Group Management Report and Group Financial Statements 2022

Contents
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Report by the Supervisory Board

During the 2022 financial year, the Supervisory Board again correctly performed its duties incumbent upon it under law, the articles of association, and the rules of procedure, and carefully monitored the work of and advised the Executive Board.

The 2022 financial year was overshadowed by Russia’s war of aggression against Ukraine. In addition, the ongoing aftermath of the COVID 19 pandemic and high inflation affected the Group’s economic situation. Given the challenges faced, the course of business can be considered highly satisfactory with sales for the 2022 financial year totaling € 907.2 million. This figure is significantly higher than both the planned figure and the previous year’s sales. The EBIT of € 227.8 million, which is higher than both the previous year's and the planned figure, was mainly due to the increase in sales. Consolidated net income for the 2022 financial year amounts to € 128.9 million.

Cooperation with the Executive Board

The Supervisory Board maintained a regular and trusted exchange of information with the Executive Board throughout the financial year. The Executive Board constantly informed the Supervisory Board about the current economic and financial situation of the Group.

The Supervisory Board was directly involved in all management decisions of fundamental importance to the company. As part of quarterly reporting, the Supervisory Board received regular, comprehensive, and prompt information from the Executive Board, both orally and in writing, regarding the company’s situation, planned business policy and financial development as well as all relevant issues relating to strategy, planning, business development, risk situation and management, compliance, and sustainability. Based on these reports, the Supervisory Board discussed, monitored, and advised on all important business transactions in detail. Outside the Supervisory Board meetings, the Chairman of the Supervisory Board and the Executive Board also engaged in regular and detailed exchanges about current business developments and business policy issues. In as far as the law, the articles of association, or the rules of procedure stipulated that approval by the Supervisory Board was required for decisions or measures by the Executive Board, the members of the Supervisory Board extensively reviewed and where necessary approved such decisions.

Supervisory Board meetings

In the 2022 financial year, the Supervisory Board held four ordinary meetings. The Supervisory Board was informed in detail at these meetings about the course of business, it discussed the reports by the Executive Board and deliberated on all significant business transactions.

The ordinary meetings of the Supervisory Board focused on the following topics based on the regular reports by the Executive Board:

- Sales and profit development as well as net assets, financial position, and earnings
- Corporate planning, including sales, profit, balance sheet, investment and HR planning as well as strategic sales planning
- Financing of the company
- Annual financial statements and consolidated financial statements as well as the management report and Group management report
- Strategic orientation and growth strategy
- Update on financial strategy and investment strategy
- Risk situation, risk/opportunity, and compliance management as well as related processes
- IT security situation, IT security management and strategy
- Determination of target achievement by the members of the Executive Board for the 2021 financial year and the setting of targets for the 2023 financial year
- Consultation and discussion regarding business matters requiring authorization
- Ongoing improvement of corporate governance

The Supervisory Board also dealt in detail with the strategic development of the Group in the 2022 financial year. In 2018, the focus was shifted to promising growth areas and to prioritizing target customers which led to very successful business development and changed the position of Bundesdruckerei (bdr) on the market. This now forms the basis for the bdr 2027 strategy. It picks up on central developments in thematic fields that are relevant for Bundesdruckerei and aims to expand the portfolio along defined fields of action while addressing new client groups.

The Supervisory Board also dealt with the sustainability strategy in the 2022 financial year, which is closely interlinked with the corporate and financial strategy. Against the background of the reform of the EU's Corporate Sustainability Reporting Directive (CSRD), sustainability was also included for the first time in regular reporting by the Executive Board to the Supervisory Board.

Furthermore, the Supervisory Board also took a detailed look at the introduction of working time accounts and the adjustment of the pension scheme in the 2022 financial year.

At the special request of the Supervisory Board, the Executive Board reported separately on the following topics:

- Evaluation of cyber security risks
- Risks from the Russia-Ukraine conflict, in particular, also reporting on the expected effects on the CTA
- Scenarios for dealing with the energy situation and climate crisis
- Results from the customer satisfaction survey, including derived measures
- Corporate developments at the subsidiaries Xecuro GmbH, Veridos GmbH, and Dermalog GmbH
- Capital increase at Veridos GmbH

The Supervisory Board additionally took a detailed look at adherence with legal requirements for control and transparency in the corporate sector and the requirements of the German Federal Government's Public Corporate Governance Code. The Executive Board and the Supervisory Board issued a declaration of compliance in accordance with No. 7.1 of the German Federal Government's Public Corporate Governance Code (in the version dated September 16, 2020), stating that the Code recommendations have been and are being complied with in principle. The full declaration of compliance, including an explanation of any exceptions, is published in the company's Corporate Governance Report.

Committee meetings

In the 2022 financial year, the Supervisory Board of Bundesdruckerei Gruppe GmbH had an Accounting, Audit, and CTA Investment Committee, a Mediation Committee, and an Executive Committee. The members of the Mediation Committee did not meet in the 2022 financial year.

The Accounting, Audit, and CTA Investment Committee held three ordinary meetings in the 2022 financial year. This committee, together with representatives of the auditing firm, discussed the annual and consolidated financial statements, the management and Group management reports, management's proposals for the appropriation of profits, and the auditors' reports. In addition, the committee addressed in detail corporate planning, including sales, profit, balance sheet, investment, and HR planning and financial strategy as well as the company's compliance and risk management system.

The committee also advised the Supervisory Board on issues relating to the company's CTA processes and reporting and the determination of a corresponding investment strategy and guideline. The Accounting, Audit, and CTA Investment Committee regularly reported to the Supervisory Board on all of the aforementioned topics and made recommendations for related resolutions.

In addition, the committee dealt with the adjustment of the variable remuneration component, options for an alternative risk transfer (establishment of a Group-owned insurance company), planned reporting on the internal control system (ICS), the capital increase at Veridos GmbH, as well as the streamlining of reporting to the executive bodies.

The Executive Committee held two ordinary meetings during the 2022 financial year, during which it specifically addressed the determination of variable final remuneration and the individual targets for the Executive Board for 2023, as well as the adjustment of executive employment agreements.

Annual accounts

Following appointment by the sole shareholder, PwC GmbH Wirtschaftsprüfungsgesellschaft was commissioned by the Supervisory Board to audit, in accordance with the generally accepted accounting principles, the annual financial statements, the management report as well as the consolidated financial statements, and the group management report, which were prepared in accordance with German commercial law. The auditing firm was additionally commissioned to audit the proper governance of the company by executive management pursuant to section 53 of the Budgetary Principles Act (HGrG, *Haushaltsgrundsatzgesetz*). The auditors audited the annual and consolidated financial statements, including the respective management reports, and issued an unqualified audit opinion.

The Supervisory Board performed detailed examinations of the annual financial statements, the management report, and management's proposal for the appropriation of profits as well as the consolidated financial statements and the Group management report. The Supervisory Board acknowledged the audit report for the annual financial and consolidated financial statements and discussed them in detail during the meeting in the presence of the auditor. The auditor reported on the key findings of the audit, explained them, and answered questions from the Supervisory Board. No material weaknesses in the internal control and risk management system were reported. Following the final result of its own examination, the Supervisory Board has no objections to and approves the company's annual financial statements and the consolidated financial statements. The Supervisory Board concurs with the proposal for the appropriation of profits made by the Executive Board. It recommends that the shareholder's meeting adopt the annual financial statements of Bundesdruckerei Gruppe GmbH for the 2022 financial year and approve the consolidated financial statements.

Closing statement

The Supervisory Board would like to thank all employees, the Executive Board, and the executive bodies of the Group companies for their work and achievements for the Bundesdruckerei Group. The results deserve the highest recognition!

Berlin, May 23, 2023

Prof. Willi Berchtold
Chairman of the Supervisory Board

Group Management Report of Bundesdruckerei GmbH, Berlin,
for the Financial Year from January 1 to December 31, 2022

1 Basis of the Company

1.1 Business model

The Bundesdruckerei Group[1] offers solutions and products for secure identities, data, and infrastructures "Made in Germany". As a Federal Government IT security company, we are working to create trust in both the analog and digital world, facilitating the sovereign actions of governments, companies, and private citizens, and thus assuming social responsibility. The Bundesdruckerei Group offers products and solutions for the public sector and for particularly sensitive areas of society and the economy. The Bundesdruckerei Group collects, manages, and encrypts data, produces ID and security documents such as the German passport and ID card, as well as document verification equipment and corresponding system infrastructures. It also develops products for high-security infrastructures as well as for eIDAS[2] trust services and supports its customers to ensure their secure digitalization. The Bundesdruckerei Group implements a focused research and development strategy to meet the technological requirements and market needs for digitalization and information security.

The Bundesdruckerei Group's business portfolio also includes banknote printing, including the development and marketing of new security features and corresponding system components. Furthermore, we offer our customers authorization documents and systems such as postage stamps, revenue stamps, and track-and-trace systems.

1.1.1 Group structure and long-term equity investments

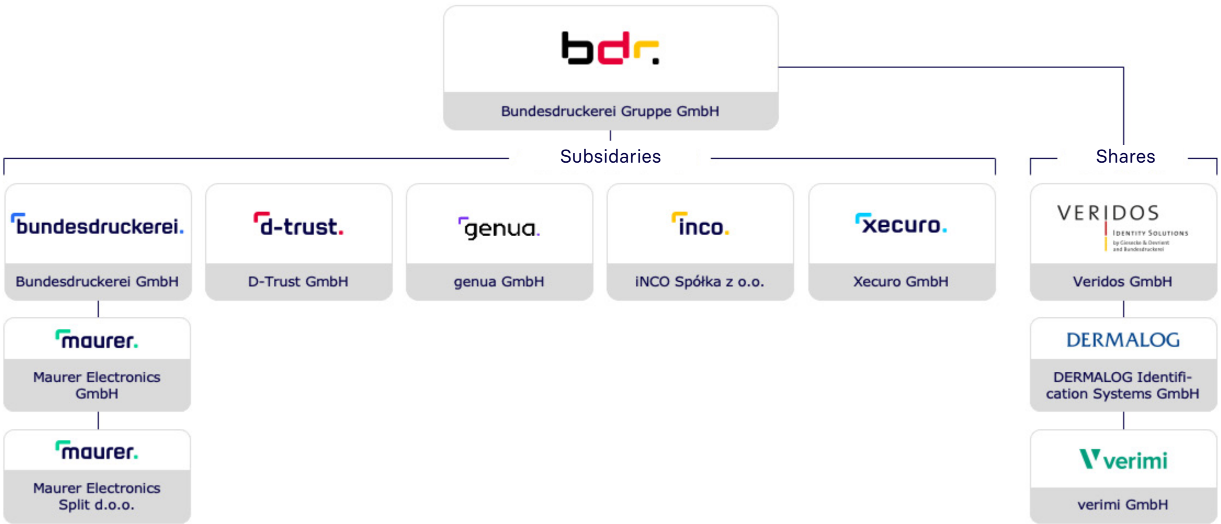
The rapid advancement of digitalization offers the Bundesdruckerei Group considerable potential to grow further with its core areas of expertise, i.e., secure identities, data, and infrastructures. The strategic alignment to business divisions has opened up many new opportunities both in the sovereign market and also in the regulated private sector.

1 The term Bundesdruckerei Group does not stand for a specific legal entity; it is primarily used for linguistic simplification and to distinguish the Group from the parent company Bundesdruckerei Gruppe GmbH, Berlin (hereinafter referred to as Bundesdruckerei Gruppe GmbH). Therefore, it comprises all legally independent, majority-owned companies within the Group: namely the Group's parent company, Bundesdruckerei Gruppe GmbH, and the subsidiaries, Bundesdruckerei GmbH, Berlin, (including its subsidiaries Maurer Electronics GmbH, Munich, and Maurer Electronics Split d.o.o, Split, Croatia), D-Trust GmbH, Berlin, genua GmbH, Kirchheim bei München, iNCO Spółka z o. o., Wawrów, Poland, and Xecuro GmbH, Berlin.

2 eIDAS is the regulation on electronic identification and trust services for electronic transactions in the single market and has been in force since July 1, 2016. eIDAS, for instance, eliminates the need for signature cards and readers when an electronic signature is used.

Our aim is to further expand our position as a Federal Government security company and to develop a strong group of companies with coordinated strategies, transparent structures, and clear positioning.

Compared to the 2021 financial year, the structure of the Bundesdruckerei Group remained unchanged in the 2022 financial year:



Affiliated companies of Bundesdruckerei Gruppe GmbH as the parent company of the Bundesdruckerei Group continue to be the subsidiaries Bundesdruckerei GmbH, Berlin, (hereinafter referred to as Bundesdruckerei GmbH), D-Trust GmbH, Berlin, (hereinafter referred to as D-Trust), genua GmbH, Kirchheim bei München (hereinafter referred to as genua), iNCO Spółka z o.o., Wawrów, Poland, (hereinafter referred to as iNCO), and Xecuro GmbH, Berlin, (hereinafter referred to as Xecuro). Moreover, Maurer Electronics GmbH, Munich, (hereinafter referred to as Maurer) with its subsidiary Maurer Electronics Split d.o.o., Split, Croatia, (hereinafter referred to as Maurer Split) is a subsidiary of Bundesdruckerei GmbH and thus an affiliated company of Bundesdruckerei Gruppe GmbH.

The Group's long-term equity investments include DERMALOG Identification Systems GmbH, Hamburg, (shareholding: 22.4%; hereinafter referred to as Dermalog), Veridos GmbH, Berlin, (shareholding: 40.0%; hereinafter referred to as Veridos) and Verimi GmbH, Berlin (shareholding: 0.7%; hereinafter referred to as Verimi).

1.1.2 Divisions and products

The Bundesdruckerei Group divides its activities into five business divisions:
- German ID Systems
- Credential Management Systems
- Secure Digitalisation Solutions (SDS)
- Value Printing
- Infrastructure and Service

German ID Systems division

The German ID Systems division comprises sovereign ID business with ID cards, passports, electronic residence permits, provisional documents as the main products together with the corresponding system infrastructure. The portfolio for sovereign German ID systems comprises security documents, including digital and physical security features, as well as system solutions used to capture, produce, personalize, issue, verify, and manage security documents. The focus here is on the main customer, i.e., the Federal Ministry of the Interior and Community (BMI). Since 2021, the topic of secure digital identities has become increasingly important for the division.

Credential Management Systems division

The Credential Management Systems division comprises physical credentials (for instance, driving licenses, vehicle documents, and revenue stamps) and systems for data recording, management and control, as well as components for sovereign international ID systems, border control, and track-and-trace systems.

Secure Digitalisation Solutions division

The Secure Digitalisation Solutions division comprises the Trusted Data Solutions (TDS), Trusted Services (TS), and Secure Digital Infrastructure (SDI) business segments, as well as the new Secure Communication Services (SCS) business segment, which has been operational since 2022.

The Trusted Data Solutions business segment develops technologies and provides services for the holistic protection and evaluation of sensitive data over their life cycle, as well as for the development of knowledge in the subject areas of digital transformation, data sovereignty, and data analysis. With innovative solutions for the use and processing of sensitive data and their interpretation, the business segment makes a valuable contribution to technological sovereignty and the implementation of legal regulations for government agencies and private-sector customers.

The Trusted Services segment combines certificate-based trust services to secure digital business, private, and government interactions. This includes solutions for the healthcare sector (telematics infrastructure cards), as well as solutions for cryptographic manipulation protection of tax-relevant accounting data.

The Secure Digital Infrastructure segment comprises solutions for secure data transfer, secure networking, and encryption for public authorities and industry.

The Secure Communication Services segment provides services for the secure electronic communication of classified information. The customer here is the Federal Foreign Office, with which an operating agreement has been concluded. The subject of the operating agreement is the operation of the central hardware and software components and the roll out of communication devices suitable for classified information.[3]

Value Printing division

The Value Printing division produces security documents, solutions, and products with the aim of making them forgery and tamper-proof. This applies especially to banknotes with their security features and systems, postal stamps, and corresponding digital solutions.

Infrastructure and Service division

The Infrastructure and Service division includes sales and costs that cannot be clearly attributed to other divisions, such as rental/leasing income, vehicle sales, vacancy costs, and investments in infrastructure which are not directly attributable.

1.1.3 Targets and strategies

Planning by the Bundesdruckerei Group is focused on increasing corporate value on a long-term and sustained basis.

The aim of our strategy is to secure the financial stability of the Bundesdruckerei Group. The strategy is designed to secure the company's longterm strategic and operative development as well as jobs, to support the fulfilment of Federal Government interests, and to ensure access to the capital market at all times with favorable financing conditions.

