



4

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit and loss	209
Consolidated statement of comprehensive income	210
Consolidated statement of financial position – Assets	211
Consolidated statement of financial position – Equity and liabilities	212
Consolidated statement of cash flows	213
Consolidated statement of changes in equity	214



Consolidated statement of profit and loss

		2022	2021
€ thousand	Notes		
Revenue	19	4,209,339	3,634,456
Changes in inventories of finished goods and work in progress	5	48,383	19,562
Other own work capitalised	20	43,372	53,565
Other operating income	21	165,039	161,762
Goods and services purchased	22	-2,113,845	-1,807,417
Expenses for materials and supplies and for goods purchased		-1,610,862	-1,373,216
Expenses for services purchased		-502,983	-434,201
Personnel expenses	23	-1,269,663	-1,176,686
Wages and salaries		-1,055,566	-983,497
Social security contributions and expenses for pension plans and for benefits	14	-214,097	-193,189
Depreciation and amortisation of intangible assets and property, plant and equipment	1/2	-142,901	-141,738
Other operating expenses	24	-709,318	-572,606
EBITDA		373,307	312,636
EBIT		230,406	170,898
Investment income	25	3,052	2,032
Profit or loss shares attributable to associates that are accounted for using the equity method	4	7	-36
Income from other securities and loans classified as non-current financial assets	25	0	0
Interest and similar income	25	11,955	9,891
Interest and similar expenses	25	-3,355	-5,525
Financial income/expense	25	11,659	6,362
Earnings before taxes		242,065	177,260
Income tax	8/26	-54,984	-35,874
Consolidated net income		187,081	141,386
Profit share of non-controlling interests		56	20
Profit share of KRONES Group shareholders		187,025	141,366
Earnings per share (diluted/basic) in €	27	5.92	4.47

Consolidated statement of **comprehensive income**

		2022	2021
€ thousand	Notes		
Consolidated net income		187,081	141,386
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans	12	60,257	21,328
		60,257	21,328
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation		8,119	36,049
Cash flow hedges	12	3,610	-7,873
		11,729	28,176
Other comprehensive expenses and income after income taxes	9	71,986	49,504
Total comprehensive income	9	259,067	190,890
of which attributable to non-controlling interests		56	20
of which attributable to Krones Group shareholders		259,011	190,870

Consolidated statement of financial position – **Assets**

		31 Dec 2022		31 Dec 2021	
€ thousand	Notes				
Intangible assets	1	349,349		303,160	
Property, plant and equipment and right-of-use assets	2	693,663		667,009	
Non-current financial assets	3	18,605		28,846	
Investments accounted for using the equity method	4	2,364		2,357	
Fixed assets		1,063,981		1,001,372	
Deferred tax assets	8	59,857		75,177	
Trade receivables	6	26,992		42,976	
Tax receivables		1,991		1,603	
Other assets	6	11,368		11,676	
Non-current assets			1,164,189		1,132,804
Inventories	5	589,445		433,604	
Trade receivables	6	820,243		743,326	
Contract assets	6/19	727,555		593,969	
Tax receivables		5,217		11,977	
Other assets	6	190,015		195,785	
Cash and cash equivalents	7	674,502		383,371	
Current assets			3,006,977		2,362,032
Total			4,171,166		3,494,836



Consolidated statement of financial position – Equity and liabilities

		31 Dec 2022	31 Dec 2021
€ thousand	Notes		
Subscribed capital	9	40,000	40,000
Capital reserves	10	141,724	141,724
Profit reserves	11	365,479	373,390
Other reserves	12	–91,801	–163,787
Consolidated retained earnings		1,143,172	1,000,813
Consolidated equity of the parent company		1,598,574	1,392,140
Non-controlling interests	13	–501	–557
Equity		1,598,073	1,391,583
Provisions for pensions	14	166,584	251,156
Deferred tax liabilities	8	4,992	5,293
Other provisions	15	80,305	78,819
Tax liabilities		4,803	4,496
Liabilities to banks	16	5,000	5,098
Trade payables	16	0	0
Other financial obligations and lease liabilities	16	108,937	79,700
Other liabilities	16	4,224	9,849
Non-current liabilities		374,845	434,411
Other provisions	15	161,945	164,523
Liabilities to banks	16	0	0
Contract liabilities	16/19	901,447	600,236
Trade payables	16	684,189	515,141
Tax liabilities		20,062	26,007
Other financial obligations and lease liabilities	16	38,676	42,987
Other liabilities and accruals	16	391,929	319,948
Current liabilities		2,198,248	1,668,842
Total		4,171,166	3,494,836



