KOENIG & BAUER

Statement | **First Quarter 2025**

we're on it.

Index

Q1 at a glance:

Koenig & Bauer confirms annual forecast with seasonal Q1 effects - new segment structure, strategic initiatives and "Spotlight" focus programme characterise the reporting quarter in a challenging market environment

- Despite the global uncertainty due to the US tariff policy, order intake was up year-on-year, rising by 0.9% to €245.2m (previous year: €242.9m).
- At €1,032.8m, the order backlog was 14.6% higher than in the previous year (previous year: €901.2m), marking the strongest start to the year in the company's recent history. It provides a solid basis for the coming quarters and beyond but is not evenly distributed across the segments.
- Group revenue at €252.2m, mainly due to seasonality, primarily in the Special & New Technologies segment, almost reached the previous year's figure.
- At 0.97 as of 31 March 2025, the book-to-bill ratio came close to the previous year's figure of 0.96.
- The muted start to the year typical of the mechanical engineering sector is particularly evident in Group EBIT, which fell by 39.2% year-on-year to €-14.2m (previous year: €-10.2m). It includes non-operating extraordinary items of €-2.8m (previous year: €0.0m) mainly for the "Spotlight" focus programme.
- Although "Spotlight" achieved the planned savings, temporary effects of around €5m, such as exchange rate fluctuations (around €2m) and project postponements with reporting-date cut-off effects, exerted pressure on earnings. However, these effects will be offset over the course of the year.
- Operating EBIT thus came to €-11.4m (previous year: €-10.2m), equivalent to a decline of 11.8% over the previous year. This yielded an operating EBIT margin of -4.5% (previous year: -4.0%).
- Free cash flow amounted to a net €-28.4m (previous year: €-3.2m).
- Net working capital came to €306.3m (previous year: €362.1m), translating into a net working capital ratio (NWC to LTM revenue) of 24.1% (previous year: 27.9%). Accordingly, the target of a maximum of 25% of Group revenue was achieved.
- Outlook for 2025: slight increase in revenue to €1.3bn expected, accompanied by higher operating EBIT in a corridor of €35 – 50m, underpinned by a historically high order backlog and additional cost-cutting effects from the "Spotlight" focus programme.

Group key figures

in €m	Q1 2024	Q1 2025	Change
Order intake	242.9	**245.2**	0.9%
Revenue	253.2	**252.2**	-0.4%
Earnings before interest and taxes (EBIT)	-10.2	**-14.2**	-39.2%
EBIT margin	-4.0%	**-5.6%**	
Operating EBIT	-10,2	**-11.4**	-11,8%
Operating EBIT margin	-4.0%	**-4.5%**	
Net group loss	-16.6	**-23.2**	-39.8%
Earnings per share in €	-1.01	**-1.40**	-38.6%
Free Cashflow	-3.2	**-28.4**	-787.5%

in €m	31.03.2024	31.03.2025	Change
Order backlog	901.2	**1,032.8**	14.6%
Net Working Capital	362.1	**306.3**	-15.4%
Net financial position	-148.6	**-158.9**	-6.9%
Employees	5,673	**5,533**	-2.5%

in €m	31.12.2024	31.03.2025	Change
Balance sheet total	1,422.7	**1,392.2**	-2.1%
Equity	331.2	**313.9**	-5.2%
Equity ratio	23.3%	**22.5%**	

Business environment

Against the backdrop of new trade tensions particularly as a result of the US tariff policies, the International Monetary Fund (IMF) expects the global economy to continue weakening. It forecasts global growth of only 2.8% in 2025, equivalent to a downward adjustment of 0.5 percentage points over the January forecast, emphasising that this assessment reflects "special circumstances": despite the postponement of some of the planned US tariff increases, measures and countermeasures have driven global tariffs to their highest levels in a century.

This could have serious consequences, including disruptions to global supply chains and financial flows, a decline in overall productivity and rising production costs and inflation rates. In particular, restrained capital spending in the wake of the uncertainties is exerting an additional strain on the economy. In this context, IMF chief economist Pierre-Olivier Gourinchas speaks of a "new era" in which the global economic system is realigning.

