

KRONES Aktiengesellschaft, Neutraubling
Annual general meeting (Virtual AGM) of KRONES AG
on Monday, 18 May 2020, 2:00 pm,
at the business premises of KRONES AG,
Böhmerwaldstrasse 5, 93073 Neutraubling,
Germany.

Report of the **Supervisory Board**

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Ladies and Gentlemen,

KRONES is in a challenging situation. The past few years have mainly been characterised by profitable growth. However, the 2019 financial year has clearly shown that there is a need for changes. Although revenue increased, earnings fell well short of expectations. So that KRONES stays competitive moving forward, the Executive Board, in close consultation with the Supervisory Board, has already implemented strategic and operational measures and initiated further structural adjustments. Those measures also include what for KRONES is the unusual step of a reduction in the workforce. This was not an easy decision for the Executive Board and Supervisory Board, but it is regrettably unavoidable. The Supervisory Board has consulted in great detail on the causes of the weak earnings as explained by the Executive Board together with the measures to improve profitability. It considers the path now taken and the structural measures to be the right way forward. The Supervisory Board will follow and review the implementation of the measures. It will work closely and constructively for this purpose with the Executive Board.

Advice and oversight

The Supervisory Board of KRONES AG continuously oversaw and advised the Executive Board during the 2019 financial year, as prescribed by the German Stock Corporation Act and the company's articles of association, and discharged its responsibilities with due care. Full regard was given at all times to the provisions of the German Corporate Governance Code and those of the German Stock Corporation Act on Executive Board reporting obligations to the Supervisory Board. The Executive Board regularly informed the Supervisory Board about the company's business and financial situation and risk management in written and oral reports both during and outside of Supervisory Board meetings. With regard to decisions of particular significance to KRONES AG and the Group, the Supervisory Board was informed and involved

by the Executive Board at an early stage. The Chairman of the Supervisory Board and the Chief Executive Officer in particular maintained regular contact between meetings. In that connection, they jointly discussed questions of corporate strategy, current business performance, the risk situation, risk management and compliance.

Focuses of the work of the Supervisory Board in 2019 included current business performance and in particular earnings performance, strategy and measures for target attainment and sustained strengthening of profitability. Other focuses of the Supervisory Board's work were market and competition topics. There were no changes in the membership of the Supervisory Board in 2019.

Conflicts of interest

Under section 5.5.2 of the German Corporate Governance Code, each member of the Supervisory Board must inform the Supervisory Board of any conflicts of interest, particularly if they could arise as a result of performing an advisory role or membership of a governing body at customers, suppliers, lenders or other third parties. No such conflicts of interest were disclosed in the reporting period.

Supervisory Board meeting reports

In total, four regular Supervisory Board meetings were held in 2019. All 18 Supervisory Board members were present at three of the four meetings. One member of the Supervisory Board was unable to attend one meeting.

Representatives from KRONES' auditing firm were present for a portion of the first meeting on 20 March. They gave the Supervisory Board a detailed explanation of their audit engagement together with the focus of their audit of the 2018 annual financial statements and provided a detailed overview of the audit. Questions from the Supervisory Board were explained and answered by

the auditors in detail. The Supervisory Board then ratified the annual financial statements and management report of KRONES AG and approved the consolidated financial statements and consolidated management report. Under the “Supervisory Board and Executive Board matters” agenda item, the Chairman of the Supervisory Board presented the findings of the efficiency review on the work of the Supervisory Board. In summary, the Chairman of the Supervisory Board noted that the efficiency of the Supervisory Board in 2018 was rated as very positive. Under the same agenda item, the Supervisory Board unanimously resolved to extend the contract of Chief Sales Officer Thomas Ricker, which was set to expire on 31 December 2019, by five years to 31 December 2024. In doing so, the Supervisory Board complied with the recommendation of the Standing Committee. On the same occasion, the Supervisory Board adopted the agenda for the 2019 annual general meeting. Finally, the Management Board provided the Supervisory Board as part of reporting on business planning with a detailed explanation of the targets and measures for target attainment for 2019 together with the medium-term planning.