Consolidated statement of cash flows

		2022	2021
€ thousand	Notes		
Earnings before taxes		242,065	177,260
Depreciation and amortisation and reversals	1/2	142,901	141,738
Increase in provisions and accruals	15/16	45,691	3,533
Interest and similar expenses and income	25	-8,600	-4,366
Gains and losses from the disposal of non-current assets	21/24	-1,233	-23
Other non-cash expenses and income		11,035	12,818
Increase (previous year: decrease) in trade receivables, contract assets and other assets not attributable to investing or financing activities		-163,515	-122,453
Increase (previous year: decrease) in inventories	5	-163,402	-72,348
Increase (previous year: decrease) in trade payables, contract liabilities and other liabilities not attributable to investing or financing activities		437,458	256,805
Cash generated from operating activities		542,400	392,964
Interest paid		-1,991	-2,805
Income tax paid and refunds received		-61,710	-54,301
Cash flow from operating activities		478,699	335,858
Cash payments to acquire intangible assets	1	-45,989	-43,652
Proceeds from the disposal of intangible assets	1	238	230
Cash payments to acquire property, plant and equipment	2	-72,168	-61,238
Proceeds from the disposal of property, plant and equipment	2	3,994	2,457
Cash payments to acquire non-current financial assets and time deposits		-375	-30,420
Proceeds from the disposal of non-current financial assets and time deposits		29,235	1,735
Acquisition of a subsidiary, less acquired cash and cash equivalents		-27,234	0
Deferred purchase price payment for business acquisitions from previous periods		-7,112	-11,150
Interest received		8,607	7,402
Dividends received		3,052	2,032
Cash flow from investing activities		-107,752	-132,604
Cash payments to owners		-44,230	-1,896
Proceeds from new borrowing		0	0
Cash payments to service debt		-98	-26,966
Cash payments to acquire non-controlling interests		0	0
Cash payments for the repayment of lease liabilities		-35,458	-32,029
Cash flow from financing activities		-79,786	-60,891
Net change in cash and cash equivalents		291,161	142,363
Changes in cash and cash equivalents arising from changes in exchange rates		-328	8,050
Changes in cash and cash equivalents arising from changes in the consolidated group		298	15,970
Cash and cash equivalents at the beginning of the period		383,371	216,988
Cash and cash equivalents at the end of the period	7	674,502	383,371

Consolidated statement of **changes in equity**

€ thousand	Parent company						Equity	Non-controlling interests Equity	Consolidated equity
	Share capital	Capital reserves	Profit reserves	Other reserves		Group retained earnings			
				Currency differences in equity	Other remaining reserves				
Notes	9	10	11	11	12		13		
At 1 January 2021	40,000	141,724	370,654	-86,983	-126,335	861,465	1,200,525	-577	1,199,948
Dividend payment						-1,896	-1,896		-1,896
Consolidated net income 2021						141,366	141,366	20	141,386
Allocation to profit reserves			122			-122	0		0
Changes in the consolidated group			2,614		27	0	2,641	0	2,641
Other comprehensive expenses and income				36,049	13,455		49,504		49,504
At 31 December 2021	40,000	141,724	373,390	-50,934	-112,853	1,000,813	1,392,140	-557	1,391,583
Dividend payment						-44,230	-44,230		-44,230
Consolidated net income 2022						187,025	187,025	56	187,081
Allocation to profit reserves			436			-436	0		0
Changes in the consolidated group			-8,347				-8,347	0	-8,347
Other comprehensive expenses and income				8,119	63,867		71,986		71,986
At 31 December 2022	40,000	141,724	365,479	-42,815	-48,986	1,143,172	1,598,574	-501	1,598,073



5

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated segment reporting	216
General disclosures	217
Notes to the consolidated statement of financial position	232
Notes to the consolidated statement of profit and loss	257
Other disclosures	260
Standards and interpretations	262
Shareholdings	263
Members of the Supervisory Board and the Executive Board	268
Proposal for the appropriation of earnings available for distribution	269