Regionally, a disparate impact is evident. The US economy, for which the growth forecast for 2025 has been scaled back to 1.8% – a decline of 0.9 percentage points compared to the previous estimate – is particularly affected. China is also clearly feeling the effects of the escalating trade dispute. Thus, the forecast for Chinese growth has been scaled back to 4.0%, 0.6 percentage points less than expected at the beginning of the year. Trump had imposed import tariffs of up to 145% on China, causing a massive burden on bilateral trade. Germany is particularly affected, with zero growth now expected instead of the originally assumed expansion of 0.3%. This puts Germany at the bottom of the list of G7 nations. In addition to the global economic risks, structural weaknesses and the heavy dependence on exports are also weighing on the German economy.

IWF: Year-on-year gross

Country/region	2024	2025 Estimate	Deviation to January 2025
Global	3.3	2.8	-0.5
Developed economies	1.8	1.4	-0.5
Eurozone	0.9	0.8	-0.2
Germany	-0.2	0.0	-0.3
France	1.1	0.6	-0.2
Italy	0.7	0.4	-0.3
Spain	3.2	2.5	0.2
United Kingdom	1.1	1.1	-0.5
United States	2.8	1.8	-0.9
Japan	0.1	0.6	-0.5
Emerging markets and developing countries	4.3	3.7	-0.5
ASEAN*	4.6	4.0	-0.6
Brazil	3.4	2.0	-0.2
China	5.0	4.0	-0.6
India**	6.5	6.2	-0.3
Russia	4.1	1.5	0.1

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

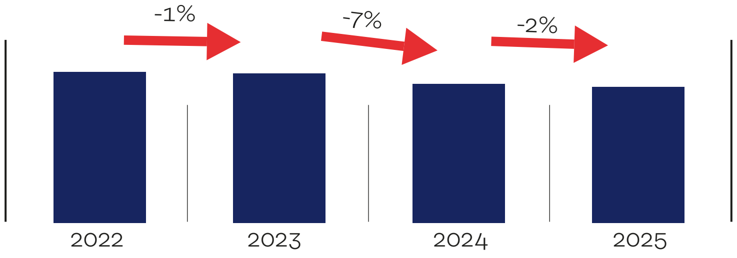
In their joint analysis entitled "Geopolitical Turn Intensifies Crisis", the leading German economic institutes have corrected their growth forecast for Germany in 2025 downwards from 0.8% to 0.1% due to uncertainty over economic policy, particularly as a result of the change of government and the protectionist trade policies of the United States, which are also weighing on the German economy.

German mechanical engineering production fell by 7.2% in real terms in 2024 – a little less than the 8% decline originally forecast by the VDMA. In January 2025, capacity utilisation stood at only 78% due to a shortfall in orders. VDMA chief economist Dr. Ralph Wiechers assumes that the trend bottomed out in the first quarter, giving way to a hesitant, regionally disparate recovery characterised by weak momentum. This has prompted VDMA to reaffirm its forecast of a 2% decline in real production in 2025 for the

Given the complexity and volatility of the current situation, IMF cautions that its report constitutes a "reference forecast" based on the information available as of 4 April 2025 (including the 2 April tariffs and initial responses), rather than the usual baseline forecast. It is supplemented by a range of alternative growth scenarios that reflect different assumptions about future trade policies.

time being. Geopolitical risks and tariffs continue to place a damper on capital spending, while the establishment of special funds will sporadically open up opportunities. Additional positive impetus is needed to strengthen production and capital spending on any sustained basis.

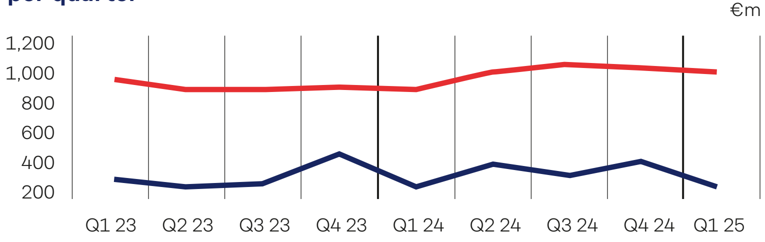
VDMA forecast: Production in the machinery and plant engineering sector