3 VS: Verschlusssachen, classified information

Financial planning is therefore geared towards the following key financial objectives:

- Long-term and sustained increase in corporate value
- Long-term financing of company development and growth through financial performance
- Capital market viability
- Robust capital structure to protect against stability risks
- Sustained dividend payment capability
- Increased investment in sustainability and provision of a sustainability budget to achieve sustainability goals

1.2 Control system

Sustained value-based management is employed to achieve these targets. The company's key performance indicators are sales, EBIT,[4] and cash flow,[5] and are applied for the purpose of financial control of the company. Value management and strategic planning complement each other. Fundamental decisions on investments and projects are made as part of annual planning.

1.3 Research and development

The Bundesdruckerei Group pursues a long-term innovation strategy and develops new processes and solutions for "secure identities," "secure data," and "secure infrastructures." Specialists from a variety of scientific disciplines work together in the innovation and development departments to create new solutions that meet the future demands of our connected and digital society. In the 2022 financial year, expenses on research and development amounted to €44.6 million[6] (previous year: €50.9 million).

Permanently enhancing ID documents is a targeted strategy to strengthen and adapt forgery protection to demands. With the update for the ePassport planned for 2024, further security features are to be integrated. In this context, a sixth color, functionally improved window material, and a luminescent color, among other things, were introduced.

Collaboration on the creation and revision of standards (e.g. ICAO[7]) took place within the scope of committee work.

4 The Bundesdruckerei Group calculates its EBIT planning figure as operating result before amortization of goodwill, before interest, before depreciation on financial assets, before income tax, and after deduction of other taxes.

5 Cash flow = change in cash and cash equivalents as of December 31 of the previous year versus December 31 of the reporting year

6 Research and development costs are stated including proportionate personnel expenses and material costs.

7 ICAO: International Civil Aviation Organization

The document verification portfolio was continuously expanded in 2022. Additional product enhancements were implemented that enable fast and reliable verification of security-enhanced documents. The development of a new generation of devices has also advanced and will be completed in 2023.

In the digital driving license (mDL[8]) project according to ISO,[9] demo applications for participation in ISO interoperability events were developed and tested internationally. A consultancy contract was signed for the implementation of the EU Large Scale Pilot[10] project on mDL, among others. This EU project specifically deals with the use cases of car rentals and police checks with the mDL.

In the area of Value Printing, development work was carried out as part of the DMC[11] project to integrate a customized code on postage stamps. Digital postage stamping enables both comprehensive and sustained protection against franking fraud. The DMC is an integral part of the stamp and stores encrypted information previously configured by the customer.

In the area of secure data management, technologies for the anonymization and pseudonymization of personal data (data trustee platform) have been developed further, which meet all requirements for modern solutions that comply with the GDPR.[12]

In the 2022 financial year, the Bundesdruckerei Group expanded the cloud-based signature service sign-me to include the cloud-based seal-me service, thus creating a digital variant for seal solutions. In the healthcare market, the SMC-B[13] card for medical practices and institutions was supplemented by the virtual SM-B[14] solution, and future alternatives to the health professional card (HBA, *Heilberufsausweis*) were discussed and prototypes implemented.

In the joint ONCE[15]-LITES[16] project, the Bundesdruckerei Group is developing technologies to digitalize its core products together with partners from the private sector and academic institutions. These technologies form the basis for the digitalization of national and international administrative processes. The project focuses on the development and transfer of digital identities to smartphones, with the development of processes and procedures for the registration of mobile driving licenses representing a use case in this project.

8 mDL: Mobile Driving License

9 ISO: International Organization for Standardization

10 The Large Scale Pilot for the European Digital Identity Wallet (EUDI Wallet) vividly illustrates the possibilities offered by a digital wallet while demonstrating the functionalities and their added value based on a variety of use cases.

11 DMC: Data matrix code

12 GDPR: General Data Protection Regulation

13 SMC-B: Security Module Card – Basic

14 SM-B: Security Module – Basic

15 ONCE: ONline einfaCh anmeldEn (simply register online)

16 LITES: LIfecycle Management and Technology modules for ID schemes on smartphones and mobile devices

The joint IDunion project, which the Bundesdruckerei Group is also carrying out with partners from the private sector and academic institutions, aims to build a bridge between sovereign and private-sector ID applications in an identity ecosystem. The basis for this is the integration of sovereign documents, including the ID card, as an anchor of trust for natural persons. The thematic focus for the Bundesdruckerei Group is on digital identity security, infrastructure, and applications (SINA[17]). Work is also underway on wallet-relevant security and key management as well as the connection to national eID solutions of the (mobile) ID card. The results from the completed OPTIMOS funding project are being used here, such as storing the digital keys of a wallet on the secure element of a smartphone.

The Bundesdruckerei Group obtains patents to protect its technical inventions. The company currently holds some 4,200 national and international patents. The patent portfolio is spread over a broad base and covers all relevant areas of technology in the Bundesdruckerei Group.

17 SINA: Secure Inter-Network Architecture

2 Economic Report

2.1 Macroeconomic and sector-related general conditions

In the year under review, the global economy suffered the consequences of several crises. The effects of Russia's war of aggression against Ukraine, the ongoing aftermath of the Covid19 pandemic on supply chains, and high inflation slowed down the global economy and continue to weigh on the economic situation. In addition, the intensification of geopolitical competition, the shortage of essential raw materials, especially for renewable energy production and use, increasing regulatory requirements, technological change, the shortage of highly qualified workers, new geopolitical uncertainties and power relations, as well as misallocations of capital are also impacting the situation, resulting in considerable risks to stability.

The International Monetary Fund (IMF) has lowered its global economic forecast and, in its January 2023 economic forecast, expects the world economy to grow by 3.4% in 2022 (IMF pre-year forecast for 2022: 4.9%[18]). The IMF expects growth of 2.0% for the US in 2022, for the Eurozone and Germany of 3.5% and 1.9%, respectively,[19] (IMF pre-year forecast for Germany 2022: 4.6%[20]). Since the company's main business is conducted in Germany, the situation on the domestic market is particularly decisive for the business development of the Bundesdruckerei Group, both on the sales and procurement side.

According to the IMF, the energy crisis triggered by the Russian gas freeze will continue indefinitely, leading to a comprehensive and lasting geopolitical reorganization of energy supply.

The enormous increase in prices for energy and raw materials (energy +34.7% compared to the previous year, light heating oil +87.0%, natural gas +64.8%, fuel +26.8%) as well as food (+13.4%) due to Russia's war of aggression against Ukraine continue to be the main drivers of high inflation. In Germany, the average inflation rate in 2022 rose to 7.9% compared to 2021 and was thus at a historically high level.[21] The Bundesdruckerei Group also felt the effects of high inflation in the year under review in the form of significantly higher procurement prices. Tighter monetary policy and easing supply constraints are expected to ease inflationary pressures in 2023, but increased energy prices and higher labor costs are likely to slow the decline. Inflation is therefore expected to remain high in the short to medium term.[22]

The ECB initiated the turnaround towards higher interest rates at the end of July, raising the key interest rate to 0.5% for the first time in eleven years. Further hikes followed in

18 IWF: World Economic Outlook, October 2021
19 IWF: World Economic Outlook, January 2023
20 IWF: World Economic Outlook, October 2021
21 https://www.destatis.de/DE/Presse/Pressemitteilungen/2023/01/PD23_022_611.html
22 https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/10/PD22_438_611.html

September and October, each by 0.75 percentage points, to 2.0%. This was followed in December 2022 by an increase of 0.5 percentage points to 2.5% to counteract demonetization[23]. The financial markets were characterized by strong fluctuations and share price losses in 2022, which also affected the Bundesdruckerei Group's investments in the Contractual Trust Arrangement (CTA).

In its annual projection for 2023, the Federal Government expects price-adjusted gross domestic product to increase from 1.9% to 2.1%.[24] The starting situation at the turn of the year is more favorable than assumed in the 2022 autumn projection. Nevertheless, considerable uncertainties remain for the German economy: Russia's war of aggression against Ukraine and its economic consequences, the weak development of the global economy, persistently high energy and consumer prices, as well as securing future gas supplies.[25]

New debt, which rose to a record level of € 339 billion in 2022 (mainly due to the defensive shield to dampen high gas and electricity prices), led to an all-time high in public debt of almost € 2.5 trillion.[26] Despite extensive relief measures, the debt brake is to be adhered to in 2023.[27] Permanent adherence to the debt brake poses major fiscal challenges and a considerable risk to the Federal Government's budget. This could impact the Bundesdruckerei Group's business development as the Federal Government is a major customer for the Bundesdruckerei Group.

The tourism industry is one of the sectors hardest hit worldwide by the Covid-19 pandemic. According to the UN World Tourism Organisation (UNWTO), tourism numbers in 2020 plummeted by 73% compared to the pre-crisis year of 2019 (1.46 billion international tourist arrivals). In 2022, global sales in the travel and tourism segment reached approximately € 695 billion, the same level as before the pandemic. The steady recovery reflects strong pent-up demand for international travel. Russia's war of aggression against Ukraine and geopolitical uncertainties are additionally leading to an increased need for security and confidence among both holiday and business travellers. In addition, the debate about climate impacts and new working models are significantly changing individual and business travel behavior.[28] After a brief period of post-shutdown euphoria, the assumption is that travel will be chosen more consciously and mindfully.[29] The development of travel behavior among German citizens affects the business development of the Bundesdruckerei Group as this strongly influences passport sales in the German ID Systems division.

The competitive situation, especially for qualified professionals in IT and technology, remains just as critical as in recent years. The so-called war for talent continues, which is also re-

23 European Central Bank: Press release on Monetary Policy Decisions from December 15, 2022
24 Federal Ministry for Economic Affairs and Climate Protection: Annual Economic Report 2023
25 Federal Ministry for Economic Affairs and Climate Protection: Annual Economic Report 2023
26 https://steuerzahler.de/aktuelles/detail/wir-haben-eine-rekord-neuverschuldung-2022-ursache-ist-der-neue-abwehrschirm/
27 Federal Ministry for Economic Affairs and Climate Protection: Annual Economic Report 2023
28 Statista: Travel & Tourism – worldwide.
29 https://www.zukunftsinstitut.de/artikel/tourismus-nach-corona-alles-auf-resonanz/

flected in rising entry-level salaries. In addition to the shortage of skilled workers, persistently high inflation affected collective bargaining by German companies resulting in higher industry-wide collective wage agreements in 2022. The study “Trends in Compensation and HR 2022/23” by Lurse AG[30] determined that salary increases of 3.5% on average were realized in 2022 and were significantly higher than the previous year’s expectations. This trend was also reflected in the collective agreement concluded in the Bundesdruckerei Group in December 2022.

2.2 Course of business

Particularly in view of the multiple crises that characterized the year 2022, the Executive Board considers the course of business to be extremely satisfactory: Sales revenues in the 2022 financial year amounted to € 907.2 million, clearly exceeding the planned and prior-year sales. The EBIT of € 227.8 million was also significantly higher than the prior-year and planned EBIT, which in each case was mainly due to the increase in sales. Consolidated net income for the 2022 financial year amounts to € 128.9 million.

The circumstances mentioned below had a particular impact on the course of the 2022 financial year. A detailed analysis of the results of operations and financial situation of the year under review can be found in section 2.3.

In the German ID Systems division, order volumes for the main products are basically subject to significant sales cycles, which are determined by the validity period of the documents produced. In the year under review, however, order volumes for passports and electronic residence permits were significantly higher than the volumes normally expected in this cycle.

Despite initially high incidence figures, passport orders increased significantly in 2022, which more than compensated for the decline in sales in 2020 and 2021. This development was possibly due to the replacement of passports that expired during the Covid-19 pandemic, a renewed “desire to travel” by citizens following the restrictions that accompanied the Covid-19 pandemic, changed entry requirements in the UK (requiring an EU passport), and possibly heightened security concerns among citizens due to Russia’s war of aggression against Ukraine. In addition, global migration movements and the resulting asylum applications, as well as refugees from war and crisis regions led to increased demand for electronic residence permits and other documents required under Germany’s Law on Aliens.

In the Trusted Services business segment, sales of telematics infrastructure cards were significantly below both expectations and the sales figures of the previous year. This was

30 https://www.lurse.de/news/pressemitteilung/loehne-und-gehaelter-inflation-bringt-unternehmen-in-zugzwang/

due to the cancellation of the introduction of the e-prescription,[31] which highlights how much changes in laws, standards, and regulations impact the business development of the Bundesdruckerei Group.

A collective agreement was reached in December 2022, which includes a special payment to compensate for inflation amounting to € 3,000 per salaried employee for 2022. In addition, pay-scale employees will receive a total pay increase of 9.1% in two stages. The collective wage agreement runs until October 31, 2024. In addition to collectively agreed remuneration, the parties to the collective agreement have modified and extended the rules regarding variable remuneration.

In order to strengthen the equity base of an associated company, a receivable of € 8.0 million, which had been fully written off in the previous year, was waived in the financial year in favor of a transfer to the capital reserve of the associated company. In addition, a cash payment capital increase of € 10.0 million was carried out at the associated company in the year under review. Through the measures described above, the Bundesdruckerei Group as the shareholder supports its associated company in the realignment and growth of its operating business.

At € 79.7 million, cash flow for the 2022 financial year is significantly lower than in the previous year (€ 136.2 million), but is significantly higher than the planned figure of € 9.3 million. The main reason for this year-on-year development is the high level of investments made in the 2022 financial year, as a result of which the outflow of funds from cash flow from investing activities (€ 115.1 million) is higher than the previous year's figure (€ 49.3 million). The significant deviation from the budgeted figure was due, among other things, to the positive development of sales revenues and thus cash flow from operating activities (€ +216.4 million; previous year: € +192.3 million).

The Bundesdruckerei Group thus has a sufficient level of liquid funds totalling € 353.9 million, also at the end of the 2022 financial year.

31 The initially planned introduction date of January 1, 2022 was postponed to July 1, 2022, and then subsequently cancelled.

2.3 Economic situation

2.3.1 Results of operations

Amounts in K€	2022	2021	Deviation abs.	Deviation in %
Total sales	**907,184**	**773,996**	**133,188**	**17.2%**
German ID systems (GID)	489,130	363,623	125,506	34.5%
Credential Management Systems (CMS)	112,272	130,352	–18,080	–13.9%
Secure Digitalisation Solutions (SDS)	241,563	215,961	25,602	11.9%
Value Printing (VP)	62,735	62,300	435	0.7%
Infrastructure and Services (I&S)	1,485	1,760	–275	–15.6%

Rounding discrepancies may occur due to commercial rounding of figures.

The planned sales revenues of € 815.4 million were exceeded by 11.3%.

The company's business development within its divisional structure is explained in more detail below (2.3.1.1 Business development of the corporate divisions).

Results of operations of the Bundesdruckerei Group in 2022:

Amounts in K€	2022	2021	Deviation abs.	Deviation in %
Sales	**907,184**	**773,996**	**133,188**	**17.2%**
Inventory changes	16,651	9,900	6,751	68.2%
Own work capitalized	3,302	5,664	–2,363	–41.7%
Total output	**927,137**	**789,561**	**137,577**	**17.4%**
Other operating income	31,038	49,081	–18,043	–36.8%
as a % of total output	3.3%	6.2%	–2.9%	
Cost of materials	187,190	189,076	–1,886	–1.0%
as a % of total output	20.2%	23.9%	–3.8%	
Personnel expenses	294,353	253,651	40,703	16.0%
as a % of total output	31.7%	32.1%	–0.4%	
Other operating expenses*	199,153	180,069	19,083	10.6%
as a % of total output	21.5%	22.8%	–1.3%	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**277,479**	**215,845**	**61,634**	**28.6%**
as a % of total output	29.9%	27.3%	2.6%	
Amortization/depreciation on operating assets	49,693	47,808	1,885	3.9%
as a % of total output	5.4%	6.1%	–0.7%	
Earnings before interest and taxes (EBIT)	**227,786**	**168,036**	**59,749**	**35.6%**
as a % of total output	24.6%	21.3%	3.3%	
Goodwill amortization	633	638	–5	–0.8%
as a % of total output	0.1%	0.1%	0.0%	
Earnings after amortization of goodwill	**227,153**	**167,398**	**59,754**	**35.7%**
as a % of total output	24.5%	21.2%	3.3%	
Net financial income/loss**	–32,519	–36,270	3,751	–10.3%
as a % of total output	–3.5%	–4.6%	1.1%	
Earnings before taxes (EBT)	**194,634**	**131,128**	**63,506**	**48.4%**
as a % of total output	21.0%	16.6%	4.4%	
Taxes on income	65,743	51,796	13,948	26.9%
Net income for the year	**128,891**	**79,333**	**49,558**	**62.5%**
as a % of total output	13.9%	10.0%	3.9%	

Rounding discrepancies may occur due to commercial rounding.
* For internal reporting including other taxes (€ 586K) and expenses for guarantees (€ 25K)
** For internal reporting without expenses for guarantees (€ 25K)

Higher finished goods and work in process compared to the previous year are mainly due to increased finished goods and work in process in the German ID Systems division and in the Trusted Data Solutions segment, which is project-related.