Consolidated **segment reporting**

€ thousand	Filling and Packaging Technology		Process Technology		Intralogistics		Krones Group	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenue	3,497,316	3,045,598	367,499	296,584	344,524	292,274	4,209,339	3,634,456
Depreciation, amortisation and impairments	128,937	128,169	8,147	7,946	5,817	5,623	142,901	141,738
of which impairments	3,771	4,152	0	0	0	0	3,771	4,152
Interest income	10,883	9,174	327	217	131	21	11,341	9,412
Interest expense	2,595	4,820	265	237	495	468	3,355	5,525
EBT	217,196	162,447	12,234	11,672	12,635	3,142	242,065	177,261
Share of profit or loss of associates accounted for using the equity method	7	-36	0	0	0	0	7	-36
EBIT	203,800	155,052	12,203	10,635	14,403	5,211	230,406	170,898
EBT margin (EBT to revenue)	6.2%	5.3%	3.3%	3.9%	3.7%	1.1%	5.8%	4.9%
EBITDA	332,737	283,221	20,350	18,581	20,220	10,834	373,307	312,636
EBITDA margin (EBITDA to revenue)	9.5%	9.3%	5.5%	6.3%	5.9%	3.7%	8.9%	8.6%



General disclosures

■ Legal basis

Krones offers machinery and systems for filling and packaging and for beverage production. Innovative digitalisation solutions, intralogistics solutions and services round out the portfolio. Krones AG is registered in the Commercial Register of Regensburg Local Court (HRB 2344) and is headquartered in Neutraubling, Germany.

The consolidated financial statements of Krones AG, Neutraubling (the “Krones Group”) for the period ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, applicable at the reporting date, including the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), as adopted by the European Union.

The group has not undertaken early application of IFRS standards and interpretations that have not yet entered into force.



A list of such standards and interpretations and of standards applied for the first time is provided on page 262. The commercial law stipulations under Section 315e (1) of the German Commercial Code (HGB) have been complied with in addition.

The Executive Board authorised the publication of the consolidated financial statements on 15 March 2023.

Non-controlling interests in consolidated equity are presented on the statement of financial position as a separate item within equity. On the statement of profit and loss, the share of profit or loss attributable to

non-controlling interests is presented as a component of consolidated net income. The shares of consolidated net income attributable to the owners of the parent and to non-controlling interests are presented separately.

Non-controlling interests are additionally shown on the statement of changes in equity.

The explanatory notes provided in the following comprise disclosures and commentary that, in accordance with IFRS, must be included as notes to the consolidated financial statements in addition to the statement of financial position, statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.

The statement of profit and loss was prepared using the nature of expense method.

The group currency is the euro.

Unless otherwise stated, all financial information presented in euros is rounded to the nearest thousand.

■ Consolidated group

Besides Krones AG, the consolidated financial statements of Krones AG for the period ended 31 December 2022 include all domestic and foreign subsidiaries over which Krones AG has direct or indirect control on account of a majority of voting rights.

Systorelog Israel Ltd., Tel Aviv, Israel and Krones Digital Solutions India Private Limited, Bangalore, India were established during the financial year and added to the scope of consolidation together with Unicorn Industries Pvt. Ltd., Secunderabad, India.

With the acquisition of 80.5% of the business operations of R+D Custom Automation LLC, Wisconsin, USA on 8 November 2022, Kronos strengthened its capabilities in the Filling and Packaging Technology segment.

Initial accounting of the acquired business operations was completed as of the acquisition date.

The table below presents the consideration transferred for the acquisitions and the fair values of the assets identified and liabilities assumed at the acquisition date. Further information on the earn-outs and put/call options is presented under Note 18, “Other disclosures relating to financial instruments” (page 253).



R+D Custom Automation LLC	Fair value € thousand
Goodwill	26,409
Non-current assets	22,253
Current assets	14,676
(of which trade receivables)	9,709
Cash and cash equivalents	866
Total assets acquired	64,204
Liabilities	11,348
Total liabilities acquired	11,348
Net assets acquired	52,856
Non-controlling interests	0
Purchase prices	52,856
of which paid in cash	28,100
of which earn-out	14,912
of which put/call option	9,844

The goodwill recognised for R+D Custom Automation LLC relates to the strengthening of the activities in the life science and pharmaceutical market, which is an attractive market with above-average growth, and the integration of the employees into the group. This earnings potential, which cannot be allocated to individual items capable of recognition as assets under IFRS, is reflected in goodwill.