The Supervisory Board held its second meeting in 2019 on 24 July. Reporting on the business situation, the Executive Board informed the Supervisory Board about the most important figures for the first half of 2019 and the outlook for the full year. In the same connection, the Executive Board members each gave a current status report and the outlook for 2019 with regard to the business areas in their respective portfolios. The Supervisory Board consulted in detail on the reasons for the current difficult business situation and the downgraded guidance published by the company on 10 July. Following lengthy discussion, the Supervisory Board also decided to terminate, with immediate effect, the appointment of Michael Andersen as a member of the Executive Board of KRONES AG. His responsibilities were provisionally assumed by Chief Executive Officer Christoph Klenk.

The third meeting of the Supervisory Board in 2019 took place on 25 September. At the recommendation of the Standing Committee, the Supervisory Board unanimously appointed Norbert Broger as member of the Executive Board

and Chief Financial Officer of KRONES AG with effect from 1 January 2020 to 31 December 2022. Prior to his appointment, the selection procedure was outlined to the Supervisory Board and Norbert Broger introduced himself in person. A further item on the agenda was the business situation at KRONES. Chief Executive Officer Christoph Klenk and the members of the Executive Board heading the various units explained their analysis and the measures planned.

The Supervisory Board held its fourth meeting of 2019 on 27 November. During the meeting, an external expert in capital market law gave a presentation and informed the Supervisory Board about important formal stipulations and the adoption of Supervisory Board resolutions. The “Executive Board matters” agenda item included the redistribution of responsibilities within the Executive Board. Another item on the agenda at the fourth meeting of the Supervisory Board was the report of the Audit and Risk Management Committee, addressing the topics of risk management, internal auditing and compliance. The Executive Board then presented the Supervisory Board with figures on the current performance of the business and the outlook for the full year 2019. Finally, the Supervisory Board considered the Executive Board’s budgeting for the 2020 financial year. The Supervisory Board unanimously approved the annual and investment budget for 2020.

The work of the Audit and Risk Management Committee

The Audit and Risk Management Committee consists of Supervisory Board Chairman Volker Kronseder, his deputy Werner Schrödl and Supervisory Board members Norman Kronseder, Hans-Jürgen Thaus, Josef Weitzer and Jürgen Scholz. Its Chairman is Hans-Jürgen Thaus. The Audit and Risk Management Committee oversees the company’s accounting and financial reporting, the audit of the financial statements and other reporting, and prepares related proposals for Supervisory Board resolutions. In addition, the committee prepares the Supervisory Board’s review of the annual financial statements, the management report and the auditor’s report for the separate and consolidated financial statements, and makes recommendations. Furthermore, the Audit

and Risk Management Committee monitors the effectiveness of the internal control system, the risk management system and the compliance system.

The Audit and Risk Management Committee met five times in 2019. All six members were present at four of the five meetings. One member of the committee was absent at the meeting on 20 November.

At its 14 March meeting, the committee mainly considered the auditor's report on the audit of the annual and consolidated financial statements as of 31 December 2018.

On 20 March, the committee met to prepare the Supervisory Board meeting held to ratify the financial statements. Based on the remarks of the auditor and information from the auditor's report, the members of the Audit and Risk Management Committee agreed to recommend that the Supervisory Board ratify the annual financial statements and management report of KRONES AG for the 2018 financial year and approve the consolidated financial statements and consolidated management report for 2018.

At its third meeting on 10 April, the Audit and Risk Management Committee addressed the report on the non-financial statement. The auditor presented the audit findings for this purpose. The Audit and Risk Management Committee approved the audit findings and had no objections. The committee members decided to recommend that the Supervisory Board ratify the consolidated non-financial report. In addition, the committee explained the recommendation to the Supervisory Board for the auditor to be proposed by Supervisory Board to the Annual General Meeting for election as auditor of the annual and consolidated financial statements for 2019.

Items on the agenda at the fourth meeting of the Audit and Risk Management Committee on 15 October included KRONES' current financing situation, the Executive Board's review of the portfolio and of portfolio streamlining measures and the Group's current situation.