Other operating income is below the previous year's figure, in particular due to lower reversals and utilization of provisions.

The cost of materials ratio of 20.2% in relation to total output is below the previous year's ratio (previous year: 23.9% of total output), which is essentially due to changes in the product mix.

Amounts in K€	2022	2021	Deviation abs.	Deviation in %
Personnel expenses	**294,353**	**253,651**	**40,703**	**16.0%**
of which wages and salaries	245,176	203,936	41,240	20.2%
of which social security and pensions	49,178	49,715	–537	–1.1%
Total employees* ø	**3,830**	**3,390**	**440**	**13.0%**
Employees** ø	3,664	3,238	427	13.2%
Employees** as per Dec. 31	3,839	3,338	501	15.0%
Personnel expenses per employee (total)	76.9	74.8	2.0	2.7%

Differences may occur due to commercial rounding of figures.
* Including civil servants, trainees and interns
** Including civil servants, excluding trainees and interns

Personnel expenses were higher than the previous year due to the higher average number of employees and the rise in salary and wage levels compared to the previous year. In December 2022, a collective wage agreement was reached which provided for the payment of an inflation premium for the year 2022 in the same month. In addition, higher provisions set up for variable remuneration have taken effect.

The increase in other operating expenses[32] totalling € 19.1 million is mainly due to sales-related increases in shipping costs (€ 9.3 million), higher expenses from risk provisions for contractual obligations (€ 9.1 million) as well as increased external personnel costs (€ 7.1 million), which are caused by strong short-term staff demand. This was offset especially by lower expenses from warranties due to changes in contractual obligations.

The amortization and depreciation on tangible and intangible assets (excluding goodwill amortization) are mainly the result of higher scheduled depreciation on tangible assets due to investments made in previous years and in the current year.

32 For internal reporting, including other taxes and guarantee fees

As a result of the aforementioned effects, EBIT for the financial year, totaling € 227.8 million, is significantly higher than in the previous year (€ 168.0 million) and higher than the planned figure (€ 116.7 million).

The net financial result[33] amounts to € –32.5 million and is up by € 3.8 million against the previous year. This is due to various counteracting effects. On the one hand, no one-off effects were recorded in the year under review, such as unscheduled writedown of loan receivables (previous year: € 27.1 million) or a gain from the disposal of an associated company (previous year: € 8.1 million). On the other hand, the rising interest rate level in 2022 led to a high exchange rate loss in the CTA and lower interest expense for the compounding of long-term provisions, with the negative effect generally prevailing (€ –7.2 million).
In addition, negative current contributions to earnings from associated companies were recorded (€ –5.4 million; previous year: € +1.2 million).

In line with higher earnings before tax, income tax expenditure was also higher than in the previous year.

As in previous years, earnings before taxes for 2022 includes expenses, such as the scheduled amortization of goodwill totalling € 0.6 million and interest expenses relating to old-age pensions, which are not tax deductible.

2.3.1.1 Business development of the divisions

2.3.1.1.1 German ID Systems division

At € 489.1 million, the sales revenues generated by the German ID Systems division are significantly higher than the previous year's revenue (€ 363.6 million) and the planned figure (€ 369.4 million). Sales revenues with products for the German passport and ID card system totalled € 449.3 million (previous year: € 336.4 million). The sales volumes and revenues of the previous year were significantly exceeded in the case of the main products, i.e., passports and electronic residence permits, and slightly exceeded in the case of ID cards. This is especially due to the strong catch-up effects with passports following two years of low sales during the pandemic. In the case of electronic residence permits, increasing global migration movements and the corresponding asylum applications together with the high number of Ukraine war refugees led to a significant increase in demand. In total, around 16.9 million passports, ID cards, and electronic residence permits were produced and delivered (previous year: 14.2 million units).

Further sales revenues of the German ID Systems division amounting to € 39.8 million (previous year: € 27.2 million) were generated, for instance, with other ID documents for the

33 For internal reporting, without guarantee fees

domestic market. These products include children's passports, documents under Germany's Law on Aliens, as well as provisional passports and ID cards. The planned figure for these products was also clearly exceeded, as the same demand-boosting factors were at work here as for the main products. In addition, revenue from projects related to "Digital Identity" was below the planned figure, but significantly above that of the previous year.

Due to sales generated, the EBIT recorded by the German ID Systems division in 2022 was significantly higher than the previous year's figure and than planned.

2.3.1.1.2 Credential Management Systems division

Sales revenues recorded by the Credential Management Systems division totalled €112.3 million and was below the figured for 2021 (€130.4 million) but above the planned figure (€120.1 million). Prior-year sales included sales for one-off pandemic-related projects, including the printing of FFP2 mask[34] credentials. This is why lower sales revenues had been assumed for the 2022 financial year. Due to a lack of sales revenues from digitalization projects as well as postponed projects and delivery problems with document verification solutions, the planned revenue was not achieved. This was partly offset by additional revenue from jobs for the proof of arrival system (Ankona) where demand was up due to the high number of war refugees from Ukraine. Higher sales revenues were also recorded for driving licenses due to growing sales volumes, which can be attributed to the legal exchange obligation.[35]

Lower sales generated by this division meant that EBIT was down slightly compared to the previous year. Due to the change in the product mix, however, the result is significantly above the planned value, as additional sales were recorded in particular for high-margin products and projects.

2.3.1.1.3 Secure Digitalisation Solutions division

In the 2022 financial year, the Secure Digitalisation Solutions division generated sales revenues of €241.6 million, thus significantly exceeding the revenue recorded in the previous year (€216.0 million), but falling slightly short of the planned revenue figure (€253.8 million).

The Trusted Data Solutions segment in particular contributed to the increase in revenue, which can be attributed to projects that were successfully acquired at short notice and therefore unplanned, for instance, Data Atlas and PLAIN, as well as higher demand for

34 FFP2 mask: Filtering Face Piece (=particle filtering mask), protection class 2

35 Pursuant to the so-called Third EU Driving License Directive (Directive 2006/126/EG of the European Parliament and of the Council on driving licences (OJ L 107 of April 25, 2015, p. 68)), all driving licenses issued before January 19, 2013, need to be replaced by January 19, 2033. This is to ensure that all driving licenses still in circulation in the EU have a uniform pattern, which, in particular, meets current anti-counterfeiting requirements.

projects related to the Federal Portal as well as legal and consular affairs. The Secure Communication Services segment, which was launched in 2022 and provides services for secure interdepartmental electronic communication of classified information, also contributes significantly to the increase in sales. In addition, the Secure Digital Infrastructure segment recorded significant increases in sales with its products for mobile working (especially genucard and related services) and a project on quantum technology. In the Trusted Services segment, however, revenue was significantly below the previous year's figure and the planned value. The main reason for this was the cancellation of the introduction date for the e-prescription,[36] which led to a slump in sales of telematics infrastructure cards, especially the health professional card. The positive development of sales in the other business segments compared to the previous year more than compensated for the slump in sales revenues in the Trusted Services segment. In terms of planned sales revenues, this was largely successful.

The division's EBIT is slightly below the previous year's figure and significantly below the planned value, which is mainly due to the lack of revenue from telematics infrastructure cards.

2.3.1.1.4 Value Printing division

Sales revenues in the Value Printing division amounted to € 62.7 million in the 2022 financial year (previous year: € 62.3 million). It was not possible to achieve the planned sales revenues of € 70.2 million mainly due to delivery delays for euro banknotes.

In 2022, mainly euro banknotes were delivered (€ 44.4 million; previous year: € 41.5 million). In addition, a subcontract for euro banknotes was processed. The Bundesdruckerei Group's banknote production capacity was fully utilized in the 2022 financial year.

Sales revenues with security systems for banknotes totalled € 9.4 million and are slightly below both the previous year's and the planned figure due to lower demand for security features.

Other value printing products, such as postage stamps, generated sales revenues of € 8.9 million (previous year: € 9.5 million) and remained slightly below the planned figure.

Despite an improvement compared to the previous year, the EBIT generated by the Value Printing division continues to be affected by negative results from banknote business. However, the figure is above plan due to the product mix.

36 The initially planned introduction date of January 1, 2022 was postponed to July 1, 2022, and then subsequently cancelled.

2.3.1.1.5 Infrastructure and Service division

The Infrastructure and Service division includes revenues and costs that cannot be clearly attributed to other divisions, such as rental/leasing income. Contributions to sales and income remain marginal.

2.3.2 Financial position

2.3.2.1 Capital structure and net assets

Amounts in K€	12.31.2022	12.31.2021	Deviation abs.	Deviation in %
Shareholder's equity	**470,314**	**361,433**	**108,880**	**30.1%**
Balance sheet total	**965,626**	**812,421**	**153,205**	**18.9%**
Equity ratio	48.7%	44.5%	4.2%	–
Fixed assets	357,306	317,513	39,793	12.5%
Current assets	591,863	482,539	109,324	22.7%
Working Capital*	**122,218**	**143,458**	**–21,240**	**-14.8%**
Earnings before interest and taxes (EBIT)	**227,786**	**168,036**	**59,749**	**35.6%**
Return on equity*	48.4 %	46.5%	1.9%	–
Total return on capital employed*	23.6 %	20.7%	2.9%	–

Rounding discrepancies may occur due to commercial rounding.
* Working capital = inventories + trade accounts receivable ./. liabilities for supplies and services, including payments received.
** Calculation based on the yearend value of capital

The change in shareholder's equity compared to the previous year is primarily due to the increase in consolidated net income for the 2022 financial year of € 128.9 million and the distribution to the shareholder of € 20.0 million.

On the assets side, fixed assets increased by € 39.8 million, as additions to fixed assets in the form of investments totalling € 97.2 million more than compensated for depreciation on fixed assets. Furthermore, work in process accounted for a € 22.0 million increase in current assets due to project-related inventory build-up in the German ID Systems division and the Trusted Data Solutions segment. In addition, positive cash flow increased cash on hand, which also contributed to the increase in current assets.

On the liabilities side, the increase in the balance sheet total mainly results from the change in shareholder's equity and the € 43.2 million increase in advance payments on account.

In this respect, working capital was lower compared to the previous year.

Trade and other accounts payable and receivable are primarily shortterm. They are subject to standard payment terms and conditions.

The return on equity in 2022 increased compared to the previous year's figure due to earnings, as did the return on investment.

2.3.2.2 Capital expenditures

Amounts in K€	2022	2021	Deviation abs.	Deviation in %
Intangible assets	2,975	1,580	1,395	88.3%
Tangible assets	81,058	37,789	43,269	114.5%
Financial assets	13,200	0	13,200	–
Investments	**97,233**	**39,369**	**57,864**	**147.0%**
Amortization/depreciation on operating assets	49,693	47,808	1,885	3.9%
Reinvestment ratio*	169.1%	82.3%	86.8%	–

Rounding discrepancies may occur due to commercial rounding.
* For investments excluding financial assets/depreciation and amortization of tangible and intangible fixed assets

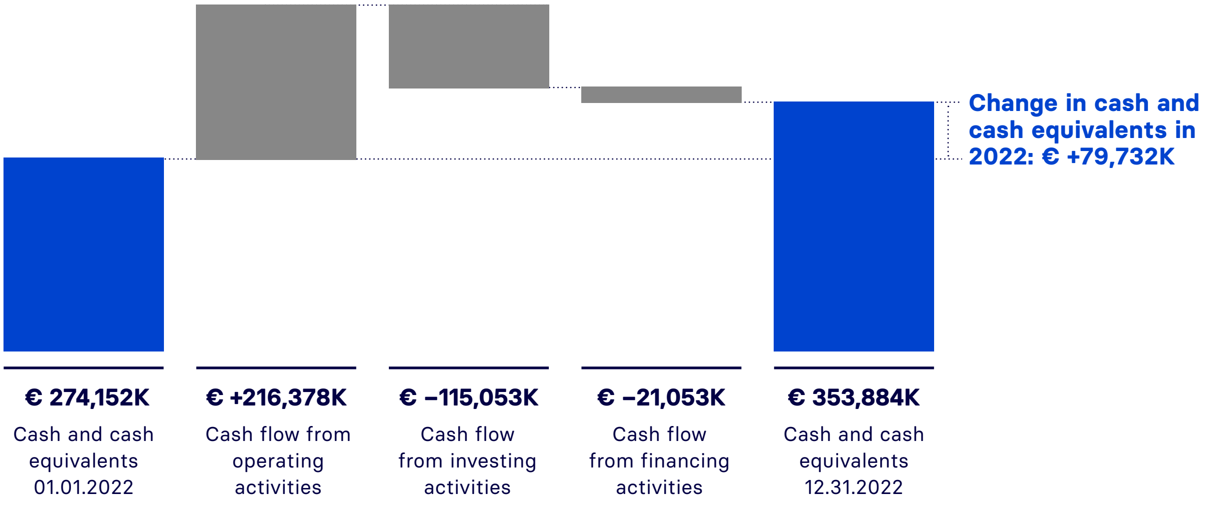
Capital expenditures in the 2022 financial year significantly exceeded those of the previous year, but are still slightly below budget. The deviation is mainly due to postponed investments in IT infrastructure in the Secure Communication Services segment. In addition, the planned investment funds in production were not fully utilized due to delivery delays. Project delays in infrastructure capital expenditure due to a lack of capacity on the part of construction service providers, delivery bottlenecks with construction materials, and longer planning procedures kept investment volumes lower than planned.

In the 2022 financial year, investments focused on replacements and expansions in passport and ID card production to accelerate production throughput times for the electronic residence permit, equipment to produce the printed inlay, as well as investments for machines in banknote production. IT equipment was procured for additional workplaces in the Ankona project. As part of the development of the Secure Communication Services segment, significant IT infrastructure was acquired. The high level of security requirements for processing personal data also necessitated further investment in IT security technology and the management of buildings and facilities. Basic refurbishment of buildings and premises was also continued in 2022. In addition, various conversion and expansion measures were carried out on new spaces in the financial year.

2.3.2.3 Liquidity

Cash flow is a key performance indicator of the company. In the 2022 financial year, cash flow was generated in the amount of €79.7 million (previous year: €136.2 million), which significantly exceeded the planned figure.

Cash flow from operating activities totalled €+216.4 million and was up €24.1 million against the previous year (€+192.3 million). The main reason for this was the sales-related increase in consolidated net income compared to the previous year (€128.9 million; previous year: €79.3 million). This was offset in particular by higher income tax payments due to higher earnings.



Rounding discrepancies may occur due to commercial rounding.

Cash flow from investing activities totalled €–115.1 million, marking a €65.7 million higher outflow of funds than in the previous year. A total of €84.0 million was invested in tangible and intangible assets compared to €39.4 million in the previous year. This change is also due to the previous year's effect of a sale of an investment in the amount of €–8.2 million and a capital increase in an associated company in the amount of €–10.0 million. In the year under review, as in the previous year, €20.0 million was paid into the CTA. The payment was €10.0 million higher than planned.

Cash flow from financing activities in the amount of €–21.6 million (previous year: €–6.8 million) includes the profit distribution to the shareholder in the amount of €20.0 million and interest paid in the amount of €1.6 million.

The company's liquidity was guaranteed at all times throughout the current financial year.

2.4 Financial and non-financial performance indicators

The financial control parameters are sales, EBIT, and cash flow.

The financial performance indicators are primarily used to steer the company and as significant factors.

Bundesdruckerei Gruppe GmbH, as a publicly owned private-sector company and as the parent company of the Group, is also particularly committed to the interests of the state, citizens, and society. That's why the Group pursues a holistic approach in order to strike a balance between economic, ecological, and social objectives. As a group operating in the field of high-security technology, the Bundesdruckerei Group sets high security and quality standards and follows clear compliance and management guidelines.

To this end, the Bundesdruckerei Group compiles a large number of non-financial performance indicators.

The following key figures, among others, are compiled for personnel: average number of training days per employee, sickness-related absence days and absence rate, number of incidents of discrimination, number of reported near accidents, work and commuting accidents subject to reporting requirements, and workforce structure. The findings from these key figures flow into health performance management which serves to ensure compliance with social responsibility for employees and to support the creation of a future-oriented and attractive working environment in addition to flexible working hours and part-time employment, extensive further professional qualification measures, and a company pension scheme.