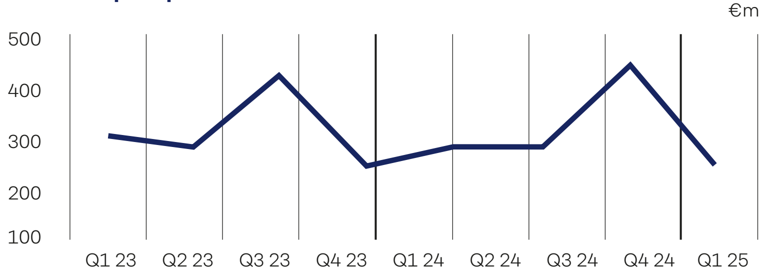
Earnings, finances and assets

Earnings
Despite the global uncertainty triggered by the US tariffs, **order intake** was up year-on-year, rising by 0.9% as of 31 March 2025 over the previous year's figure of €242.9m. Orders in the Paper & Packaging Sheetfed Systems (P&P) segment were slightly above the previous year's already good figure but fell short of the strong final quarter of 2024. The Special & New Technologies (S&T) segment posted a year-on-year increase in order intake. However, order income was again significantly lower than in the previous quarter, which, as in the previous year, was largely due to the orders placed by the United States Bureau of Engraving and Printing in the fourth quarter.

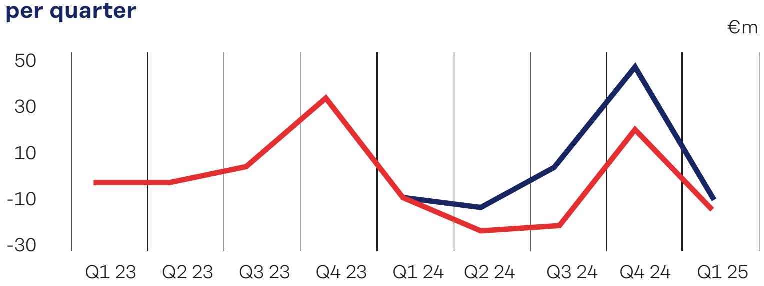
Order backlog Order intake per quarter



Revenue per quarter



EBIT Operating EBIT per quarter



Group revenue reached €252.2m in the first quarter of 2025 and was thus 0.4% below the previous year's figure of €253.2m, mainly due to seasonality, primarily in the Special & New Technologies segment. Whereas the Paper & Packaging Sheetfed Systems (P&P) segment was able to increase its revenue year-on-year, revenue in the Special & New Technologies (S&T) segment fell short of the previous year. Both segments recorded lower revenue compared to the strong fourth quarter, although this is usual in the mechanical engineering sector after a subdued start to the year.

In the first quarter of 2025, service business accounted for 35.6% of revenue (previous year: 36.6%). The **Group export ratio** contracted slightly from 86.8% to 84.6%, with the share of revenue from Europe excluding Germany falling to 25.5% (previous year: 32.1%), from North America by 17.2% (27.7%) and from Latin America and Africa to 8.3% (previous year: 9.8%). On the other hand, the proportion of revenue accounted for by Germany widened to 15.4% (previous year: 13.2%) and by Asia-Pacific to 33.6% (previous year: 17.2%) compared to the previous year.

At €1,032.8m, the **order backlog** was up 14.6% on the previous year (previous year: €901.2m), marking the highest figure for the start to the year in the company's recent history. It provides a solid basis for the coming quarters and beyond but is not evenly distributed across the segments.

Gross profit fell by 7.3% to €62.0m in the period under review, yielding a **gross margin** of 24.6% (previous year: 26.4%). Research and development expenses declined by 33.8% to €10.6m (previous year: €16.0m), mainly as