At the fifth meeting of the Audit and Risk Management Committee on 20 November, the heads of Controlling, Internal Audit and Compliance informed the members of the committee about the current risk situation, internal audit and compliance management.

The work of the Standing Committee

The Standing Committee consists of Werner Schrödl, Norman Kronseder, Josef Weitzer, and Volker Kronseder. It is chaired by Volker Kronseder. The committee generally deals with all other topics that are outside the remit of the Audit and Risk Management Committee. These include, for example, human resources strategy and Executive Board and Supervisory Board remuneration. The Standing Committee met three times in 2019. All four members were present at all three meetings.

At the meeting on 14 March, the Standing Committee prepared the extension of Chief Sales Officer Thomas Ricker's contract for the Supervisory Board. The committee members resolved to recommend that the Supervisory Board adopt the resolution to extend the contract with Thomas Ricker by five years to 31 December 2024.

The Standing Committee's second meeting took place on 10 July. At that meeting, Chief Executive Officer Christoph Klenk and Chief Finance Officer Michael Andersen informed the committee about the current business situation and measures for improving earnings in the short to medium term.

The Standing Committee's meeting on 12 September was primarily convened to make a recommendation in advance of the Supervisory Board meeting on 25 September for the appointment of Norbert Broger as a member of the Executive Board of KRONES AG.

Supervisory Board concurs with audit findings

The annual financial statements of KRONES Aktiengesellschaft prepared by the Executive Board, the consolidated financial statements, the management report for KRONES AG and the group management report for the period ended 31 December 2019 were examined by the auditors elected by the annual general meeting, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and each issued with an unqualified audit report. The audited annual financial statements and consolidated financial statements, the management report for KRONES AG and the consolidated management report for the period ended 31 December 2019 were duly submitted to all members of the Supervisory Board for review. The audited financial statements and management reports were the subject of the Supervisory Board meeting held to ratify the financial statements on 18 March 2020. Representatives of the auditing firm also participated in the meeting and reported to the Supervisory Board on their audit findings and the focal points of their audit.

The Supervisory Board noted and approved the audit findings. No objections were raised following the final review by the Supervisory Board, which covered in particular the matters described in the auditor's audit report including the audit procedures. The Supervisory Board has ratified the annual financial statements for KRONES AG and approved the consolidated financial statements as well as the Executive Board's proposal for the appropriation of earnings available for distribution. The 2019 annual financial statements for KRONES AG are thus ratified.

The auditors included in their audit the Executive Board's report, in accordance with section 312 of the German Stock Corporation Act, on KRONES AG's relations to affiliated companies and submitted their audit report to the Supervisory Board. The audit by the auditors did not give rise to any objections. The auditor issued the following unqualified audit opinion on the dependency report:

“Based on our due audit and assessment, we confirm that

1. the statements as to fact made in the report are accurate,
2. the consideration given by the company in respect of the legal transactions referred to in the report was not unreasonably high.”

The Supervisory Board's review of the report in accordance with section 312 of the German Stock Corporation Act on KRONES AG's relations to affiliated companies did not give rise to any objections. The Supervisory Board therefore concurred with the findings of the audit by the auditors. Following the final outcome of its own review, the Supervisory Board did not raise any objections to the Executive Board's concluding declaration on relations with affiliated companies.

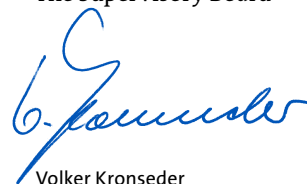
In addition to the statutory audit, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft also performed a limited assurance review of the separate combined non-financial report for KRONES AG and the Group for the period from 1 January to 31 December 2019. On the basis of that review, the auditor did not raise any objections to the reporting in and fulfilment of the statutory requirements for the non-financial statement.

Thanks to the Executive Board and the workforce

The members of the Supervisory Board would like to thank the Executive Board and all of the company's employees for their dedication and wholly successful work in the 2019 financial year.

Neutraubling, March 2020

The Supervisory Board



Volker Kronseder

Chairman of the Supervisory Board