The total amount of goodwill that is expected to be deductible for tax purposes is €26,409 thousand.

The fair value of the trade receivables equals the gross amount. None of the trade receivables are impaired and the contractually agreed amounts are expected to be recoverable in their entirety.

After accounting for the effects of purchase price allocations, R+D Custom Automation LLC contributed a net loss of €249 thousand and revenue of €1,447 thousand to Kronos as of 31 December 2022. Had initial accounting for R+D Custom Automation LLC been completed as of January 1, 2022, revenue of €28,261 thousand and a net profit of €6,756 thousand would have been recognised in the consolidated statement of profit and loss.

In determining these amounts, it was assumed that the adjustments to fair value made at the acquisition date would also have applied if the companies had been acquired on 1 January 2022. The amounts for the full 2022 financial year were determined on a straight-line basis.

The costs directly attributable to the acquisition amount to €718 thousand and were recognised as expense.



■ Consolidation principles

The annual financial statements of Krones AG and of the domestic and foreign subsidiaries included in the consolidated financial statements have been prepared using uniform accounting policies, in accordance with IFRS 10.

They are all prepared as of the reporting date of the consolidated financial statements.

Acquisition accounting is performed in accordance with IFRS 3 (Business Combinations), under which all business combinations must be accounted for using the acquisition method. The acquired assets and liabilities are therefore recognised at fair value.

Goodwill that arose before 1 January 2004 continues to be accounted for as a deduction from reserves.

Shares in the equity of a subsidiary that are not attributable to the parent are presented as non-controlling interests. If an acquisition includes put options granted to non-controlling interests for their interests in group companies and Krones has identical call options, the options are accounted for as if they had already been exercised and each is recognised as a liability at fair value instead of recognising non-controlling interests (anticipated acquisition method).

Liabilities are measured through profit or loss at fair value as of the reporting date.

Inter-company receivables, liabilities, provisions, income and expenses between consolidated companies are eliminated in consolidation. This also applies for inter-company profits or losses from trade between group companies provided the inventories from these transactions are still held by the group at the reporting date.

Companies for which Krones has the ability to exercise significant influence over their business and financial policies (generally by indirectly or directly holding between 20% and 50% of voting rights), are accounted for in the consolidated financial statements using the equity method and initially recognised at cost. Any excess of the cost of the investment over Krones' share of the net fair value of an associate's identifiable assets and liabilities is adjusted on a fair-value basis and the remaining amount is recognised as goodwill. Goodwill relating to the acquisition of an associate is included in the carrying amount of the investment and is not amortised. Instead, it is tested for impairment as part of the entire carrying amount of the investment in the associate. Krones' share in an associate's profit or loss subsequent to the acquisition date is recognised in the consolidated statement of profit and loss.

The carrying amount of associates is increased or decreased to recognise cumulative changes in fair value subsequent to the acquisition date. Krones' share in associates' gains or losses resulting from transactions between Krones and its associates is eliminated.

■ Currency translation

The consolidated financial statements are presented in euros, the functional currency of Krones AG.

The financial statements of consolidated companies that are prepared in a foreign currency are translated on the basis of the functional currency approach. Because the subsidiaries primarily operate independently in the economic environment of their respective countries, the functional currency is normally the local currency for each subsidiary. In the consolidated financial statements, assets and liabilities are therefore translated at the closing rate at the reporting date, while income and expenses from the financial statements of subsidiaries are translated at average annual rates.

Any exchange differences resulting from translation using these different rates in the statement of financial position and the statement of profit and loss are recognised directly in other comprehensive income. Exchange differences resulting from the translation of equity using historical exchange rates are also recognised in other comprehensive income.

In the separate financial statements of Krones AG and its subsidiaries, receivables and liabilities in foreign currencies are translated using the exchange rate at the time of the transaction and exchange differences are recognised in profit or loss at the closing rate at the reporting date. Non-monetary items in foreign currencies are carried at historical cost.