Group income statement

	First Quarter	
in €m	2024	**2025**
Revenue	253.2	252.2
Cost of sales	-186.3	-190.2
Gross profit	**66.9**	**62.0**
Research and development costs	-16.0	-10.6
Distribution costs	-37.3	-36.5
Administrative expenses	-25.6	-27.6
Other income and expenses	2.1	-1.0
Other financial results	-0.3	-0.5
Earnings before interest and taxes (EBIT)	**-10.2**	**-14.2**
Interest result	-6.6	-6.4
Earnings before taxes (EBT)	**-16.8**	**-20.6**
Income tax expense	0.2	-2.6
Net loss	**-16.6**	**-23.2**
attributable to owners of the Parent	-16.7	-23.1
attributable to non-controlling interests	0.1	-0.1
Earnings per share (in €, basic/dilutive)	**-1.01**	**-1.40**

a result of the company's systematic go-to-market approach. At €36.5m, selling expenses were 2.1% below the previous year's figure of €37.3m. General administrative expenses increased by €2.0m to €27.6m (previous year: €25.6m) primarily as a result of higher auditing costs. Net other expenses and net finance expense came to €-1.5m, after the previous year's figure of €1.8m. All told, this resulted in **EBIT** of €-14.2m (previous year: €-10.2m), equivalent to an **EBIT margin** of -5.6% (previous year: -4.0%). This was due to the seasonality already described, primarily in the Special & New Technologies segment, which also led to a negative volume and mix effect of €1.2m. In addition, non-operating negative extraordinary items in connection with the "Spotlight" focus programme amounted to €-2.8m and weighed on earnings as expected. Although "Spotlight" achieved the planned savings, temporary effects of around €5m, such as exchange rate fluctuations (around €2m) and project postponements with reporting-date cut-off effects, exerted pressure on earnings. However, these effects will be offset over the course of the year. Accordingly, **operating EBIT** came to €-11.4m (previous year: €-10.2m), translating into an **operating EBIT margin** of -4.5%, compared with -4.0% in the previous year. Net interest expense stood at €-6.4m after €-6.6m in the previous year and mainly reflects the lower interest rates charged by banks, resulting in **earnings before taxes (EBT)** of €-20.6m (previous year: €-16.8m). After income taxes of €-2.6m (previous year: €0.2m), the Group posted a **net loss** of €-23.2m in the first quarter of 2025 (previous year: €-16.6m). This translates into proportionate **earnings per share** of €-1.40 (previous year: €-1.01).

Group cash flow statement

	First Quarter	
in €m	2024	**2025**
Earnings before taxes (EBT)	-16.8	-20.6
Non-cash transactions	15.2	13.5
Gross cash flow	**-1.6**	**-7,1**
Changes in inventories, receivables and other assets	-9.8	-19.3
Changes in provisions and payables	17.3	6.0
Cash flows from operating activities	**5.9**	**-20.4**
Cash flows from investing activities	**-9.1**	**-8.0**
Free cash flow	**-3.2**	**-28.4**
Cash flows from financing activities	**22.7**	**-11.7**
Change in funds	**19.5**	**-40.1**
Effect of changes in exchange rates	1.0	-1.0
Funds at beginning of period	96.4	133.7
Funds at end of period	**116.9**	**92.6**

Finances

Cash flow from operating activities amounted to €-20.4m (previous year: €5.9m). The development was mainly due to the increase in net working capital. Cash flow from investing activities stood at €-8.0m (previous year: €-9.1m) as a result of the reduced capital spending. On balance, **free cash flow** came to €-28.4m (previous year: €-3.2m). **Net working capital** stood at €306.3m as of 31 March 2025 (previous year: €362.1m). It was positively impacted by a supply chain optimisation programme to the tune of €20.5m (previous year: €25.0m). Cash flow from financing activities came to €-11.7m (previous year: €22.7m) and was affected not only by the change in the syndicated loan but also by payments made to and received from a financial service provider. At the end of March 2025, cash and cash equivalents were valued at €92.6m (previous year: €116.9m). Adjusted for bank liabilities of €251.5m (previous year: €265.5m), the **net financial position** stood at €-158.9m (previous year: €-148.6m), compared to €-128.1m at the end of 2024.