When it comes to climate protection and resource efficiency, the following key figures are collected, among others: purchase of 100% sustainable electricity, CO_2 emissions in tons of CO_2 equivalents (CO_2e), energy, heat, and electricity consumption in GWh, volumes of mixed municipal waste in tons, consumption of key materials (isopropanol, etc.) in tons or liters, and paper consumption in tons.

The aim is to reduce and avoid the consumption of resources as far as possible. As in previous years, the Bundesdruckerei Group is working to achieve climate neutrality through the Group's climate protection commitment and by compensating for unavoidable CO_2 emissions.[37] In 2022, unavoidable CO_2 emissions from 2021 were offset by a gold standard and a MoorFutures project. The Group will continue to pursue climate neutrality as a corporate goal in the years to come.

Other performance indicators relating to economic efficiency and good corporate governance include the number of requests to strategic suppliers regarding their environmental and social criteria.

37 The examination of climate neutrality was not the subject of the audit of the annual financial statements.

3 Outlook, Report on Risks and Opportunities

3.1 Report on risks and opportunities

As a Federal Government IT security company, the Bundesdruckerei Group is in a position to make a significant contribution to Germany's digital sovereignty. Our aim is to anticipate possible developments at an early stage in order to operate successfully in this volatile environment, to systematically identify, assess, and manage the resulting risks, and to recognize and seize market opportunities.

3.1.1 Risk and opportunity management system

The Bundesdruckerei Group's risk and opportunity management system maps the entirety of all group-wide economic risks and opportunities in a risk/opportunity inventory that takes into account threshold values. The risk and opportunity management system is organized as a decentralized system. While the Enterprise Risk Manager (ERM) is responsible for the establishment, implementation, and further development of the management system as well as the preparation of the group reporting system, the implementation of the defined risk and opportunity management process is the responsibility of the individual segments and divisions. One responsible risk manager is appointed for each business segment or division. Minority shareholdings are monitored with regard to financial risks and opportunities. The Bundesdruckerei Group's internal audit department regularly reviews the adequacy, functionality, and effectiveness of the management system. All applicable standards, regulations, and responsibilities are anchored in a group guideline.

The Bundesdruckerei Group follows an established control process which involves the systematic and ongoing identification, assessment, management, and reporting of risks and opportunities for all Group activities. Operative risk/opportunity management is reviewed every two years. An IT tool is used for ongoing control of the risk/opportunity management process. The Bundesdruckerei Group defines risks and opportunities as economic (monetary) effects on the achievement of business targets that lead to a deviation from the planned operating result (planned EBIT). All business areas and divisions report on identified risks and opportunities on a quarterly basis. These are then jointly checked for plausibility by those responsible for risk management, controlling, and the ERM, interdependencies are identified and consolidated by the ERM into a Group-wide risk and opportunity inventory. Taking into account defined materiality threshold values, the ERM draws up a quarterly group report showing material risks and opportunities and reports these to the Executive Board. The Executive Board reports quarterly to the Supervisory Board and its Audit Committee. Should unexpected risks of material significance arise in addition to regular reporting, these are reported directly to the Executive Board and subsequently included in the risk and opportunity inventory.

3.1.2 Material risks and opportunities

The following section describes the material risks and opportunities for the Bundesdruckerei Group which, from the current perspective, could impact business development and results of operations.

Risks and opportunities from a macroeconomic perspective

The global economy is suffering from the consequences of several crises. The effects of Russia's war of aggression against Ukraine, the ongoing aftermath of the Covid-19 pandemic on supply chains, and high inflation are slowing down the global economy and increasingly dampening prospects for economic development.

Global supply chains continue to feel the effects of the aftermath of the Covid-19 pandemic. This also poses a general risk of supply bottlenecks for the Bundesdruckerei Group, which can have a wide range of effects on operating business. In addition to the fundamental risk of project interruptions, there is especially the risk of production stoppages due to a shortage of input materials. This in turn could have a negative impact on the company's ability to deliver and thus on sales. It is also not possible to rule out further pandemics and other future serious health risks that could spread across the globe at a rapid pace.

The Covid-19 pandemic has had a massive impact on the travel behavior of German citizens which may be both short and long-term. This entails both risks and opportunities as passport sales can have a significant impact on the Bundesdruckerei Group's sales revenues and business result.

The further development of Russia's war of aggression against Ukraine may influence global migration movements, which in turn could impact the number of asylum applications and thus demand for documents under Germany's Law on Aliens (for instance, electronic residence permits and fictional certificates). This poses both opportunities and risks for sales.

Furthermore, the energy crisis triggered by the Russian gas supply freeze is leading to a comprehensive geopolitical reorganization of energy supply. Uncertainties regarding energy supply have increased overall.

In addition, the rise in energy and raw material prices in conjunction with numerous price increases for our suppliers' intermediate products have led to considerable cost increases, which may result in risks for the Bundesdruckerei Group's earnings if these cost increases cannot be passed on to customers to the extent planned.

A further escalation of Russia's war of aggression against Ukraine beyond regional borders could lead to massive geopolitical and economic upheavals, the consequences of which would go well beyond a further rise in energy prices and higher inflation.

In the conflict between China and Taiwan, which has been simmering for decades, tensions recently increased both significantly and steadily. There are fears that the conflict could turn into a military confrontation through an attack by China. If this were to happen, the impact on global chip production would be immense, not to mention the security implications for the Asia-Pacific region and the geopolitical consequences for the rest of the world. Since Taiwan-based companies are among the leaders in the chip industry, a war would likely cause severe and long-lasting disruptions to chip supply chains. The Bundesdruckerei Group uses chips in many of its products and is therefore exposed to a procurement risk, which could lead to production interruptions if it occurs. This also poses a price risk.

Due to global networking, geopolitical uncertainties are increasingly affecting the German market as well as the success of the internationally oriented joint venture Veridos and the minority shareholding Dermalog. There is still a strong threat of war and terrorism and thus migration from crisis regions and this poses a major challenge for European countries. The ongoing political instability in the sales regions of Veridos and Dermalog continues to increase business risks.

Overall, it can be assumed that the serious economic-political and financial-economic effects of the crises described above will continue to be felt over the coming years and will influence the business development of the Bundesdruckerei Group.

Risks and opportunities from the sector, market, and competition

Although the Bundesdruckerei Group's national sovereign ID business for the production of ID cards, passports, and electronic residence permits is based mostly on long-term framework agreements with the respective federal authorities, the Bundesdruckerei Group is largely dependent on demand for German ID documents. This may result in both opportunities and risks for sales.

In addition, risks and opportunities arise as customer demands change. Customers for security documents and systems expect existing documents to be upgraded with new security features to reduce the risk of forgery or misuse. The increasing coexistence of physical documents and their digital counterparts offers opportunities to design an expanded system landscape. The European Union, for instance, has commissioned its Member States through a tender process to design and field test cross-border use cases for digital identities and credentials by 2025. In contrast, there is a risk that other technology providers will enter the market and compete with the Bundesdruckerei Group in the course of technological progress and increasing digitalization.

Overall, the Bundesdruckerei Group is subject to market risks for sales volumes and price developments. Volumes on the domestic market as well as the price situation for both domestic and foreign business may determine whether or not the assumed targets are reached.

As digitalization advances, the need for secure and compliant solutions among public authorities and companies has steadily increased in recent years, with the Covid-19 pandemic generating a further boost.[38] Digital transformation is the economic, social, and technical driver of the near future, and it is changing almost all areas of life. This has opened up new business areas for the Bundesdruckerei Group, enabling it to offer system solutions for the secure management of identities and data over their entire life cycle.

Due to the company's strategic orientation to target customers and target markets, there is a dependence on the Federal Government's digitalization strategy in the growth area of digital transformation. In this respect, it should be noted that the financial resources of the public sector are directly determined by the adopted decision on the distribution of the federal budget with regard to the digitalization sector, which means that customer demand and market volumes may vary over the course of time. Due to the pronounced recessionary tendencies and the associated real decline in tax revenues and increased use of funds to cope with the crises, the risk of budget funds not being available is increasing. In addition, competitive pressure can be expected to increase, as many large and small competitors are penetrating the digitalization market.

Generally speaking, the pace of new technological developments, growing product complexity, and new market participants are leading to a price war and evershorter product development cycles for all divisions of the Bundesdruckerei Group. Against the backdrop of demanding, complex, and short-term customer demands, the pressure to implement and perform is increasing for the Bundesdruckerei Group and could lead to a higher risk for the implementation of customer projects, particularly due to difficulties recruiting the necessary staff. Furthermore, there is a risk with regard to the acceptance of new products on the market and the timely market readiness of products.

The internationally accessible market for banknote business continues to be characterized by excess printing capacities and predatory competition. As a manufacturer of European banknotes, the Bundesdruckerei Group constantly faces stiff competition for orders. As a result, it is difficult to assess the impact on the group's order situation. In order to actively counter this risk, attempts are being made to compensate for falling margins in printing business through selective acquisition of European and international orders in order to fully utilize production capacity with adequate profitability.

In addition, the topic of digital payment methods is moving more into the international focus, above all the Central Bank Digital Currency of the central banks. In this regard, major central banks around the world are currently in the process of researching, piloting, or live operation. The market is reshaping and more competitors are penetrating the market, increasing competitive pressure for the Bundesdruckerei Group.

38 See the eGovernment MONITOR 2021 study by Initiative D21 and the Technical University of Munich, conducted by Kantar.

Risks and opportunities from political developments and regulation

The business development of the Bundesdruckerei Group continues to be determined by international, European, and national legal regulations for security equipment and the validity of certified products. Stricter security requirements result from dynamic technological developments, global networking, and its risks, as well as political changes. New regulations and ordinances as well as protection against new cyber attacks demand greater, constantly rising maintenance and updating efforts.

The German ID Systems division of the Bundesdruckerei Group is directly dependent on the statutory regulations governing passports and ID cards for German citizens. In principle, potential amendments to the legal framework could trigger lasting changes in market mechanisms, which could cause not only positive but also negative effects on the company's business situation.

In the Credential Management Systems division, new laws and regulations (for instance, Telecommunications Act, Money Laundering Act) are opening up potential new customer groups in the private sector. Identity verification is no longer restricted to sovereign institutions and border control points, but also takes place in self-service at companies, be it centrally or mobile via smartphones. At the same time, laws and regulations are paving the way for completely new types of documents, such as the driver qualification card or non-fiscal security stamps.

The Secure Digitalisation Solutions division is expected to generate further sales potential due to growing demand for regulated products as a result of the increasing regulation of digitalization and security. Primarily with regard to identity and data management, there are several laws, standards, and regulations (for instance, GDPR, BSI guidelines, VS-NfD, eIDAS, gematik specifications) that companies and administrations are required to take into account. This leads to potential business opportunities for the Bundesdruckerei Group. The influence of the eIDAS revision deserves special mention as this will strengthen the issue of trust services as a central element in the new EU wallet architecture. Strong momentum can also be expected from the field of e-health, especially with regard to new security approaches such as "zero trust architectures." In addition, the high dependence on political decisions and implementation deadlines also poses a risk. For example, the introduction date of the e-prescription directly affects demand for the health professional card and therefore sales of the Bundesdruckerei Group.

However, this rapid digital development also poses risks for public authorities, companies, individuals, and thus for the social systems themselves should the related components fail or be compromised. It is therefore essential for the further digitalization of both society and the economy that the emerging digital data infrastructures and processes as well as all the parties and objects involved in them are reliably and effectively protected against these risks.

Financial risks and opportunities

The Bundesdruckerei Group is subject to fundamental liquidity and default risks with respect to its assets, liabilities, and receivables. Default risks with regard to loan receivables from associated companies are also influenced by those companies' operating business opportunities and risks. In order to protect against default risks, the Bundesdruckerei Group relies on a robust capital structure. The Bundesdruckerei Group is secured by incoming payments from operative business, cash on hand, and additionally by a loan agreement which includes, among other things, a short-term credit facility.

The risk of bad debts in operative business is currently still considered to be low due to the predominantly public-sector customer structure of the Bundesdruckerei Group.

The Bundesdruckerei Group counteracts the ongoing uncertainty on the finance markets with regard to the stability of credit institutions by diversifying its financial investments and continuously monitoring counterparty risk to prevent a loss of liquid funds. The ongoing Covid-19 pandemic, Russia's war of aggression against Ukraine, and high inflation are also exacerbating uncertainty on the markets, so that the company's investment strategy is characterized by a consistent redistribution of liquid funds to banks with relatively high ratings.

Increasing global debt, political instability, and the risk of a further rise in inflation are leading to increasing risks on financial markets. Tighter monetary policy and easing supply bottlenecks are expected to reduce inflationary pressures in 2023, but an increase in core inflation, higher energy prices and second-round effects due to higher labor costs are likely to slow down the decline. Overall, the downturn on capital markets had a negative impact on the performance of the CTA in 2022. Further unfavorable effects on the performance of the CTA and the financial result of the Bundesdruckerei Group cannot be ruled out for the coming years.

As a result of international influences on the marketing of its porfolio, the Bundesdruckerei Group is subject to a range of tax systems as well as import, export, and sanction regulations which would have a restricting effect on international business transactions.

Operating risks and opportunities

The Bundesdruckerei Group is fundamentally exposed to a production loss risk, especially in the time-sensitive high-volume production of ID documents. The risk of downtime is countered by providing several production lines and different working hour models to ensure that promised delivery times are met, even in phases of higher order volumes. Extensive quality controls are also applied to minimize the risk of production errors and this reduces the risk of additional expenses.

As a manufacturer of high-security documents, the Bundesdruckerei Group uses special materials and components which are often only offered by a limited number of suppliers on the market. Failure to deliver by suppliers and the dependency on specific suppliers can lead to material bottlenecks with negative effects on the Bundesdruckerei Group's ability to deliver and its corresponding business activities. The impact of geopolitical crises and the aftermath of the Covid-19 pandemic on global supply chains continue to pose challenges for the Bundesdruckerei Group. The Group's ability to deliver is guaranteed by appropriate structuring of supplier contracts as well as by expanded inventory management, especially in times of pandemic.

As the IT security company of the Federal Republic of Germany, the Bundesdruckerei Group is highly dependent on the IT services, applications, networks, and systems used in addition to the manufacturing industry. Risks are seen, on the one hand, in possible failures or disruptions of the IT infrastructure. On the other hand, cyber risks represent one of the most significant risk areas for the Bundesdruckerei Group. In particular, the Group's increased digitalization activities with regard to products and solutions have significantly raised public awareness of the Bundesdruckerei Group, which could bring the Group into stronger focus as a potential target for possible attacks. The aggravation of the geopolitical situation, triggered by Russia's war of aggression against Ukraine, may also lead to an increased risk situation in this context for the Bundesdruckerei Group as a government-related company. In addition to the fundamental risk of failure of the Group's IT infrastructure and the systems operated on behalf of customers, risks relating to data manipulation and data leakage in particular are seen as possible consequential risks. In order to reduce this risk potential, the Group relies on the use of adequate and state-of-the-art technologies, processes, and security systems as well as redundant systems with high availability. In addition, cyber insurance was already taken out some years ago.

The current labor market situation remains very tense. In particular, recruiting staff to fill specialist functions in IT and data management at the Bundesdruckerei Group continues to be increasingly challenging. Finding qualified staff often takes a long time and involves increased financial expenditure. This can lead to performance loss and brain drain if qualified staff cannot be found in time to fill vacant positions. In addition, personnel expenses are marked by rising staff numbers, wage increases, and a generally rising salary level.

The Bundesdruckerei Group, like any other company, is also generally exposed to the risk of legal disputes. In addition, administrative tasks are constantly increasing, especially due to the ever-increasing complexity of legislation. Both of these aspects could lead to higher expenses.

3.1.3 Overall assessment of the risk situation

Growing geopolitical uncertainty, the shortage of raw materials and intermediate products as a result of the energy crisis in Germany, as well as strained supply chains, increasing regulatory requirements, the shortage of highly qualified workers, and the effects of the pandemic are leading to increased stability risks. In the event of a further escalation of Russia's war of aggression against Ukraine beyond regional borders or an attack by China on Taiwan, these risks and uncertainties would increase massively and have a negative impact on the business development of the Bundesdruckerei Group. In addition, the main challenges for the Bundesdruckerei Group result in particular from the effects of the digital transformation on ID business, the technological change in the development of secure digital infrastructures, stiffer competition in banknote business, the threat of cyber attacks, as well as uncertainty regarding available budget funds and the Federal Government's spending policy.