Exchange rates of subsidiaries' functional currencies against the euro:

		Closing rate		Average rate	
		31 Dec 2022	31 Dec 2021	2022	2021
us dollar	USD	1.068	1.132	1.053	1.182
British pound	GBP	0.887	0.840	0.853	0.860
Swiss franc	CHF	0.985	1.033	1.005	1.081
Danish krone	DKK	7.437	7.437	7.440	7.437
Canadian dollar	CAD	1.444	1.442	1.370	1.483
Japanese yen	JPY	140.680	130.320	138.026	129.859
Brazilian real	BRL	5.644	6.307	5.442	6.377
Chinese renminbi (yuan)	CNY	7.436	7.217	7.068	7.629
Mexican peso	MXN	20.886	23.141	21.201	23.989
Ukrainian hryvnia	UAH	39.236	30.884	34.303	32.240
South African rand	ZAR	18.077	18.054	17.206	17.483
Kenyan shilling	KES	131.690	128.085	124.126	129.660
Nigerian naira	NGN	476.690	465.250	446.722	484.037
Russian rouble	RUB	76.867	84.976	73.705	87.127
Thai baht	THB	36.883	37.542	36.857	37.839
Indonesian rupiah	IDR	16,620.100	16,133.700	15,630.288	16,902.746
Angolan kwanza	AOA	544.858	639.750	487.065	746.120
Turkish lira	TRY	19.983	15.142	17.406	10.503
Kazakhstan tenge	KZT	494.100	492.420	486.341	504.524
Australian dollar	AUD	1.570	1.561	1.517	1.575
New Zealand dollar	NZD	1.682	1.657	1.658	1.672
Swedish krona	SEK	11.078	10.256	10.629	10.146
Vietnamese dong	VND	25,233.000	25,872.000	24,637.215	27,118.700
Philippine peso	PHP	59.384	57.684	57.337	58.302
Bangladeshi taka	BDT	110.125	97.034	98.239	100.603
Singapore dollar	SGD	1.431	1.528	1.451	1.589
Myanmar kyat	MMK	2,241.990	2,012.680	2,030.660	1,910.092
United Arab Emirates dirham	AED	3.921	4.158	3.869	4.343
Hungarian forint	HUF	400.380	369.850	391.154	358.549
Malaysian ringgit	MYR	4.703	4.716	4.628	4.901
Pakistani rupee	PKR	242.028	199.796	214.975	192.819
Polish zloty	PLN	4.686	4.594	4.688	4.567
Norwegian krone	NOK	10.505	9.989	10.097	10.165
Indian rupee	INR	88.157	84.168	82.686	87.373
Guatemalan quetzal	GTQ	8.378	8.736	8.162	9.149
Cambodian riel	KHR	4,395.400	4,609.500	4,305.384	4,812.416
Bulgarian lev	BGN	1.956	1.956	1.956	1.956
Moroccan dirham	MAD	11.157	10.516	10.684	10.630
Saudi riyal	SAR	4.016	4.250	3.955	4.435



■ Estimates and judgements

In preparing the consolidated financial statements, management makes judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as of the reporting date, the disclosure of contingent liabilities and the reported amounts of expenses and income. The uncertainty inherent in such assumptions and estimates can, however, lead to events that result in material adjustments to the carrying amounts of affected assets and liabilities in future periods. Kronos does not currently expect that the consequences of climate change will have any significant impact on its business model.

Major assumptions made about the future, and other sources of estimation uncertainty at the end of the reporting period that have a risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year, are explained in the following. Due to the currently unpredictable consequences of the Russia-Ukraine conflict and the Covid pandemic, which is receding but continues to have a negative impact, the estimates and judgements relating to intangible assets and liabilities in particular are subject to increased uncertainty.

The uncertainties in the assessment of the impact of the still ongoing global Covid-19 pandemic on current business performance – in particular with regard to new virus mutations and renewed lockdowns – remain unchanged in the reporting period. Various geopolitical and economic upheavals have arisen since the outbreak of the Russia-Ukraine conflict in February 2022. Available information on expected economic developments and country-specific government measures was taken in account in adopting the estimates and judgements.

Development costs are capitalised if they are associated with a future economic benefit and the remaining requirements in IAS 38.57 are met.

Intangible assets are tested for impairment if there are indications that they may be impaired or if annual impairment testing is required (this is the case for intangible assets with an indefinite useful life, intangible assets in the development phase and goodwill).

Impairment testing is performed by comparing the carrying amount of an asset (or cash-generating unit) with its recoverable amount. The first step of this comparison consists of determining value in use. If value in use is less than the carrying amount, fair value less costs of disposal is determined and compared with the carrying amount. If fair value less costs of disposal is less than the carrying amount, an impairment loss is recognised by reducing the carrying amount to the higher of value in use and fair value less costs of disposal.