Assets

A total of €6.4m (previous year: €12.5m) was spent on property, plant and equipmentand intangible assets in connection with construction and IT projects in the period under review. Capital spending includes capitalised development costs of €2.0m (previous year: €1.1m). This was accompanied by depreciation and amortisation expense of €10.9m (previous year: €10.3m). In total, intangible assets and property, plant and equipment dropped slightly from €402.4m as of 31 December 2024 to €396.2m. **Non-current assets** fell by €9.7m compared to the end of 2024 to €523.0m (previous year: €532.7m), mainly due to the decline in intangible assets and property, plant and equipment. **Current assets** dropped by €20.8m over 31 December 2024 to €861.3m (previous year: €882.1m). At the same time, inventories rose by €28.1m and other assets by €14.9m. On the other hand, trade receivables fell by €21.2m and cash and cash equivalents by €41.1m. At €1,392.2m, the Group's **total assets** were €30.5m below the figure of €1,422.7m recorded at the end of 2024. The Group net loss contributed significantly to a reduction in **equity** to €313.9m, causing the equity ratio to contract to 22.5% (previous year: 23.3%). Reflecting the slight increase in the discount rate for domestic pensions from 3.5% as of 31 December 2024 to 3.9% as of 31 March 2025, retirement benefit provisions fell by €4.2m to €101.1m (previous year: €105.3m). **Non-current liabilities** dropped by €43.7m, primarily due to the reclassification of financial liabilities as current. Current liabilities rose accordingly but were reduced by the settlement of financial liabilities and were thus €30.5m up on the previous year.mainly due to increased financial liabilities. **Current liabilities** climbed by €5.9m, primarily as a result of the higher prepayments received.

Group balance sheet

in €m	31.12.2024	31.03.2025
Assets		
Non-current assets		
Intangible assets, property, plant and equipment	402.4	396.2
Investments and other financial receivables	17.6	17.3
Investments accounted for using the equity method	13.6	13.1
Other assets	3.8	3.4
Deferred tax assets	95.3	93.0
	532.7	**523.0**
Current assets		
Inventories	368.9	397.0
Trade receivables	142.1	120.9
Other financial receivables	57.3	55.7
Other assets	176.1	191.0
Securities	4.0	4.1
Cash and cash equivalents	133.7	92.6
Assets held for sale	7.9	7.9
	890.0	**869.2**
Balance sheet total	**1,422.7**	**1,392.2**

in €m	31.12.2024	31.03.2025
Equity and liabilities		
Equity		
Share capital	43.0	43.0
Share premium	87.5	87.5
Reserves	199.9	182.9
Equity attributable to owners of the Parent	**330.4**	**313.4**
Equity attributable to non-controlling interests	0.8	0.5
	331.2	**313.9**
Liabilities		
Non-current liabilities		
Pension provisions and similar obligations	105.3	101.1
Other provisions	30.7	30.7
Bank loans	240.9	200.9
Other financial payables	29.5	27.3
Other liabilities	3.7	2.7
Deferred tax liabilities	74.9	78.6
	485.0	**441.3**
Current liabilities		
Other provisions	111.0	104.2
Trade payables	72.2	79.7
Bank loans	20.9	50.6
Other financial payables	96.7	93.0
Other liabilities	305.7	309.5
	606.5	**637.0**
Balance sheet total	**1,422.7**	**1,392.2**

Segment performance

At €172.8m, order intake in the **Paper & Packaging Sheetfed Systems (P&P) segment** was 0.6% above the previous year's already good figure (previous year: €171.7m), but down on the strong final quarter of 2024. Revenue came to €151.6m, up 7.4% on the previous year's figure of €142.2m despite an unfavourable product mix. With a book-to-bill ratio of 1.14 (previous year: 1.22), the order backlog contracted from €439.8m as of 31 March 2024 to €428.2m at the end of the period under review. At €-0.1m, EBIT was slightly higher than the previous year's figure of €-0.3m. Reflecting this, the EBIT margin reached -0.1% (previous year: -0.2%). Operating EBIT corresponds to EBIT and the operating EBIT margin to the EBIT margin.

Order intake in the **Special & New Technologies (S&T) segment** climbed by 6.8% year-on-year to €81.6m (previous year: €76.4m). However, it was again significantly lower than in the previous quarter. As in the previous year, this was largely due to reduced orders from the United States Bureau of Engraving and Printing. At €108.0m, revenue was down 7.2% on the previous year's figure of €116.4m, mainly due to seasonality, primarily in the Special & New Technologies segment. With a book-to-bill ratio of 0.76 (previous year: 0.66), the order backlog increased to €609.4m as of 31 March 2025 (previous year: €458.3m). EBIT amounted to €-12.6m after three months (previous year: €-12.0m), mainly due to the aforementioned seasonality, and includes the pro-rata non-operating extraordinary items relating to "Spotlight", resulting in an EBIT margin of -11.7% (previous year: -10.3%). Operating EBIT came to €-11.1m (previous year: €-12.0m), producing an operating EBIT margin of -10.3% (previous year: -10.3%).