There were no risks to the continuation of the Bundesdruckerei Group as a going concern during the 2022 financial year nor at the time these consolidated financial statements were prepared.

3.2 Outlook

Following a strong 2022 financial year in which sales revenues surpassed the € 900 million mark for the first time, the Bundesdruckerei Group expects a slight increase in sales revenue of 2% for the 2023 financial year. Applying the long-term sales cycles, a significant decrease in sales with the main products is expected while strong growth is planned for the Credential Management Systems, Secure Digitalisation Solutions, and Value Printing divisions. In addition, other operating income is expected to be significantly lower in 2023 compared to 2022. The expenditure side is marked by a higher material expenditure ratio (in relation to total output), a significantly higher personnel expenses ratio due to rising employee numbers and personnel cost increases (in relation to total output) as well as lower operating expenses and rising depreciation and amortization. Correspondingly higher infrastructure costs are budgeted for sustainability topics. The EBIT target for 2023 is therefore considerably lower than in 2022.

The earnings situation of all the divisions remains highly uncertain in 2023 due to Russia's war of aggression against Ukraine and the associated uncertain geopolitical situation, and the impact on budgets and project priorities. At present, it is not yet possible to assess in which other economic areas and to what extent the Bundesdruckerei Group will be affected by the Russia-Ukraine war.

3.2.1 German ID Systems division

Planned sales for 2023 in the German ID Systems division are expected to be close to 30% below the previous year's sales. Sales of all three main products are expected to decline compared to 2022. On the one hand, the special effects from 2022 are not expected to continue in 2023. In 2022, these effects led to extremely high sales of electronic residence permits due to catch-up effects after two years of low passport sales during the Covid-19 pandemic and high demand from Ukraine war refugees and other asylum seekers. On the other hand, the sales volumes of the main products follow a cyclical demand pattern, which results fundamentally from the validity period of the documents, which means that sales of ID cards can be expected to decline considerably in 2023 due to this cycle. New business and digital identity projects will only partially compensate for lower sales volumes of the main products. Despite long-term supply contracts for the main products, a planning risk still exists with regard to sales volumes because there are no actual purchase commitments. The negative effects of Russia's war of aggression against Ukraine and the lingering effects of the Covid-19 pandemic may continue to impact the travel behaviour of German citizens. Sales volumes may therefore be lower than expected, especially in the case of passports.

Rising additional depreciation for new production facilities for electronic residence permits and passports, expected price increases on the procurement side, as well as higher personnel expenditure due to the wage agreement are the reasons for a significantly lower EBIT expectation in 2023.

3.2.2 Credential Management Systems division

According to the forecast, sales revenues in the Credential Management Systems division in 2023 will increase by 20% against 2022. The main reasons for this expectation are projects relating to the design and implementation of the multifunctional electronic service card, an international passport order, increasing volumes of EU visa and vehicle documents, as well as new digitalization solutions.

On the expenditure side, rising personnel costs and depreciation are expected, as well as significantly higher product development costs (including further development and renewal of the VISOCORE and VISOTEC identity verification solutions, new development of the self-service terminal, and development work for digital credentials) and marketing expenses. The resulting EBIT is therefore significantly below that of the previous year.

3.2.3 Secure Digitalisation Solutions division

Sales development planning in the Secure Digitalisation Solutions division continues to be very ambitious: In 2022, sales increased by approx. 12%. Sales in 2023 are expected to increase by approx. another 50% compared to 2022. The following sales drivers are expected: the telematics infrastructure cards (especially the health professional card), projects relating to data analysis (for instance, PLAIN and PREVIEW), services for interdepartmental electronic communication of classified information, as well as genugate and genuscreen. The sales planned for this division have already been secured to some extent in contracts. The sales volumes planned for the health professional card are directly dependent on the legal framework conditions and customer call-off behavior.

Despite rising material and personnel costs as well as higher investment-related amortization and depreciation, manufacturing costs are expected to be down in proportion to sales due to the planned change in the product mix. To enable future sales growth, research and development costs will increase in 2023, with the focus being on the further development of the existing product portfolio.

This division is expected to close with a significantly higher EBIT in 2023.

The forecast for this division is exposed to risks, for instance, due to project delays, changing legal deadlines or budget restrictions, but also open to opportunities arising from the growing need for secure digitalization solutions.

3.2.4 Value Printing division

A significant increase in sales by around 20% is expected for the Value Printing division in 2023. This primarily results from the higher volumes in the banknote segment, on the one hand for euro banknotes and on the other hand from the strategic expansion of the customer base through the acquisition of international banknote orders. Planned banknote sales have not yet been fully secured in contracts for 2023.

Sales with sensor systems, inks, and servicing of the machine-readable high-security system for the European System of Central Banks (ESCB) are forecast to be slightly lower in 2023.

With regard to the production and delivery of postage stamps, a framework agreement for stamp rolls is in place with Deutsche Post AG, Bonn. In the 2023 financial year, sales revenues are expected to remain flat.

This division's EBIT will remain negative due to the price situation in banknote printing. In order to implement the strategy of this division, the prerequisites for stabilizing and improving earnings in the long term must be created in the years to come, both in terms of personnel and technology. As a result, earnings are expected to deteriorate significantly compared to the 2022 financial year.

3.2.5 Infrastructure and Service division

The Infrastructure and Service division includes sales and costs that cannot be clearly attributed to other divisions. As expected, sales are currently marginal and no significant change is expected here in the years to come. EBIT is negative due to vacancy costs of buildings under renovation, which is also expected for the year to come.

3.2.6 Forecast in respect of investments and cash flow

Cash flow from operating activities for 2023 is expected to be clearly lower than in the previous year. Furthermore, very high planned investment volumes and the payment into the Contractual Trust Arrangement to fund pension obligations will lead to slightly negative cash flow according to our expectations.

The Group's investment activities in 2023 focus on investments in production, in particular, to shorten the turnaround times of the electronic residence permit, and various new and replacement investments in passport and ID card production, as well as banknote production. In addition, investments are planned in infrastructure, IT, and the system infrastructure of the passport/ID card system, among other things. The planned reinvestment quota for 2023 is over 130% (relating to intangible and tangible fixed assets).

As in previous years, investment and financing projects will be implemented without any external financing.

Taking into account the high level of liquid assets as well as the available credit line, the Executive Board considers the Group's liquidity to be secure throughout the forecast period based on current knowledge.

4 Non-Financial Report Pursuant to Sections 315 b et seqq. HGB

The non-financial report is to be issued in accordance with No. 8.1.3 of the Federal Government's Public Corporate Governance Code in conjunction with Sections 315b et seqq. of the German Commercial Code (HGB, *Handelsgesetzbuch*). It is part of the Bundesdruckerei Group's declaration on the German Sustainability Code and will be made permanently available on our website[39] when it is published in accordance with Section 315b (3) No. 2 Letter b HGB.

39 https://www.bundesdruckerei.de/de/konzern/nachhaltigkeit

5 Internal Control System and Risk Management System Relating to the Group Accounting Process

The financial division responsible for accounting specifies the accounting standards applicable throughout the Group and compiles the information required to prepare the consolidated financial statements. Significant risks for the accounting process can result from the required information not being received in a system-supported form completely and correctly within the specified time. A precondition for avoiding these risks is clear instructions communicated to everyone involved. Late or incorrect posting of business transactions or non-adherence to accounting rules are also risks that affect accounting. Since responsibilities are separated in the accounting process and various plausibility checks, as well as detailed checklists for the corresponding closing dates, are in place for reporting, it is possible to minimize these risks. The accounting process is a component of the Bundesdruckerei Group's risk-opportunity management, ensuring that accounting-related risks are identified at an early stage and that appropriate countermeasures are implemented. The established internal control system is designed to ensure the correctness of the Bundesdruckerei Group's financial reporting so that material inaccuracies or infringements can be detected and corrected at an early stage. The effectiveness of the internal control system is regularly reviewed by the Supervisory Board in collaboration with the Executive Board and the Internal Audit department.

6 Utilization of Financial Instruments

The euro is the preferred contract currency for export projects. In the event of a business transaction being concluded in a foreign currency, the exchange rate risk is hedged by forward exchange transactions in order to counteract any volatile market conditions among foreign currency exchange rates. The currency hedging transactions are matched to the underlying transactions with regard to maturity and value and therefore form a valuation unit. As of December 31, 2022, hedging transactions existed in the form of forward exchange and currency swap transactions with a volume of USD 5.16 million to hedge the exchange rate risks from future US-dollar receivables.

Berlin, May 10, 2023

Dr. Stefan Hofschen
Chairman of the Executive Board (CEO)

Christian Helfrich
Managing Director (CFO)

Consolidated Financial Statement for the Financial Year

from January 1 to December 31, 2022

Consolidated Balance Sheet as of December 31, 2022

	12.31.2022 €	12.31.2021 €
ASSETS		
A. Fixed assets		
I. Intangible assets		
1. Concessions, industrial property and similar rights and assets, and licenses in such rights	4,614,227.00	4,015,492.35
2. Goodwill	784,415.98	1,417,529.42
3. Payments on account	115,387.81	0.00
	5,514,030.79	5,433,021.77
II. Tangible assets		
1. Land, similar rights and buildings, including buildings on leasehold land	166,220,909.96	167,744,708.41
2. Technical equipment and machinery	70,267,220.90	78,131,908.80
3. Other equipment, factory and office equipment	53,161,526.89	33,678,148.04
4. Payments on account and construction in process	50,904,584.62	29,097,413.48
	340,554,242.37	308,652,178.73
III. Financial assets		
1. Shares in associated companies	8,037,588.39	3,427,820.83
2. Receivables from companies in which participations are held	3,200,000.00	0.00
	357,305,861.55	**317,513,021.33**
B. Current assets		
I. Inventories		
1. Raw materials and supplies	45,410,195.40	36,185,919.62
2. Work in process	65,220,287.54	43,215,530.24
3. Finished goods and merchandise	21,610,053.42	22,879,822.31
4. Payments on account	7,983,543.74	4,795,600.47
	140,224,080.10	107,076,872.64
II. Receivables and other assets		
1. Trade accounts receivable	88,584,062.22	89,904,473.33
2. Receivables from companies in which participations are held	845,437.17	5,251,439.89
3. Other assets	8,312,818.48	6,142,413.95
	97,742,317.87	101,298,327.17
III. Cash on hand, bank balances and checks	353,896,841.02	274,164,255.82
	591,863,238.99	**482,539,455.63**
C. Prepaid expenses and deferred charges	**16,453,113.29**	**12,368,440.64**
D. Debit difference from asset offsetting	**3,788.94**	**0.00**
	965,626,002.77	**812,420,917.60**

Consolidated Balance Sheet as of December 31, 2022

	12.31.2022 €	12.31.2021 €
LIABILITIES		
A. Shareholder's equity		
I. Subscribed capital	11,100,000.00	11,100,000.00
II. Capital reserves	353,229,536.81	353,229,536.81
III. Cumultive losses carried forward	−2,837,233.14	−76,412,999.76
IV. Dividend distribution	−20,000,000.00	−5,756,942.00
V. Consolidated net income for the year	128,890,580.73	79,332,708.62
VI. Adjustment from currency translation	−68,984.95	−58,845.18
	470,313,899.45	**361,433,458.49**
B. Accruals		
1. Provisions for pensions and similar obligations	147,395,528.15	151,450,793.52
2. Provisions for taxation	54,506.68	22,929,272.89
3. Other provisions	194,422,172.62	179,748,182.69
	341,872,207.45	**354,128,249.10**
C. Liabilities		
1. Liabilities to banks	12,647.18	12,129.81
2. Payments received on account of orders	68,567,036.34	25,322,976.83
3. Trade accounts payable	36,274,352.32	29,642,756.20
4. Payables to companies in which participations are held	2,308,336.41	2,513,309.93
5. Other liabilities	13,796,171.21	17,992,911.79
	120,958,543.46	**75,484,084.56**
D. Deferred income	**32,481,352.41**	**21,375,125.45**
	965,626,002.77	**812,420,917.60**

Consolidated Income Statement
for the Period from January to December 31, 2022

		2022 €	2021 €
1. Sales revenue	907,184,388.21		773,996,139.01
2. Increase in finished goods and work in process	16,651,325.43		9,900,070.34
3. Own work capitalized	3,301,569.56		5,664,294.42
		927,137,283.20	789,560,503.77
4. Other operating income (of which from currency translation: € 359,111.77; previous year: € 96,774.23)		31,037,944.39	49,080,884.26
		958,175,227.59	838,641,388.03
5. Cost of materials			
a) Cost of raw materials, supplies and purchased merchandise	118,641,334.91		130,497,609.02
b) Cost of purchased services	68,548,626.33		58,578,806.84
		187,189,961.24	189,076,415.86
6. Personnel expenses			
a) Wages and salaries	245,175,765.89		203,936,258.89
b) Social security, pension and other benefits (of which old-age pensions: € 7,001,235.95; previous year: € 8,647,926.25)	49,177,684.34		49,714,661.41
		294,353,450.23	253,650,920.30
7. Amortization and depreciation of intangible and tangible fixed assets		50,326,373.88	48,446,104.22
8. Other operating expenses (of which expenses for currency translation: € 496,444.61; previous year: € 286,321.11)		198,541,919.89	179,619,855.83
		227,763,522.35	167,848,091.82
9. Income from associated companies	–5,390,232.45		9,271,162.45
10. Income from long-term loans	557,548.89		839,452.53
11. Other interest and similar income (of which from discounting: € 173,909.58; previous year: € 1,093,283.02)	959,503.56		1,498,980.72
12. Writedown of financial assets	0.00		27,058,117.65
13. Interest and similar expenses (of which from compounding: € 27,076,413.56; previous year: € 19,828,068.01)	28,670,093.93		20,850,774.58
		–32,543,273.93	–36,299,296.53
14. Taxes on income (of which from changes in deferred taxes € 0.00; previous year: € 0.00)		65,743,314.68	51,795,676.44
15. Earnings after taxes		**129,476,933.74**	**79,753,118.85**
16. Other taxes		586,353.01	420,410.23
17. Consolidated net income for the year		**128,890,580.73**	**79,332,708.62**

Notes to the Consolidated Financial Statements of Bundesdruckerei Gruppe GmbH, Berlin,

for the Financial Year from January 1 to December 31, 2022

A General information

Bundesdruckerei Gruppe GmbH, Berlin (hereinafter referred to as: Bundesdruckerei Gruppe GmbH) as the parent company has its registered office in Berlin and is registered with Charlottenburg Local Court *(Amtsgericht Charlottenburg)* under number HRB 80443. The annual financial statements of the consolidated subsidiaries and the consolidated financial statements are prepared in accordance with the accounting provisions for corporations of the German Commercial Code (HGB, *Handelsgesetzbuch*), taking into account the German Limited Liability Companies Act (GmbHG, *Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) in the currently valid version, and the accounting and valuation methods described in the Group accounting manual.

The subscribed capital and reserves as well as the profit carried forward are translated at historical exchange rates. Any currency differences are reported at their cumulative value in a separate item of equity. The assets and liabilities of the foreign companies are translated into euros for consolidation purposes as of the balance sheet date. Any translation differences arising from this are recognized in profit or loss.

Depreciation on tangible assets and the net income or net loss for the year are translated at average exchange rates for the year, as are other expense and income items. The resulting difference is recognized in profit or loss.

Terms of maturity and 'of which' disclosures in the balance sheet are explained in the Notes in order to improve the clarity of the presentation.

B Disclosures on the scope of consolidation

The following group companies have been included in the consolidated financial statements:

	Subscribed capital of the company K€	Shareholding quota %
Bundesdruckerei Gruppe GmbH (Group management)		
Bundesdruckerei GmbH, Berlin (Bundesdruckerei GmbH)	11,100	100.0
D-Trust GmbH, Berlin (D-Trust)	100	100.0
iNCO Spółka z o. o., Wawrów, Poland (iNCO)	24	100.0
Maurer Electronics GmbH, Munich (Maurer)	70	100.0
Maurer Electronics Split d. o. o., Split, Croatia (Maurer Split)	3	100.0
genua GmbH, Kirchheim bei München (genua)	50	100.0
Xecuro GmbH, Berlin (Xecuro)	1,000	100.0

The shareholding quota corresponds to the proportion of voting rights.

The following associated companies have been included in the consolidated financial statements as associated companies:

	Subscribed capital of the company K€	Shareholding quota %
Veridos GmbH, Berlin (Veridos)	1,000[1]	40.0
DERMALOG Identification Systems GmbH, Hamburg (Dermalog)	437[2]	22.4

1 Pursuant to HGB annual financial statements as of December 31, 2022
2 Pursuant to HGB annual financial statements as of December 31, 2021 – annual financial statements for 2022 are not yet available.