Impairment testing involves making estimates and assumptions, in particular with regard to future cash inflows and outflow, that may differ from the actual amounts. The actual amounts may differ from the assumptions and estimates made if the conditions referred to change contrary to expectations.

Kronos determines value in use using a present value (discounted cash flow) method. The cash flows used in the calculation are based on long-term corporate planning prepared by management. They are discounted at market discount rates.



The cash flows used in testing goodwill are taken as a rule from the detailed planning for the next three financial years. Revenue growth at the end of the forecast period is the long-term growth rate of the respective industrial sectors and countries in which the cash-generating units do business. They are discounted at market discount rates. Cash-generating units are tested for impairment using the pre-tax weighted average cost of capital (WACC). For the main assumptions made in impairment testing of cash-generating units, sensitivity analyses are carried out in order to rule out the possibility that reasonably possible changes in the assumptions used to determine the recoverable amount would lead to an impairment.

Purchase agreements for acquisitions include options for Kronos to acquire the remaining minority interests. If the seller holds identical put options, the group assumes that the option will be exercised and therefore does not present the minority interests in the consolidated financial statements (anticipated acquisition method). Instead, a liability from the acquisition is recognised at fair value. The fair value is measured using the discounted cash flow method; the main input factors are medium-term planning and the discount rate. With regard to the exercise date, it is assumed as a rule that the probability of exercise is evenly distributed unless otherwise indicated. Impairment testing involves making estimates and assumptions about the timing. The actual amounts may differ from the assumptions and estimates made if the conditions referred to change contrary to expectations. Further details are provided in Note 18.

Accounting for deferred tax assets, which are mainly recognised for unused tax loss carryforwards, requires management to make estimates and judgements regarding the size of the future taxable profits that will be available against which the unused tax losses can be utilised. Tax planning strategies and the expected timing of events under such strategies are taken into account if they are sufficiently probable. Deferred tax assets are recognised as a rule to the extent that deductible deferred tax liabilities exist in the same amount and with the same timing. Otherwise, deferred tax assets are only recognised if it is highly likely that sufficient future taxable profits will be available against which the deferred tax assets recognised for loss carryforwards and temporary differences can be utilised. For the purpose of this assessment, expected taxable income is taken from corporate planning prepared according to the principles described above. As uncertainty increases further into the future, the analysis period is generally three years. In the case of loss-making entities, deferred tax assets are not recognised until turnaround is imminent or future profits are highly probable. When measuring loss allowances for deferred tax assets recognised for loss carryforwards, due account is taken of rules restricting loss utilisation (minimum taxation). Further details are provided in Note 8.

The post-employment pension expense from defined benefit plans is determined on the basis of actuarial calculations. Those calculations are based on assumptions and judgements regarding discount rates on the net obligation, mortality and future pension increases. Such estimates are subject to significant uncertainties due to the long-term nature of such plans. Details of those uncertainties, together with sensitivities, are presented in Note 14.



Provisions for warranties are accounted for on the basis of expected costs from customer orders. The estimates for the warranty obligations are based on experience in recent financial years and generally relate to a warranty term of between one and two years from the acceptance date. It is therefore expected that the majority of provisions for warranties will be settled within the next two years. Further details are provided on page 247.

Restructuring provisions are determined on the basis of estimates and are therefore subject to uncertainty.

For the purpose of accounting in accordance with IFRS 15, judgements are made regarding whether revenue is realised over time. Krones has come to the conclusion that revenue for highly customer-specific projects is to be recognised over time rather than at a point in time, as the resulting assets have no alternative use as a rule and Krones has a legal right to payment, including a profit margin, for performance already completed. Krones has determined that an input method is the most suitable for determining progress as there is a direct relationship between production cost being incurred and transfer of the product or service to the customer. The percentage of completion is the ratio of contract costs incurred up to the reporting date to the total estimated cost of the projects. Changes in estimates and differences between actual costs and estimated costs affect the profit on such projects.

■ Intangible assets

Acquired and internally generated intangible assets, excluding goodwill, are recognised in accordance with IAS 38 if it is sufficiently probable that the use of an asset will result in a future economic benefit and the cost of the asset can be reliably determined. The assets are recognised at cost and amortised systematically on a straight-line basis over their estimated useful lives. Amortisation of intangible assets is normally applied over a useful life of between three and five years and is presented in “Depreciation and amortisation of intangible assets and property, plant and equipment”. Intangible assets that are not yet available for use are tested annually for impairment.

