the future.

**Module 2:** The annual report summary that you are currently holding in your hands is a summary of the most important chapters, including the image section Metamor[e] phase, in which we show that our Exceeding Print strategy forms the optimal foundation for analysing both megatrends in the industry and short-term developments in the world from a meta-level and thus being able to react in the best possible way. As in the past two years, we naturally want to offer you a special unpacking experience again this time. Conscious of our responsibility, we have opted for a sustainably recyclable, flexible envelope and enclosed a plant tablet in a small folding box. Thanks to the wide range of possibilities offered by our broad product and service portfolio, we were thus able to load the newly conceived reporting with modular, digital and sustainable elements and substrates for the third time - and thus make the three pillars of our Exceeding Print corporate strategy, which you have already learnt about on the previous pages, tangible.

In addition to the overall experience and the hard facts, we naturally want our annual report to provide you with precisely the information that is relevant and interesting for you. Does our selection meet your preferences? We would like to invite you to exchange ideas - not only on this topic - at any time!



**[more] information on the individual chapters of the combined management report can be read either via your mobile device using the QR code or directly at [annualreport.koenigbauer.com](https://annualreport.koenigbauer.com)**

# Group balance sheet to 31 December 2023

in €m	Note	31.12.2022	31.12.2023
<b>Assets</b>			
<b>Non-current assets</b>			
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
		<b>526.5</b>	<b>548.2</b>
<b>Current assets</b>			
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
		<b>922.7</b>	<b>878.9</b>
		<b>1,449.2</b>	<b>1,427.1</b>

in €m	Note	31.12.2022	31.12.2023
<b>Equity and liabilities</b>			
<b>Equity</b>			
	(G) (7)		
Share capital		43.0	43.0
Share premium		87.5	87.5
Reserves		290.6	278.0
<b>Equity attributable to owners of the Parent</b>		<b>421.1</b>	<b>408.5</b>
Equity attributable to non-controlling interests		1.7	1.5
		<b>422.8</b>	<b>410.0</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
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
		<b>358.7</b>	<b>435.9</b>
<b>Current liabilities</b>			
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
		<b>667.7</b>	<b>581.2</b>
		<b>1,449.2</b>	<b>1,427.1</b>

## 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
<b>Gross profit</b>		<b>317.4</b>	<b>347.5</b>
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
<b>Earnings before interest and taxes (EBIT)</b>		<b>22.0</b>	<b>29.9</b>
Other interest and similar income		1.3	2.3
Other interest and similar expenses		-10.1	-19.2
<b>Interest result</b>	(H) (19)	<b>-8.8</b>	<b>-16.9</b>
<b>Earnings before taxes (EBT)</b>		<b>13.2</b>	<b>13.0</b>
Income tax expense	(H) (20)	-2.1	-10.2
<b>Net profit</b>		<b>11.1</b>	<b>2.8</b>
of which			
attributable to owners of the Parent		10.4	2.6
attributable to non-controlling interests		0.7	0.2
<b>Earnings per share</b> (in €, basic/dilutive)	(H) (21)	<b>0.63</b>	<b>0.16</b>
in % of sales			
Cost of sales		-73.2	-73.8
Research and development costs		-4.6	-4.3
Distribution costs		-12.4	-11.9
Administrative expenses		-7.8	-7.9
Other operating expenses ./ income		-0.1	-0.1
Interest result		-0.7	-1.3
Income tax expense		-0.2	-0.8
<b>Net profit</b>		<b>0.9</b>	<b>0.2</b>

## Statement of comprehensive Group income 2023

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

# 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
<b>Gross cash flow</b>		<b>57.9</b>	<b>71.4</b>
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
<b>Cash flows from operating activities</b>		<b>5.4</b>	<b>-31.8</b>
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
<b>Cash flows from investing activities</b>		<b>-65.1</b>	<b>-61.6</b>
<b>Free cash flow</b>		<b>-59.7</b>	<b>-93.4</b>
Proceeds from loans		75.4	63.3
Repayment of loans		-6.0	-15.2
Proceeds from financial service providers		–	<b>69.2</b>
Repayments to financial service providers		–	<b>-46.9</b>
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
<b>Cash flows from financing activities</b>		<b>59.4</b>	<b>61.2</b>
<b>Change in funds</b>		<b>-0.3</b>	<b>-32.2</b>
Effect of changes in exchange rates		3.0	-3.6
Funds at beginning of period		129.5	132.2
<b>Funds at end of period</b>	(G) (5)	<b>132.2</b>	<b>96.4</b>

for further information see explanatory Note (I)



[more] information on the consolidated balance sheet, income statement, statement of comprehensive income and cash flow statement can be read either via your mobile device using the QR code or directly at [annualreport.koenig-bauer.com](http://annualreport.koenig-bauer.com)

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**Note:**

This report contains forward-looking statements about the business, financial performance and earnings of the Koenig & Bauer Group. These statements are based on assumptions and forecasts that are based on currently available information and current assessments. They are subject to a number of uncertainties and risks. Although management believes them to be accurate, external factors beyond management's control, such as changes in the economy, foreign exchange rates and our industry, may cause results to differ from those projected. In particular, the outlook does not include meaningful portfolio effects and influences related to legal and regulatory matters. It is also dependent on the further development of results and the absence of disruptive temporary market changes. The actual course of business may therefore deviate substantially from the expected development. Koenig & Bauer therefore accepts no liability for transactions based on these forecasts, nor does it undertake any obligation to update forward-looking statements beyond that required by law.

## Financial Calendar:

07 May 2024

Statement on the 1st quarter 2024

29 May 2024

Capital Markets Day, Düsseldorf, Germany

26 June 2024

Koenig & Bauer Annual General Meeting

01 August 2024

Interim report on the 2nd quarter 2024

07 November 2023

Statement on the 3rd quarter 2024

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