Business segments

	Revenue		EBIT		Operating EBIT		Capital investments	
	First Quarter		First Quarter		First Quarter		First Quarter	
in €m	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**
Paper & Packaging Sheetfed Systems	141.2	**151.6**	-0.3	**-0.1**	-0.3	**-0.1**	8.2	**2.5**
Special & New Technologies	116.4	**108.0**	-12.0	**-12.6**	-12.0	**-11.1**	1.4	**0.7**
Reconciliation	-4.4	**-7.4**	2.1	**-1.5**	2.1	**-0.2**	2.9	**3.2**
Group	**253.2**	**252.2**	**-10.2**	**-14.2**	**-10.2**	**-11.4**	**12.5**	**6.4**

Risks and opportunities

There were no significant changes in the assessment of the risks and opportunities for the Koenig & Bauer Group in the period under review compared with the corresponding statements in the annual report for 2024. The main risks facing our business and our risk management system are described in detail in the annual report for 2024 (from page 43).

The main opportunities are described on page 52 f. of the annual report for 2024.

“Spotlight” focus programme

Koenig & Bauer’s “Spotlight“ focus programme is designed to sustainably increase earnings in profitable areas and restructure unprofitable areas. “Spotlight“ focuses on **four key areas:**

Higher profits in the previous Digital & Webfed segment:
The “D&W 2.0“ project, led by Dr Andreas Pleßke, is a response to the particular need for action in the Digital & Webfed segment. It comprises organisational, operational and structural measures to safeguard earnings opportunities and reduce costs in the growth markets of flexible packaging, digital printing and corrugated board.
The organisational measures have been implemented. Operationally, the focus is on eliminating follow-up and start-up costs for new products and streamlining structures and processes. The overall objective is to end the segment‘s loss-making situation through internal measures within a very manageable timeframe, irrespective of market expectations and sales trends.

Increased profitability in the previous Special segment:
The focus is on measures to increase the profitability and earning power of the previous Special segment, particularly in Banknote Solutions under the leadership of Dr Stephen Kimmich. With the “BNSx“ project, Koenig & Bauer is optimising the structures of operational value creation and driving forward the successful market launch of new technologies.

Streamlining of the holding company:
At Koenig & Bauer AG, the holding company, inflation-induced increases in personnel and material costs were countered by a package of efficiency measures. The rightsizing of the segments carried out as part of “Spotlight“ also required an adjustment to the size and structure of the holding company.

Metal 2.0:
In order to focus on key areas, Koenig & Bauer has reduced the Group-wide project portfolio. In the Metal 2.0 project, in addition to the personnel and material cost adjustments already agreed, the Executive Board decided to discontinue the CS-MetalCan project for two-piece beverage can printing

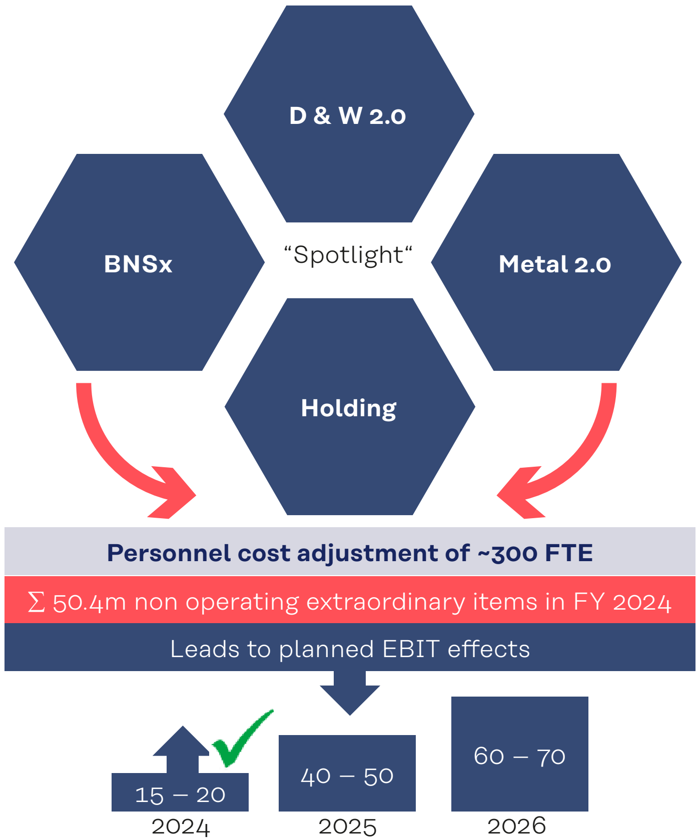
“Spotlight” focus programme also aimed at underpinning the Group’s targets