■ Research and development expenditure

Development costs in the Krones Group are capitalised at cost if all recognition criteria in IAS 38.57 are met. In accordance with IAS 38, research expenditure cannot be capitalised and is therefore immediately recognised as an expense in profit or loss. Borrowing costs are capitalised as cost at a capitalisation rate of 0.60% (previous year: 0.03%).

■ Goodwill

Goodwill is not amortised. Instead, it is tested annually for impairment. It is also tested for impairment if an event occurs or circumstances arise that suggest that the recoverable amount may be less than the carrying amount. Goodwill is recognised at cost less cumulative impairment losses.



Goodwill is tested for impairment at the level of the cash-generating unit or group of cash-generating units represented by a division (or corresponding unit).

The cash-generating unit or group of cash-generating units represents the lowest level at which the goodwill is monitored for internal management purposes.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit or group of cash-generating units that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit or group of cash-generating units to which the goodwill is allocated exceeds the recoverable amount, an impairment loss is recognised for the goodwill allocated to the cash-generating unit or group of cash-generating units. The recoverable amount is the fair value less costs of disposal or the value in use, whichever is higher, of the cash-generating unit or group of cash-generating units. If either of these exceeds the carrying amount, it is not always necessary to determine both values. The values are normally measured on the basis of discounted cash flows. Even if the recoverable amount of the cash-generating unit or group of cash-generating units to which goodwill is allocated exceeds the carrying amount in subsequent periods, impairment losses on that goodwill are not reversed.

■ Property, plant and equipment

The Kronos Group's property, plant and equipment are accounted for at cost less systematic depreciation on a straight-line basis over their estimated useful lives. The cost of self-constructed assets comprises all directly attributable costs and an allocation of overheads.

No revaluation of property, plant and equipment has been undertaken in accordance with IAS 16.

Systematic depreciation is based on the following useful lives, which are applied uniformly throughout the group:

Useful life	Years
Buildings	14 – 50
Technical equipment and machinery	5 – 18
Furniture and fixtures and office equipment	3 – 15

The useful lives take into account the different components of assets with significant differences in cost.

Government grants are only recognised if there is reasonable assurance that the conditions attaching to them will be complied with and the grants will be received.

Government grants related to assets are deducted from the cost of the assets and reversed in future periods to profit or loss in depreciation and amortisation of intangible assets and property, plant and equipment.



Leases

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

In accordance with IFRS 16, Kronos normally recognises all leases and related contractual rights and obligations in the statement of financial position. Kronos recognises a right-of-use asset and a corresponding lease liability at the time the leased item is available for use by the group.

Lease liabilities include the present value of the following lease payments:

- Fixed payments less any lease incentives payable by the lessor;
- Variable lease payments that depend on an index or a rate;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option, if the option is reasonably certain to be exercised;
- Payments of penalties for terminating the lease, if the lease term reflects the exercising of an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If not, they are discounted using the incremental borrowing rate. The finance costs are recognised in profit or loss over the lease term. The carrying amount of lease liabilities is remeasured if there is a change in the lease or in the assessment of an option to purchase the underlying asset.

Right-of-use assets are measured at cost, which comprises:

- The amount of the initial measurement of the lease liability;
- Lease payments made at or before the commencement date, less any lease incentives received;
- Initial direct costs incurred;
- Dismantling obligations.

Subsequent measurement is at cost less any accumulated depreciation and any accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term. Right-of-use assets are likewise tested for impairment.

With regard to the practical expedients provided for in the standard, Kronos makes use of the practical expedients for low-value assets and for short-term leases (less than 12 months). The payments for short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis.

Furthermore, the rules are not applied to leases of intangible assets. In the case of contracts that contain non-lease components as well as lease components, use is made of the option not to separate non-lease components from lease components.



■ Financial instruments

In accordance with IFRS 9, Krones classifies financial assets into three categories: financial instruments at amortised cost (AC), financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI).

The classification of financial assets is made on the basis of Krones' business model for managing the financial assets and their contractual cash flow characteristics.

In accordance with IFRS 9, Krones classifies financial liabilities into three categories: financial instruments at amortised cost (AC), financial instruments at fair value through profit or loss (FVTPL) and financial instruments at fair value through other comprehensive income (FVOCI).

