KOENIG & BAUER

Report of the Management Board pursuant to Section 203 para. 2 in conjunction with Section 186 para 4 sentence 2 AktG

Creation of authorized capital (Authorized Capital 2022)

A proposal will be submitted to the Annual General Meeting to create new authorized capital of up to €8,580,000 by issuing up to 3,300,000 no-par value shares. The new authorized capital is to be available for both cash and non-cash capital increases and may also be utilized in partial amounts.

The shares may be taken over by one or more credit institutions subject to the obligation to offer them to shareholders for subscription (indirect subscription right). Credit institutions are deemed to be equivalent to companies operating in accordance with Section 53 para. 1 sentence 1 or Section 53b para. 1 sentence 1 or para. 7 of the German Banking Act.

There are currently no other authorizations by the Annual General Meeting that allow shares to be issued or subscription rights to shares to be granted with the exclusion of shareholders' subscription rights.

The aforementioned total amount may not be exceeded. The new authorized capital is to replace the authorized capital expiring on May 22, 2022. The new authorized capital is intended to enable the Company to act quickly and flexibly without having to wait for the Annual General Meeting or an extraordinary General Meeting. The proposed amount of the new authorized capital of up to a total of 3,300,000 new shares would correspond to an increase in the current capital stock of 19.97% if fully utilized.

When authorized capital is utilized, shareholders are generally entitled to subscription rights. This may only be excluded by the Management Board with the consent of the Supervisory Board in the following cases:

- For fractional amounts which cannot be distributed equally among all shareholders. Such exclusion of the subscription right with regard to these possible fractional amounts serves to enable the utilization of the authorization by round amounts and thus to ensure a facilitated settlement.

- For capital increases against cash contributions for a nominal amount of up to a maximum of 10% of the share capital pursuant to Section 186 para. 3 sentence 4 AktG. This authorization enables the Management Board to issue shares for this amount for the purpose of a placement with a near-market issue price. In accordance with the statutory requirements for the exclusion of subscription rights pursuant to Art. 186 para. 3 sentence 4 AktG, this authorization covers an amount of up to 10% of the Company's share capital; it is also stipulated that, in order to safeguard the interests of shareholders, the shares are to be issued in close alignment with the stock market price and not significantly below it. When setting the issue price, the management will endeavor - taking into account current market

conditions - to keep any discount on the stock market price as low as possible. This authorization enables the Company to exploit market opportunities quickly and flexibly and to meet capital requirements even at short notice. It should be possible, for example, to issue new shares to one or more institutional investors or to tap new groups of investors.
The exclusion of subscription rights will enable a placement close to the stock market price, thus eliminating the usual discount for rights issues. The calculated share of capital stock attributable to the shares issued under such simplified exclusion of subscription rights may not exceed a total of 10% of the Company's share capital at the time the authorization takes effect or - if lower - at the time the authorization is exercised.
This takes into account the needs of shareholders for protection against dilution of their shareholdings. In addition, each shareholder may in principle acquire shares on the market at comparable conditions in order to maintain his/her shareholding. Shares issued or sold during the term of this authorization until the time of its utilization in direct or analogous application of Section 186 para. 3 sentence 4 AktG are to be counted towards the 10% limit.

- For capital increases against cash contributions for a notional share in the capital stock of up to a total of €1,300,000 or up to a maximum of 500,000 new shares. This exclusion is intended to enable the Company to have treasury shares of the Company available without recourse to the stock exchange in order to issue them to members of the Management Board of the Company or of the representative body of a company affiliated with the Company or to employees of the Company. The granting of shares to managers and/or employees can promote identification with the company and support the willingness to assume joint responsibility in the Company. Share-based compensation also offers the opportunity to align the compensation of executives and/or employees in appropriate cases with sustainable corporate development. Insofar as the new shares are to be issued to members of the Management Board of the Company, the decision on the granting of the shares will not be made by the Management Board but by the Supervisory Board of the Company in accordance with the allocation of responsibilities under stock corporation law.

- In the case of capital increases against contributions in kind, it should be possible, with the approval of the Supervisory Board, to exclude subscription rights in full in order to enable the Management Board to have treasury shares in the Company available without recourse to the stock exchange in order to be able, in suitable individual cases, to acquire companies, equity interests in companies or other assets or claims to the acquisition of assets, including receivables from the Company or its affiliated companies, in return for the transfer of no-par value shares in the Company. Company expansions which take place through the acquisition of companies or shareholdings generally require rapid decisions. The proposed authorization will enable the Management Board to respond quickly and flexibly to advantageous offers or other opportunities on the national or international market and to exploit opportunities for corporate expansion in the interests of the Company and its shareholders. As consideration, the granting of shares may be expedient or even necessary in order to preserve liquidity or to meet the expectations of the sellers. The proposed exclusion of shareholders' subscription rights in the case of contributions in kind takes this into account. The dilution caused by the exclusion of subscription rights is offset by the fact that the business expansion is financed by third parties by way of strengthening equity and the existing shareholders - albeit with a lower shareholding and voting right quota than before - participate in a corporate growth which they would have to finance from their own funds if subscription rights were granted. As Koenig & Bauer AG is listed on the stock exchange, it is in principle possible for any shareholder to increase his or her shareholding again by acquiring additional shares.

There are currently no concrete plans to utilize authorized capital. The Management Board will report to the shareholders on any utilization at the Annual General Meeting following the full or partial utilization of the authorized capital.

Würzburg, March 22,2022

Dr. Andreas Pleßke

Dr. Stephen Kimmich

Christoph Müller

Ralf Sammeck

Michael Ulverich