For the “Spotlight“ focus programme, non-operating special items of €50.4m were incurred in the 2024 financial year, which burden the Group EBIT but at the same time lay the foundation for profitable growth in the coming years. These mainly include costs for fixed asset and personnel adjustments, and involved around 300 FTEs.

For 2024, there was a positive EBIT effect, mainly from personnel support measures, which exceeded the expected upper limit of €20m.

As part of the final implementation of all measures, further expenses in the low single-digit m range are expected in the first half of 2025 to complete the project and drive sustainable earnings growth in the Group. In the first quarter of 2025, non-operating extraordinary items totalling €-2.8m were incurred, which had a negative impact on earnings as expected.

For 2025, Koenig & Bauer anticipates gross savings of €40m to €50m, and for 2026, €60m to €70m.



Outlook

The forecast for 2025 and 2026 are fundamentally unchanged over the forecast published on 26 March 2025 from page 56 onwards in the annual report for 2024. The estimates made are based on the assumption that external conditions do not significantly worsen over the current situation.

Outlook for 2025: Higher profitability on a slight increase in revenue
Despite difficult and uncertain global economic and geopolitical conditions, Koenig & Bauer sees itself well positioned for 2025. Thanks to a historically high order backlog and additional savings under the “Spotlight” focus programme, the Executive Board anticipates a slight increase in revenue to €1.3bn, accompanied by higher operating EBIT in a corridor of €35 – 50m. Within this corridor, target achievement is highly dependent on actual global economic and geopolitical developments over the next few months.

Both the Paper & Packaging Sheetfed Systems (P&P) and the Special & New Technologies (S&T) segments are expected to make a slightly greater contribution to revenue. Compared to 2024, the P&P segment should make a slightly larger contribution to operating EBIT in 2025, while the S&T segment should make a significantly larger contribution to operating EBIT in 2025 due to the “Spotlight” measures initiated.

In view of the earnings performance in 2024 and the persistently challenging global economic environment, the Executive Board and the Supervisory Board will be proposing at the annual general meeting that a dividend be omitted for the financial year as a result of the net loss reported by Koenig & Bauer AG. As Koenig & Bauer attaches great importance to ensuring the appropriate participation of its shareholders in the company’s success, the dividend policy provides for the distribution of a dividend of 15 – 35% of consolidated earnings, with a minimum dividend of €0.30 per share, subject to profitable business performance during the year.

Target achievement in 2026 highly dependent on global economic and geopolitical developments
Koenig & Bauer continues to project Group revenue of roughly €1.5bn in 2026, accompanied by an operating EBIT margin of around 6%. Due to the global economic and geopolitical uncertainties and, resulting from this, the limited forward planning visibility, Group revenue is currently expected to come to between €1.4bn and €1.5bn, with the operating EBIT margin reaching 5-6%.

Additional Information

Key financial dates

Koenig & Bauer Annual General Meeting
4 June 2025

Report on 2nd quarter 2025
6 August 2025

Statement on 3rd quarter 2025
5 November 2025

Subject to change.
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Koenig & Bauer AG
Friedrich-Koenig-Str. 4
97080 Würzburg, Germany
info@koenig-bauer.com
www.koenig-bauer.com

Contact:
Investor Relations
Lena Landenberger
T 0931 909-4085
F 0931 909-4880
lena.landenberger@koenig-bauer.com