The shareholding quota corresponds to the proportion of voting rights.

In accordance with the joint venture agreement of September 7, 2017, Bundesdruckerei Gruppe GmbH acquired 11.1% of the shares in Verimi. The company has not participated in the capital increases of Verimi that have taken place since then. In 2022, a decision was made to increase the capital again to € 20,186K and this was recorded in the Commercial Register in July 2022. Bundesdruckerei Gruppe GmbH did not participate in this capital increase. The share in the share capital of Verimi thus amounts to only 0.7% as of December 31, 2022.

The company's equity is broken down as follows:

Verimi GmbH, Berlin (Verimi) (shareholding of 0.7%)	12.31.2021[1] K€	12.31.2020 K€
Subscribed capital	14,441	4,091
Shareholder's equity	9,640	15,307
Annual result	–95,048	–19,253

1 Annual financial statements for 2022 are not yet available

Given the share of only 0.7% (previous year: 1.0%), Bundesdruckerei Gruppe GmbH has no significant influence on the business and financial policies of Verimi. Therefore, the company is not included in the consolidated financial statements as an associated company, but as a long-term equity investment.

C Consolidation methods

In the consolidated financial statements, the annual financial statements of Bundesdruckerei Gruppe GmbH are combined with the annual financial statements of the subsidiaries in which Bundesdruckerei Gruppe GmbH holds a participating interest. Bundesdruckerei Gruppe GmbH's shares in the other consolidated companies are generally replaced in the consolidated balance sheet by the assets, liabilities, deferred items, and accounting aids of the subsidiaries (full consolidation, Section 300 (1) HGB). For additions to the scope of consolidation up to December 31, 2014, the first-time capital consolidation of the subsidiaries was carried out in accordance with Section 301 (1) No. 1 HGB old version and Section 307 HGB (book value method to the date of initial preparation of the consolidated financial statements or to the date of initial inclusion in the scope of consolidation). In the case of additions to the scope of consolidation after December 31, 2014, initial consolidation is carried out in accordance with Section 301 HGB applying the revaluation method and taking deferred taxes into account. Any differences between the value recognized for long-term investments and the respective revalued pro-rata equity are recognized as goodwill and amortized with effect on income in accordance with their expected useful life pursuant to Section 309 (1) in conjunction with Section 253 (3) sentence 2 HGB and in accordance with German Accounting Standard *(Deutscher Rechnungslegungsstandard)* No. 23.

For the consolidation of debt in accordance with Section 303 HGB, receivables and liabilities were netted against each other. The elimination of depreciation on tangible assets, each of which is based on supplies and services within the scope of the elimination of intercompany profits between the companies included in the consolidated financial statements, resulted in income of €121K, which was recognized in profit or loss in accordance with Section 304 HGB.

Expenses and income between the consolidated companies were netted in accordance with Section 305 HGB.

The initial consolidation of the companies D-Trust, Bundesdruckerei GmbH, and Maurer took place on December 31, 2000.

INCO was included in the consolidated financial statements with effect from January 1, 2002. The initial consolidation took place on the basis of the value ratios on the date of acquisition (November 5, 1999).

Bundesdruckerei Gruppe GmbH acquired 52% of the shares in genua with effect from August 1, 2015. The initial consolidation took place on the basis of the value ratios on the date of acquisition. In two further steps, the remaining 48% share in genua was acquired so that Bundesdruckerei Gruppe GmbH now holds 100% of the shares in genua. In accordance with the option in GAS (German Accounting Standard) 23 text No. 171, the increase in shares was shown as a capital transaction in accordance with GAS 23 text No. 175. The assets and liabilities were therefore not revalued.

With effect from April 30, 2019, Genua acquired 100% of the shares in cognitix GmbH, Leipzig (hereinafter referred to as: cognitix). The initial consolidation took place on the basis of the value ratios on the date of acquisition. cognitix was merged with genua in 2019. Goodwill, as well as the disclosed hidden reserves and charges, are amortized on a straight-line basis over a useful life of five years and shown in the income statement under the item depreciation and amortization. The useful life of five years was chosen based on the acquired software, the acquired know-how, and the resulting synergy effects. Goodwill determined for cognitix as of April 30, 2019, amounted to €3,138K. As of December 31, 2022, goodwill (after amortization of €628K) amounts to €784K.

Maurer Split was established by Maurer per founding declaration dated June 27, 2017. Maurer Split provides IT development services for Maurer. There are no hidden reserves. Acquisition costs exceeding the share capital were capitalized as goodwill amounting to €52K and amortized on a straight-line basis over a useful life of five years. The amortization period was chosen based on the expected useful life of the company's current technology know-how. In the financial year, €6K was written off with an effect on income. Goodwill is therefore fully amortized as of December 31, 2022.

Xecuro, established in 2021 by Bundesdruckerei Gruppe GmbH, is included in the consolidated financial statements as a fully consolidated company in accordance with Section 300 HGB. The acquisition costs of Xecuro correspond to its share capital, so no goodwill exists. No hidden reserves and charges exist.

Unless stated otherwise, the following information on the associated companies refers to December 31, 2022:

	Veridos GmbH K€	**DERMALOG Identification Systems GmbH** K€
Book value within Bundesdruckerei Gruppe GmbH – Group	4,457	3,581
Pro-rata equity	3,373[1]	3,581[2]
Difference between book value and pro-rata equity	1,084	0
Goodwill included	0	0

1 Pursuant to HGB annual financial statements as of December 31, 2022
2 Pursuant to HGB consolidated annual financial statements as of December 31, 2021 – consolidated annual financial statements for 2022 are not yet available.

The shares in Dermalog were included for the first time in the consolidated financial statements as of December 31, 2012, with retroactive effect as of June 30, 2012, in accordance with Section 312 (1) HGB. For the updating of the carrying amount of the equity investment by the changes in equity of the respective year in accordance with Section 312 (4) in conjunction with (6) sentence 1 HGB, the most recent consolidated financial statements of the company, prepared in accordance with HGB, are used as a basis for Dermalog. These were the consolidated financial statements as of December 31, 2021, prepared in accordance with HGB.

The shares in Veridos were included for the first time in the consolidated financial statements as of December 31, 2015, with retroactive effect as of January 1, 2015, in accordance with Section 312 (1) HGB. In accordance with the agreement of May 21, 2014, last amended by the 2nd amendment of December 22, 2014, Giesecke & Devrient GmbH, Munich, and Bundesdruckerei Gruppe GmbH operate the company as a joint venture. For the updating of the carrying amount of the equity investment by the changes in equity of the respective year in accordance with Section 312 (4) in conjunction with (6) sentence 2 HGB, the result of the company's most recent consolidated financial statements according to IFRS and adjusted to HGB valuation methods is used as a basis for Veridos (pro-rata result as of December 31, 2022: € –8,259K). If the pro-rata equity attributable to Bundesdruckerei Gruppe GmbH changes as a result of proportional capital measures at Veridos, this is recognized without effect on profit or loss when the carrying amount of the investment is updated. If the pro-rata equity of Veridos attributable to Bundesdruckerei Gruppe GmbH changes due to non-proportional capital measures, this is recognized in profit or loss when the carrying amount of the investment is updated. In the event of a negative equity value, equity-like items, such as long-term unsecured loans issued, are included in the update.

D Accounting and valuation principles

The annual financial statements of the consolidated companies were prepared as of the reporting date of the consolidated financial statements. Accounting and valuation within the scope of the included annual financial statements takes place in a uniform manner according to the methods applied by Bundesdruckerei Gruppe GmbH (Section 308 HGB). The same procedure is applied to domestic associated companies.

The main accounting and valuation principles are unchanged from the previous year with one exception. The exception relates to the accounting practice to be applied for the first time in the financial year, i.e., IDW Accounting Practice Note FAB 1.021 regarding the valuation of reinsurance.

No use is made of the option to recognize internally generated intangible assets as fixed assets in accordance with section 248 (2) sentence 1 HGB.

Intangible assets acquired against payment are capitalized at cost of purchase, less scheduled straight-line amortization and, where applicable, less unscheduled amortization. The useful life was generally assumed to be three to five years or the respective term of the license agreement.

Goodwill purchased for consideration is recognized at cost less scheduled straight-line amortization and, where applicable, less unscheduled amortization. The useful life is determined taking into account the expected life cycles of the products and knowhow associated with the acquired companies.

Tangible assets (property, plant, and equipment) are carried at cost of purchase or cost of production, less scheduled straight-line depreciation and, if applicable, unscheduled depreciation. The scope of acquisition costs was in accordance with Section 255 (1) HGB. Manufacturing costs include direct and overhead costs for materials and production in accordance with Section 255 (2) HGB. Investment subsidies granted under the German Investment Subsidies Act *(Investitionszulagengesetz)* are not deducted, but immediately recognized as income if they relate to past years.

The depreciation period corresponds to the useful life that is customary in the industry or business. Where the fair value of individual assets was lower than their book value, additional unscheduled writedown is recognized if permanent impairment is expected. Land, similar rights, and buildings, including buildings on leasehold land, are depreciated over a period of between two and 50 years, while technical equipment and machinery as well as other equipment, factory and office equipment are depreciated over a period of between one and 25 years.

Low-value assets with an individual value of between €250 and €800 are recognized as assets and written off in full in the year of acquisition.

Additional depreciation is applied where production machines are used in multiple shifts.

Shares in associated companies are recognized at the carrying amount resulting from consolidation or, in the event of a probable permanent impairment, at the lower fair value.

Long-term equity investments and loans to companies in which a participating interest is held are recognized at acquisition cost or at the lower fair value if permanent impairment is expected.

Raw materials, consumables, and supplies are valued at cost or purchase, taking into account the lower of cost or market principle. Finished goods and work in process are valued at cost of production or at fair value on the balance sheet date. Production costs include amounts that must be capitalized pursuant to Section 255 (2) HGB. Merchandise is recognized at the cost of purchase or at the lower fair value. All inventories are subject to marketability discounts where applicable. Payments on account are recognized at nominal value.

Receivables and other assets as well as bank balances and cash on hand are recognized at nominal value. Risks in receivables are taken into account through appropriate valuation allowances. A global allowance has been created to cover the general credit risk at an amount of 1% of the net receivables for which individual allowances have not been recognized. Receivables from the public sector have not been taken into account in this respect.

Prepaid expenses and deferred charges relate to expenditure prior to the balance sheet date, representing expenses for a specific period after the balance sheet date.

Deferred tax liabilities are recognized for existing differences between the figures shown in the commercial and tax accounts for assets, liabilities, and prepaid expenses and deferred charges, provided that the reduction of these differences results in an overall tax burden. Deferred tax assets are not recognized if, overall, this results in tax relief. If consolidation measures result in differences between the figures shown in the commercial accounts and tax accounts for assets, liabilities, or prepaid and deferred items, and if these differences are expected to decrease in later business years, a deferred tax liability is recognized for a total resulting tax burden and a deferred tax asset for a total resulting tax relief.

The subscribed capital and the capital reserve are recognized at nominal value.

Provisions for pensions and similar obligations are measured on the basis of an actuarial calculation using the projected unit credit method, taking into account the Heubeck 2018 G mortality tables. Provisions for pensions and similar obligations were discounted at a flat rate in accordance with Section 253 (2) sentence 1 HGB using the average market interest rate of the past ten years published by Deutsche Bundesbank for an assumed remaining term of 15 years. The applied interest rate used of 1.78% (previous year: 1.87%) corresponds to the rate for December 31, 2022, finally published by Deutsche Bundesbank in January 2023. Average wage and salary increases of 3.5% and 1.25% respectively for civil servants, average annual pension increases of 2.25%, and a fluctuation rate of 5% p.a. on average were assumed for determining the provisions for pensions and similar obligations.

The Bundesdruckerei Group grants its employees and their surviving dependents benefits in accordance with pension commitments and similar obligations should certain events occur. As protection against insolvency of the pension commitments and in order to create cover assets pursuant to Section 246 (2) sentence 2 HGB, the Bundesdruckerei Group transferred assets to Metzler Trust e. V. on condition that the latter holds the transferred assets for the Bundesdruckerei Group and for entitled parties for such safeguarding occurrence and has those assets managed and kept in safe custody (Contractual Trust Arrangement (CTA)) by a licensed bank as depositary institution.

The fund assets of the CTA as of December 31, 2022, consist of a special fund managed by a bank. The proportionate value (fair value) results from the fair value of investments listed on the stock exchange.

Pension and similar obligations are netted against assets that serve exclusively to meet retirement benefit and similar obligations which are protected from other creditors (so-called cover assets).

Earmarked, pledged, and insolvency-protected reinsurance policies are measured at fair value, corresponding to the tax asset value. IDW Accounting Practice Note FAB 1.021, which had to be applied for the first time in the 2022 financial year, was taken into account in the valuation of the reinsurance policies. The recognition of reinsurance policies covered by the Accounting Practice Note follows the primacy of the liabilities side. The effect from the first-time application of the Accounting Practice Note is shown in other operating income.

Net income-affecting changes to the discount rate, gains and losses from discounting, changes in the fair value of cover assets, and current income and/or expenses of cover assets are reported by the company in the financial result.

Tax provisions take into account all recognizable risks and contingent liabilities and are measured at the settlement amount which is necessary according to prudent commercial assessment.

The company grants its employees the possibility to build up credits for paid time off by converting remuneration components (working time accounts). The provisions for working time accounts were measured at the settlement amount on the basis of an actuarial calculation using the projected unit credit method, taking into account the Heubeck 2018 G mortality tables. The settlement amount is calculated using an average market interest rate of the past seven financial years with an assumed average remaining term of 15 years in accordance with Section 253 (2) sentence 1 HGB. The applied interest rate of 1.44 % corresponds to the rate for December 31, 2022, finally published by Deutsche Bundesbank in January 2023. In determining the provisions for working time accounts, an interest rate of 3% on the accrued account balances and a fluctuation of 5% p. a. on average were assumed.

As protection against insolvency due to claims by the entitled parties of working time accounts and in order to create cover assets pursuant to Section 246 (2) sentence 2 HGB, the Bundesdruckerei Group transferred assets to Metzler Trust e. V. on condition that the latter holds the transferred assets for the Bundesdruckerei Group and for entitled parties for such safeguarding occurrence and have those assets managed and kept in safe custody by a licensed bank as depositary institution (Contractual Trust Arrangement for working time accounts: hereinafter referred to as: CTA for working time accounts).

The fund assets of the CTA as of December 31, 2022, consist of a special fund managed by a bank. The proportionate value (fair value) results from the fair value of investments listed on the stock exchange.

Obligations from working time accounts are netted against assets that serve exclusively to meet these obligations which are protected from other creditors (so-called cover assets). In the event of surplus cover of the obligations from working time accounts by the cover assets, such surplus cover is recognized in a separate item as a difference on the assets side of the balance sheet.

Net income-affecting changes to the discount rate, gains and losses from discounting, changes in the fair value of cover assets, and current income and/or expenses of cover assets are reported by the company in the financial result.

Provisions for anniversary payments are recognized at the settlement amount, which is determined by actuarial calculation using the average market interest rate of the past seven financial years, corresponding to an assumed average remaining term of 15 years, pursuant to Section 253 (2) sentence 1 HGB. The applied interest rate of 1.44% (previous year: 1.35%) corresponds to the rate for December 31, 2022, finally published by Deutsche Bundesbank in January 2023.

Other provisions include provisions for indemnification obligations to pension beneficiaries. The valuation is based on the same calculation principles as for pension provisions. However, the indemnification obligations are discounted at the average market interest rate of the past seven years published by Deutsche Bundesbank. The applied interest rate of 1.44% (previous year: 1.35%) corresponds to the rate for December 31, 2022, finally published by Deutsche Bundesbank in January 2023.

Other provisions take into account all recognizable risks and contingent liabilities and are reported at the amount required to settle the obligation according to sound business judgement. Provisions with a remaining term of more than one year are discounted at the average market interest rate of the previous seven financial years corresponding to their remaining term, pursuant to Section 253 (2) sentence 1 HGB. Provisions with a remaining or original term of precisely one year or less are not discounted.

Liabilities are carried at their settlement amount.

Deferred income relates to income prior to the balance sheet date that represents income for a specific period after the balance sheet date. Private investment grants received for the acquisition and intended use of fixed assets are also reported here. The reversal to income is carried out on a straight-line basis over the period of intended use.

Business transactions in foreign currencies are generally recognized at the historic rate at the time of initial recognition. Balance sheet items are measured as follows on the balance sheet date in compliance with Section 256 a HGB:

Long-term foreign currency receivables are shown using the exchange offer rate at the time the receivable originated, or at the lower fair value based on the mean spot exchange rate on the reporting date (imparity principle). Liquid assets or other short-term foreign currency assets are converted at the mean spot exchange rate on the balance sheet date. This also applies in principle to short-term foreign currency receivables (remaining term of one year or less).

Long-term foreign currency liabilities are measured using the exchange bid rate at the point at which the liability originated or using the higher rate applicable on the reference date based on the mean spot exchange rate on the reporting date (imparity principle). Short-term foreign currency liabilities (remaining term of one year or less) are translated using the mean spot exchange rate on the balance sheet date.

If assets, liabilities, pending transactions, or highly probable transactions are hedged with financial instruments against changes in value or cash flow, they are combined into valuation units pursuant to Section 254 HGB. Recognition in the balance sheet is carried out using the net hedge presentation method.

The income statement was prepared using the total cost method pursuant to section 275 (2) HGB.

In the cash flow statement, the indirect method of presentation was chosen for the presentation of cash flows from operating activities.

E Notes to the consolidated balance sheet

Fixed assets

The structure of the fixed asset items disclosed in the balance sheet and their development in the course of the financial year are presented in the appendix attached to these notes.

Intangible assets

In addition to amortized acquisition costs for IT software and licenses as well as payments on account, this item mainly includes € 784K in goodwill from the initial consolidation. In the reporting year, goodwill was recognized in the amount of € 633K (previous year: € 638K).

Receivables from the shareholder

Bundesdruckerei Gruppe GmbH maintains a wide variety of relationships with its shareholder, the Federal Republic of Germany, and with other companies directly or indirectly controlled by the Federal Republic of Germany. The business relationships exist in each case directly with the individual authorities and other offices as individual customers independent of each other. Receivables from the shareholder Federal Republic of Germany amount to € 27,240K (previous year: € 38,583K). These are reported in the balance sheet under trade receivables.

Receivables and other assets

The maturities of accounts receivable and other assets are summarized below:

	12.31.2022 K€	12.31.2021 K€
Trade accounts receivable residual term of up to 1 year	88,584	89,904
Receivables from companies in which participations are held residual term of up to 1 year	845	5,251
Other assets residual term of up to 1 year	5,485	3,328
Other assets residual term of more than 1 year	2,828	2,815
Total	**97,742**	**101,298**

Receivables from companies in which participations are held are composed of trade receivables amounting to € 559K (previous year: € 3,955K) and other receivables in the amount of € 286K (previous year: € 1,296K).

Deferred taxes

Deferred tax assets and liabilities result from accounting and valuation differences at Bundesdruckerei Gruppe GmbH as well as its long-term equity investments Bundesdruckerei GmbH, D-Trust, Maurer, and genua, relating to the following balance sheet items:

Balance sheet item for deferred tax assets	**12.31.2022** K€	**12.31.2021** K€
Tangible/intangible assets	371	131
Provisions for pensions and similar obligations	52,887	54,252
Other provisions	20,919	22,664
Other	8,494	8,508
Deferred tax assets	**82,671**	**85,554**
Balance sheet item for deferred tax liabilities		
Tangible assets	12,314	11,696
Provisions for pensions and similar obligations	11,127	13,493
Deferred tax liabilities	**23,441**	**25,190**
Surplus of tax assets	**59,230**	**60,364**

The valuation was based on a combined tax rate (for trade tax, corporation tax, including solidarity surcharge) in the amount of 30.2%.

Deferred tax assets decreased by € 2,883K to € 82,671K in the 2022 financial year. Deferred tax liabilities decreased by € 1,749K to € 23,441K, so that the surplus on the assets side decreased by € 1,134K to € 59,230K.

Shareholder's equity

The consolidated statement of changes in equity is attached to the consolidated financial statements.

Subscribed capital totals € 11,100K and since October 8, 2009, has been fully held by the Federal Republic of Germany.

In accordance with the shareholder resolution of December 1, 2011, another contribution to the capital reserve was made in the amount of € 260,000K pursuant to Section 272 (2) No. 4 HGB. The capital reserve thus increased to € 359,900K. After taking into account the increase in shares in genua in the 2018 and 2020, financial years which, in accordance with the option right of GAS 23 Nos. 171 et seqq. were shown as capital transactions in accordance with GAS 23 No. 175, the capital reserve decreased to € 353,230K.

Pension provisions

Cover assets, mainly consisting of assets and reinsurance transferred to a trust for insolvency protection totaling € 179,018K (acquisition costs € 187,135K) were offset pursuant to Section 246 (2) sentence 2 HGB with the settlement amount for pension provisions totaling € 326,414K. After offsetting, pension provisions amount to € 147,396K. The offset cover assets generated income from interest and dividends amounting to € 17,338K which was offset against the current interest expense of the pension provision amounting to € 9,259K. The balance is reported under interest and similar expenses. The current interest expense of the pension provision consists of the interest expense for the year for the compounding of the pension obligation as well as the interest expense which is incurred as a result of changes to the relevant interest rate for the valuation of the pension provisions.

The difference in accordance with Section 253 (6) sentence 3 HGB between the valuation of the pension obligation at the average market interest rate of ten years and the average market interest rate of seven years (1.44%; previous year: 1.35%) amounts to € 12,903K in the Group.

€6,419K of the pension obligations (previous year: € 6,407K) relate to former managing directors.

Amounts barred from dividend payment

The amount not available for distribution at the parent company Bundesdruckerei Gruppe GmbH, resulting from the difference in accordance with section 253 (6) HGB between the valuation of provisions for pension obligations at a ten-year average interest rate and a seven-year average interest rate, amounts to € 7,765K. Due to sufficient freely available reserves, this amount was not barred from distribution as of December 31, 2022.

The difference between the cover assets measured at fair value and their acquisition costs is negative in the amount of € 5,360K and is therefore not subject to a profit transfer ban in accordance with Section 301 of the Stock Corporation Act (AktG, Aktiengesetz) in conjunction with Section 268 (8) HGB.

Other provisions

	12.31.2022 K€	12.31.2021 K€
Customer and project-related risks	122,320	110,567
Other personnel provisions	44,200	39,800
Indemnification obligations	22,394	23,286
Other risks	5,509	6,011
Early retirement compensation	0	85
Total	**194,422**	**179,748**

In other provisions, the assets transferred to a trust as protection against insolvency in the amount of € 1,342K (acquisition costs: € 1,411K) were offset against the settlement amount of € 23,736K pursuant to Section 246 (2) sentence 2 HGB. The offset cover assets include income from interest, dividends, and exchange rate development amounting to € 133K which was offset against the compounding expense of the indemnification provision (€ 10K). The balance is reported under interest and similar expenses.

After offsetting, indemnification obligations amounted to € 22,394K.

Other provisions include provisions for working time accounts. The settlement amount for the obligation from working time accounts totaling € 2,164K was offset against the assets transferred to a trust as protection against insolvency (CTA for working time accounts) pursuant to Section 246 (2) sentence 2 HGB. The fair value of the CTA for working time ccounts in the amount of € 2,167K (acquisition costs: € 2,157K) exceeds the value of the obligations by € 3K resulting in the recognition of an asset-side difference from the offsetting of assets pursuant to Section 246 (2) sentence 3 HGB. After offsetting, provisions for working time accounts amount to € 0K.

There was no interest expense from the provisions for working time accounts in the financial year. Accordingly, no interest expenses were offset against the expenses of the offset cover assets in the amount of € 35K from price development, dividends, and interest.

Liabilities

The maturities of liabilities are summarized below:

	12.31.2022 K€	12.31.2021 K€
Liabilities to banks residual term of up to 1 year	13	12
Payments received on account of orders residual term of up to 1 year	68,567	25,323
Trade accounts payable residual term of up to 1 year	36,102	29,471
Trade accounts payable residual term of more than 1 year	172	172
of which with a residual term of more than 5 years	0	0
Payables to companies in which participations are held residual term of up to 1 year	2,308	2,513
Other liabilities residual term of up to 1 year	13,696	17,921
of which taxes	10,072	14,782
of which social security payables	0	0
Other liabilities residual term of more than 1 year	100	72
Total	**120,959**	**75,484**

Payables to the shareholder

The Bundesdruckerei Group maintains a wide variety of relationships with its shareholder, the Federal Republic of Germany, and with other companies directly or indirectly controlled by the Federal Republic of Germany. The business relationships exist in each case directly with the individual authorities and other offices as individual customers independent of each other. There are no trade payables in the reporting year (previous year: € 2K). Payables from payments on account total € 65,330K (previous year: € 24,088K).

As in the previous year, payables to companies in which a participation is held result solely from trade payables.

Derivatives

As part of international business, an agreement existed as of December 31, 2022, that was concluded in foreign currency. The associated currency risks are hedged using derivative financial instruments.

Type, scope and purpose	Book value	Balance sheet items	Fair market value	Valuation method
8 forward exchange transactions for currency hedging of USD 5,160.1K	0	–	€ –115,808.49	Fair value method

Hedging transactions (details pursuant to Section 285 No. 23 HGB)

Details of valuation units:

	Currency hedging
Hedged underlying transactions/ expected transactions	USD receivables from supply and service agreement, fulfilment of which is expected to 100%
Hedged amount	USD 5,160,179.84 hedged in the amount of EUR 4,644,762.62.
Scope of hedging	100% of expected receivables
Hedging instrument	Forward exchange transactions and currency swaps
Hedged risk	Hedge currency risk USD-EUR; avoid cashflow risk from negative impact of currency development during the period
Type of valuation unit	Micro hedge
Extent of hedged risk on balance sheet date	USD 5,160,179.84 hedged in the amount of EUR 4,644,762.62. In the comparison of the original hedging rates with the valuation of the forward rates, a remaining risk in the amount of the market value of EUR -115,808.49 arises for Bundesdruckerei Gruppe GmbH as of December 31, 2022.
Reason for hedging the risk	Using hedging instruments results in a fixed currency exchange rate independent of the risks of exchange rate changes, which means that incoming payments from USD receivables can be forecast reliably. The concurrent USD underlying transaction (contract) and the concurrent USD hedging transaction (currency hedge) are provided with identical currency (USD) and identical period (contract period).
Hedging period	April 2017 to December 2024
Method for determining the effectiveness of the hedging relationship	Critical terms match method to reconcile the valuation-relevant parameters between the hedging instrument and the underlying transaction

F Notes to the Consolidated Income Statement

Sales revenue

	2022 K€	**2021** K€
Germany	869,633	734,841
Europe	36,364	37,920
Other foreign countries	1,187	1,235
Total	**907,184**	**773,996**

Sales are broken down into the following divisions:

	2022 K€	2021 K€
German ID systems (GID)	489,130	363,623
Secure Digitalisation Solutions (SDS)	241,563	215,961
Credential Management Systems (CMS)	112,272	130,352
Value Printing (VP)	62,735	62,300
Infrastructure and Service (I&S)	1,484	1,760
Total	**907,184**	**773,996**

Other operating income

Other operating income is made up of the following:

	2022 K€	2021 K€
Off-period income from the reversal of provisions	18,763	30,853
Income from the consumption of provisions	6,442	11,402
Income from subsidies	2,021	1,246
Other off-period income	999	868
Sundry other operating income	2,813	4,712
Total	**31,038**	**49,081**

Amortization and depreciation

Amortization and depreciation include, among other things, amortization of goodwill from initial consolidation (€ 633K, previous year: € 638K). In addition, unscheduled amortization in the amount of € 289K is disclosed in accordance with Section 253 (3) sentence 5 HGB, which is mainly attributable to technical equipment and machinery.

Other operating expenses

Other operating expenses mainly include the following:

	2022 K€	2021 K€
Maintenance and repair	31,241	30,222
External personnel costs	25,249	18,113
Shipping costs	23,865	14,523
Consulting costs, including R&D	22,521	23,067
Transfer to provisions	11,171	2,069
Infrastructure costs	9,468	9,012
Losses on receivables and other off-period expenses	3,900	1,793
Expenses for warranty services	2,107	21,184
Other miscellaneous operating expenses	69,020	59,637
Total	**198,542**	**179,620**

Taxes on income

This item mainly relates to corporation and trade income tax. No deferred taxes resulted from consolidation measures.

Notes to the cash flow statement

Cash and cash equivalents as of December 31, 2022, (€ 353,884K) include cash on hand and bank balances (€ 353,897K) as well as liabilities to banks (€ 13K).

G Other financial obligations/contingencies

Other financial obligations can be broken down as follows:

	Up to 1 year K€	More than 1 year K€	Of which more than 5 years K€	Total K€
Purchase commitments	142,681	26,514	1	169,195
Rental/lease agreements	7,461	33,673	4,574	41,134
Total	**150,142**	**60,187**	**4,575**	**210,329**

Other financial obligations as of December 31, 2021, can be broken down as follows:

	Up to 1 year K€	More than 1 year K€	Of which more than 5 years K€	Total K€
Purchase commitments	110,353	15,611	2,500	125,964
Rental/lease agreements	7,476	26,511	3,338	33,987
Building leases	1,499	250	0	1,749
Total	**119,328**	**42,372**	**5,838**	**161,700**

As of December 31, 2022, contingent liabilities to banks result from the utilization of guarantees in the total amount of € 15.0 million (previous year: € 5.8 million). The risk of utilization is currently considered to be low since, from a present point of view, Bundesdruckerei Gruppe GmbH will be able to meet all of its financial obligations.

Based on the joint venture agreement with Giesecke & Devrient GmbH, Munich, Bundesdruckerei Gruppe GmbH has contingent liabilities in connection with Veridos amounting to € 45.0 million from shareholder securities. In view of the financial circumstances at Veridos, there are currently no indications that Bundesdruckerei Gruppe GmbH will be held liable in respect of these securities.

H Other details

Employees

As of the balance sheet date, the company employed a staff of 3,839 (previous year: 3,338) (including civil servants, excluding trainees, working students, and interns). Furthermore, the company had 60 trainees and 112 working students and interns as of the balance sheet date.

	2022 Avarage 4 quarters	**2021** Avarage 4 quarters
Workers	791	771
Salaried employees	2,872	2,466
Civil servants	1	1
Total	**3,664**	3,238
Trainees	59	59
Interns and working students	108	94
Total amount	**3,830**	**3,390**

The Group employs 13 managing directors.

Disclosures pursuant to Section 314 (1) No. 9 HGB regarding the total fee charged by the auditor of the consolidated financial statements

The auditor's fees relate to the following services:

	2022 K€	2021 K€
Audit services relating to the annual financial statements	667	589
of which for previous years	30	2
Other attestation services	54	61
Tax consultancy services	68	58
Other services	181	124
Total	**970**	**831**

Managing directors

Dr. Stefan Hofschen, Iffeldorf, Chief Executive Officer (CEO)

Christian Helfrich, Munich, Chief Financial Officer (CFO)

Management remuneration in the financial year can be broken down as follows:

	Fixed salary EUR	Other remunera-tion EUR	Variable remunera-tion EUR	Long-term variable remunera-tion* EUR	Total EUR	Pension expense EUR
Dr. Stefan Hofschen	330,000.00	67,337.70	428,000.00	125,000.00	950,337.70	85,000.00
Christian Helfrich	243,450.00	13,216.80	291,500.00	63,050.00	611,216.80	75,250.00

*CEO Dr. Stefan Hofschen:

The performance of the Bundesdruckerei Group during the financial years from 2018 to 2020 determines the generation and volume of a long-term incentive (LTI) entitlement. Performance is determined on the basis of an EVA (Economic Value Added) concept. The LTI now to be paid out and attributable to the 2020 service year is measured according to the performance of the Bundesdruckerei Group during the 2020 to 2022 financial years. In accordance with the contractual provisions, an advance payment of € 50,000.00 is also to be made by Bundesdruckerei Gruppe GmbH on the LTI, the three-year period of which has not yet been completed.

***CFO Christian Helfrich:**

The performance of the Bundesdruckerei Group during the financial years from 2018 to 2020 determines the generation and volume of a long-term incentive (LTI) entitlement. Performance is determined on the basis of an EVA (Economic Value Added) concept. The LTI now to be paid out and attributable to the 2020 service year is measured according to the performance of the Bundesdruckerei Group during the 2020 to 2022 financial years. In accordance with the contractual provisions, an advance payment of € 30,050.00 is also to be made by Bundesdruckerei Gruppe GmbH on the LTI, the three-year period of which has not yet been completed.

Total management remuneration in the previous year can be broken down as follows:

	Fixed salary EUR	Other remuneration EUR	Variable remuneration EUR	Long-term variable remuneration EUR	Total EUR	Pension expense EUR
Dr. Stefan Hofschen	310,000.08	61,009.39	402,000.00	90,000.00	863,009.47	85,000.00
Christian Helfrich	238,000.08	12,916.80	260,000.00	55,000.00	565,916.88	70,000.00

Pension payments to former managing directors amounted to € 387K in the reporting year (previous year: € 382K).

Appropriation of profit

It is planned to distribute an amount of € 14,109,417.00.

Supervisory Board

Shareholder representatives

Prof. Willi Berchtold, Überlingen (Chairman)
Merchant, Managing Partner of Cuatrob GmbH
Dr. Kai Beckmann, Darmstadt
Member of the management board, CEO Performance Materials Merck KGaA
Prof. Dr. Claudia Eckert, Munich
Professor at TU Munich, Chair of IT Security; Director of the Fraunhofer Institute for Applied and Integrated Security (AISEC)
Barbara Kluge, Berlin
Permanent representation of the head of the CI – Cyber and Information Security department, Federal Ministry of the Interior and Community
Stefan Ramge, Berlin
Director-General at the Federal Ministry of Finance
Petra von Wick, Berlin
Assistant Secretary at the Federal Ministry of Finance

Employees' representatives

Marcus Pfaff, Berlin (Vice-Chairman)
Chairman of the Works Council and Group Works Council of Bundesdruckerei GmbH
Sonja Jung, Munich
IT Consultant, genua GmbH
Kirsten Langen, Berlin
Senior Marketing Manager, Bundesdruckerei GmbH
Rachel Marquardt, Berlin
Union Secretary, Vereinte Dienstleistungsgewerkschaft (ver.di)
Alfons Paus, Berlin
Union Secretary, Vereinte Dienstleistungsgewerkschaft (ver.di)
Dirk Straßburger, Berlin
Senior Vice President Finance & Purchasing, Bundesdruckerei GmbH

Remuneration of the members of the Supervisory Board, excluding expenses and travel costs, in the amount of € 95K (previous year: € 102K), is broken down as follows (in gross figures):

Supervisory Board	Annual remuneration €	Attendance fees €
Prof. Willi Berchtold	16,660.00	1,904.00
Dr. Kai Beckmann	8,000.00	1,400.00
Prof. Dr. Claudia Eckert	6,000.00	800.00
Barbara Kluge	0.00	0.00
Stefan Ramge	6,000.00	1,200.00
Petra von Wick	6,000.00	1,400.00
Marcus Pfaff	9,000.00	1,200.00
Sonja Jung	6,000.00	600.00
Kirsten Langen	6,000.00	1,400.00
Rachel Marquardt	6,000.00	400.00
Alfons Paus	6,000.00	1,000.00
Dirk Straßburger	6,000.00	1,800.00
Total	**81,660.00**	**13,104.00**

Consolidated financial statements

The consolidated financial statements as of December 31, 2022, prepared by Bundesdruckerei Gruppe GmbH for the largest and smallest group of companies, are available from the Federal Gazette (www.bundesanzeiger.de).

Exemption of subsidiaries from the disclosure provisions of the German Commercial Code

The following subsidiaries intend to make use of the option not to disclose their annual financial statements in accordance with Section 264 (3) HGB: Bundesdruckerei GmbH, Maurer, D-Trust, genua, and Xecuro.

Events after the balance sheet data (Supplementary Report)

There were no events after the balance sheet date with a significant impact on assets, financial position, and results of operations.

Berlin, May 10, 2023

Dr. Stefan Hofschen
Chairman of the Executive Board (CEO)

Christian Helfrich
Managing Director (CFO)

Consolidated Fixed-Asset Movement Schedule for 2022

	Acquisition or production costs					
	01.01.2022 €	Additions €	Transfers €	Disposals €	Currency translation differences €	12.31.2022 €
I. Intangible assets						
1. Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	46,472,713.04	2,865,886.58	56,787.52	9,643,062.21	−5,416.74	39,746,908.19
2. Goodwill	831,933,171.44	0.00	0.00	0.00	0.00	831,933,171.44
3. Payments on account	0.00	108,787.81	6,600.00	0.00	0.00	115,387.81
	878,405,884.48	2,974,674.39	63,387.52	9,643,062.21	−5,416.74	871,795,467.44
II. Tangible assets						
1. Land, similar rights and buildings, including buildings on leasehold land	255,330,918.15	4,151,197.18	9,964.80	1,172,734.37	−2,657.13	258,316,688.63
2. Technical equipment and machinery	345,618,844.60	13,082,478.35	3,861,211.47	50,112,002.27	−11,611.25	312,438,920.90
3. Other equipment, factory and office equipment	122,066,813.24	34,160,993.78	3,639,926.39	23,603,152.45	−4,267.80	136,260,313.16
4. Payments on account and construction in process	29,804,710.82	29,663,172.00	−7,574,490.18	353,606.86	0.00	51,539,785.78
	752,821,286.81	81,057,841.31	−63,387.52	75,241,495.95	−18,536.18	758,555,708.47
III. Financial assets						
1. Shares in associated companies	3,427,820.83	12,868,567.56	0.00	8,258,800.00	0.00	8,037,588.39
2. Other long-term equity investments	5,161,082.55	0.00	0.00	0.00	0.00	5,161,082.55
3. Loans to companies in which participations are held	27,058,117.65	3,200,000.00	0.00	8,000,000.00	0.00	22,258,117.65
	35,647,021.03	16,068,567.56	0.00	16,258,800.00	0.00	35,456,788.59
	1,666,874,192.32	100,101,083.26	0.00	101,143,358.16	−23,952.92	1,665,807,964.50

	Amortization and depreciation						Net book values	
	01.01.2022 €	Additions €	Transfers €	Disposals €	Currency translation differences €	12.31.2022 €	12.31.2022 €	12.31.2021 €
I. Intangible assets								
1. Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	42,457,220.69	2,325,140.37	0.00	9,643,062.21	-6,617.66	35,132,681.19	4,614,227.00	4,015,492.35
2. Goodwill	830,515,642.02	633,113.44	0.00	0.00	0.00	831,148,755.46	784,415.98	1,417,529.42
3. Payments on account	0.00	0.00	0.00	0.00	0.00	0.00	115,387.81	0.00
	872,972,862.71	2,958,253.81	0.00	9,643,062.21	–6,617.66	866,281,436.65	5,514,030.79	5,433,021.77
II. Tangible assets								
1. Land, similar rights and buildings, including buildings on leasehold land	87,586,209.74	5,657,370.32	–9,964.80	1,154,558.37	–3,207.82	92,095,778.67	166,220,909.96	167,744,708.41
2. Technical equipment and machinery	267,486,935.80	23,931,116.49	0.00	49,236,451.03	–9,901.26	242,171,700.00	70,267,220.90	78,131,908.80
3. Other equipment, factory and office equipment	88,388,665.20	17,779,633.26	–62,131.38	23,131,408.89	–234.68	83,098,786.27	53,161,526.89	33,678,148.04
4. Payments on account and construction in process	707,297.34	0.00	72,096.18	0.00	0.00	635,201.16	50,904,584.62	29,097,413.48
	444,169,108.08	47,368,120.07	0.00	73,522,418.29	–13,343.76	418,001,466.10	340,554,242.37	308,652,178.73
III. Financial assets								
1. Shares in associated companies	0.00	0.00	0.00	0.00	0.00	0.00	8,037,588.39	3,427,820.83
2. Other long-term equity invest-ments	5,161,082.55	0.00	0.00	0.00	0.00	5,161,082.55	0.00	0.00
3. Loans to companies in which participations are held	27,058,117.65	0.00	0.00	8,000,000.00	0.00	19,058,117.65	3,200,000.00	0.00
	32,219,200.20	0.00	0.00	8,000,000.00	0.00	24,219,200.20	11,237,588.39	3,427,820.83
	1,349,361,170.99	50,326,373.88	0.00	91,165,480.50	–19,961.42	1,308,502,102.95	357,305,861.55	317,513,021.33

Consolidated Cash Flow Statement 2022

Amounts in €		2022	2021
	Consolidated net income for the year	**128,890,581**	**79,332,709**
+	Writeup/writedown of fixed assets	50,326,374	75,504,222
–	At-equity result	5,390,232	–9,271,162
+	Interest expense including interest on pensions/interest income	27,153,041	18,512,341
+	Taxes on income	65,743,315	51,795,676
+/–	Increase/decrease in provisions	–16,283,779	–16,549,958
+	Payout for investments in cover assets/CTA	20,000,000	20,000,000
–/+	Gain/loss from the disposal of fixed assets	1,004,003	8,862
–/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities*	–33,797,016	–14,837,923
+/–	Increase/decrease in trade accounts payable and other liabilities not attributable to investing or financing activities	56,569,511	33,753,015
–	Paid taxes on income	–88,618,081	–45,942,346
=	**Cash flow from operating activities**	**216,378,182**	**192,305,435**
+	Proceeds from the disposal of fixed assets	715,075	574,486
–	Payments for capital expenditures in property, plant and equipment	–81,057,841	–37,789,016
–	Payouts for investments in cover assets/CTA	–2,974,674	–1,579,630
+	Proceeds from the disposal of financial assets*	95,444	12,162,448
–	Payments for investments in financial assets*	–13,200,000	–4,000,000
–	Payout for investments in cover assets/CTA (–)	–20,000,000	–20,000,000
+	Interest received	1,369,047	1,289,031
=	**Cash flow from investing activities**	**–115,052,951**	**–49,342,681**
–	Interest paid	–1,593,163	–1,055,407
–	Payments from dividend payments to the shareholder	–20,000,000	–5,756,942
=	**Cash flow from financing activities**	**–21,593,163**	**–6,812,349**
	Net change in cash and cash equivalents	**79,732,068**	**136,150,405**
	Cash and cash equivalents	353,896,841	274,164,256
–	Liabilities to banks	–12,647	–12,130
=	**Cash and cash equivalents**	**353,884,194**	**274,152,126**

* Cash inflows and outflows from loans to associated companies will be disclosed in cash flow from investing activities as from 2021.

Consolidated Statement of Changes in Equity 2022

	Equity of the parent company							
	Subscribed capital €	Capital reserve pursuant to Section 272 (2) No. 4 HGB €	Other reserves €	Adjustment from currency translation €	Accumulated losses brought forward €	Dividend distribution €	Consolidated net income €	Total €
As of January 1, 2021	**11,100,000.00**	**353,229,536.81**	**0.00**	**–69,420.89**	**–94,641,451.05**	**–5,635,805.60**	**23,864,256.90**	**287,847,116.17**
Transfer – distribution	0.00	0.00	0.00	0.00	–5,635,805.60	5,635,805.60	0.00	0.00
Dividend payment	0.00	0.00	0.00	0.00	0.00	–5,756,942.00	0.00	–5,756,942.00
Retained earnings	0.00	0.00	0.00	0.00	23,864,256.90	0.00	–23,864,256.90	0.00
Writeup – shares in Genua	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	10,575.71	–0.01	0.00	0.00	10,575.70
Consolidated net income	0.00	0.00	0.00	0.00	0.00	0.00	79,332,708.62	79,332,708.62
As of Dec. 31, 2021	**11,100,000.00**	**353,229,536.81**	**0.00**	**–58,845.18**	**–76,412,999.76**	**–5,756,942.00**	**79,332,708.62**	**361,433,458.49**
As of January 1, 2022	**11,100,000.00**	**353,229,536.81**	**0.00**	**–58,845.18**	**–76,412,999.76**	**–5,756,942.00**	**79,332,708.62**	**361,433,458.49**
Transfer – distribution	0.00	0.00	0.00	0.00	–5,756,942.00	5,756,942.00	0.00	0.00
Dividend payment	0.00	0.00	0.00	0.00	0.00	–20,000,000.00	0.00	–20,000,000.00
Retained earnings	0.00	0.00	0.00	0.00	79,332,708.62	0.00	–79,332,708.62	0.00
Other changes	0.00	0.00	0.00	–10,139.77	0.00	0.00	0.00	–10,139.77
Consolidated net income	0.00	0.00	0.00	0.00	0.00	0.00	128,890,580.73	128,890,580.73
As of Dec. 31, 2022	**11,100,000.00**	**353,229,536.81**	**0.00**	**–68,984.95**	**–2,837,233.14**	**–20,000,000.00**	**128,890,580.73**	**470,313,899.45**

	Non-controlling interests			Consolidated equity
	Non-controlling interests before annual result €	Profit/loss attributable to non-controlling interests €	Total €	€
As of January 1, 2021	**0.00**	**0.00**	**0.00**	**287,847,116.17**
Transfer – distribution	0.00	0.00	0.00	0.00
Dividend payment	0.00	0.00	0.00	–5,756,942.00
Retained earnings	0.00	0.00	0.00	0.00
Writeup – shares in Genua	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	10,575.70
Consolidated net income	0.00	0.00	0.00	79,332,708.62
As of Dec. 31, 2021	**0.00**	**0.00**	**0.00**	**361,433,458.49**
As of January 1, 2022	**0.00**	**0.00**	**0.00**	**361,433,458.49**
Transfer – distribution	0.00	0.00	0.00	0.00
Dividend payment	0.00	0.00	0.00	–20,000,000.00
Retained earnings	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	–10,139.77
Consolidated net income	0.00	0.00	0.00	128,890,580.73
As of Dec. 31, 2022	**0.00**	**0.00**	**0.00**	**470,313,899.45**

Independent Auditor's Report
To Bundesdruckerei Gruppe GmbH, Berlin

Audit opinions

We have audited the consolidated financial statements of Bundesdruckerei Gruppe GmbH, Berlin, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of 31 December 2022, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated cash flow statement for the financial year from January 1 to December 31, 2022, and the notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. We have also audited the group management report of Bundesdruckerei Gruppe GmbH for the financial year from January 1 to December 31, 2022.

In our opinion and based on the findings of our audit,

- the accompanying consolidated financial statements comply in all material respects with the requirements of German commercial law and give a true and fair view of the net assets and financial position of the Group as of December 31, 2022, and of its results of operations for the financial year from January 1 to December 31, 2022, in compliance with German principles of proper accounting,
- and the accompanying group management report as a whole provides an appropriate view of Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, it complies with German legal requirements, and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 of the German Commercial Code (HGB, *Handelsgesetzbuch*), we declare that our audit has not led to any reservations as to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (IDW). Our responsibilities under these requirements and principles are described in more detail in the 'Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report' section of our auditor's report. We are independent of the Group's entities in accordance with German commercial and professional law, and we have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other information

The executive directors are responsible for other information.

Other information comprises the separate non-financial report pursuant to Section 289b (3) HGB and Section 315b (3) HGB.

Our audit opinions on the consolidated financial statements and the group management report do not cover other information and, accordingly, we do not express an audit opinion or draw any form of assurance conclusion regarding such matter.

In conjunction with our audit, it is our responsibility to read the other information referred to above and, in doing so, to consider whether such other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appear to be materially misstated.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and that the consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with German principles of proper accounting. In addition, the executive directors are responsible for such internal controls as they, in accordance with German principles of proper accounting, have determined necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, be it due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have a responsibility to disclose any matters relating to the going concern of the entity, where relevant. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided that this is not in contradiction to factual or legal circumstances.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) which they deem to be necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, be it due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with section 317 HGB and in compliance with the generally accepted German standards for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (IDW) will always detect material misstatements. Misstatements may result from fraud or error and are considered material if they could reasonably be expected to influence, individually or collectively, the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. In addition,

- we identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, be it due to fraud or error, design and conduct the audit procedures responsive to such risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- we obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- we evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and the related disclosures.
- we draw conclusions on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. Should we come to the conclusion that a material uncertainty exists, we are obliged to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor’s report. Future events or circumstances may, however, result in the Group no longer being able to continue as a going concern.
- we evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in such a manner that the consolidated financial statements give a true and fair view of the net assets, financial position, and results of operations of the Group in compliance with German principles of proper accounting.
- we obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision, and performance of the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.
- we evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- we perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient and appropriate audit evidence, we evaluate, in particular, the significant assumptions by the executive directors that form the basis for the prospective information, and assess whether the prospective information is properly derived from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions upon which such information is based. There is a substantial unavoidable risk that future events could differ materially from the prospective information.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Berlin, May 10, 2023

PricewaterhouseCoopers GmbH
Auditors

Thomas Kieper	**Dierk Schultz**
German Public Auditor	German Public Auditor

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