For the various classes of financial assets and liabilities, the carrying amounts are generally a reasonable approximation of fair value.

The fair value of financial assets and liabilities is determined on the basis of financial accounting models using inputs observable in the market at the reporting date (Level 2 within the meaning of IFRS 13.72). Level 2 assets and liabilities are primarily hedging and non-hedging derivatives.

The fair value of Level 1 financial assets and liabilities is based on unadjusted quoted prices in active markets for financial instruments. For Level 3 inputs within the meaning of IFRS 13.72, the fair values are the same as the carrying amounts. Measurement is based on estimates from forecasts of future developments.

Transactions against cash settlement are accounted for at the settlement date. Derivative financial instruments are accounted for at the trade date.

Net gains and losses include impairments and measurement changes for derivative financial instruments and are set out in the explanatory notes on the various measurement categories.

Loss allowances are therefore measured on the basis of one of the following:

- 12-month expected credit losses: Expected credit losses that result from default events that are possible within twelve months after the reporting date.
- Lifetime expected credit losses: Expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss allowances are measured on the basis of lifetime expected credit losses if the credit risk on a financial asset at the reporting date has increased significantly since initial recognition; otherwise, loss allowances are measured on the basis of 12-month expected credit losses. An entity may assume that the credit risk on a financial asset has not increased significantly if the financial asset is determined to have low credit risk at the reporting date. However, loss allowances must always be measured on the basis of lifetime expected credit losses for trade receivables and contract assets without a significant financing component; Krones also measures loss allowances on this basis for trade receivables and contract assets with a significant financing component.

The expected credit losses on trade receivables and on contract assets are estimated on the basis of external ratings and historical credit loss experience over the last 36 months. Within each group of financial instruments, credit risks are segmented on the basis of shared credit risk characteristics.



Trade receivables and contract assets have been grouped on the basis of shared credit risk characteristics for the purpose of measuring expected credit losses. The contract assets generally have the same risk characteristics as trade receivables.

Information on risk reporting in accordance with IFRS 7 is provided in the risk report in the group management report.

■ Derivative financial instruments and hedge accounting

The derivative financial instruments used in the Krones Group are used to hedge against currency risks from operating activities. The election has been made to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9.

The main categories of currency risk at Krones comprise transaction risk arising from exchange rates and cash flows in foreign currencies. The main such currencies are the US dollar, the Canadian dollar, the pound sterling and the Chinese renminbi yuan.

Within the hedging strategy, 100% of items denominated in foreign currencies are generally hedged. The instruments used for this purpose are mostly forward exchange contracts and, in isolated cases, swaps, including currency swaps.

The strategy objective is to minimise currency risk by using hedging instruments that are judged to be highly effective, thus providing planning certainty by hedging the exchange rate.

The derivative financial instruments are measured on initial recognition and in subsequent measurement at fair value as of the reporting date. Fair value is determined using Level 2 inputs within the meaning of IFRS 13.72. Gains and losses on measurement are recognised in profit or loss unless the criteria for hedge accounting are met.

The derivative financial instruments for which hedge accounting is applied comprise forward currency contracts and currency swaps whose changes in fair value are presented in profit or loss or as a component of equity. In the case of cash flow hedges of currency risks on hedged items, changes in fair value are initially recognised directly in equity and subsequently reclassified to profit or loss when the hedged item affects profit or loss.

These derivative financial instruments are measured on the basis of the forward rates provided by the commercial bank concerned. They are derecognised/reclassified when the corresponding hedged items are recognised in the statement of financial position.

■ Receivables and other assets

Receivables and other assets, with the exception of derivative financial instruments, are accounted for at amortised cost. Non-interest-bearing and low-interest receivables with maturities of more than one year are discounted.

The group makes use of the possibility as a rule of selling export receivables that are covered by credit insurance and/or documentary letters of credit. Receivables sold as of the reporting date are derecognised in full if substantially all risks and rewards have been transferred to the buyer. In the case of receivables covered by credit insurance, the risk relating to the exporter's



deductible is generally retained. The group assumes in such cases that substantially all the risks and rewards of the receivables transfer to the purchaser of the receivables if the deductible does not exceed 10% of the value of each individual receivable. The fair value of the expected recourse obligation under the retained deductibles was recognised as an expense.

The sale of receivables from the spare parts business as of the reporting date was carried out under an established master factoring agreement. Assuming the legal validity of the receivables, the factor bears the credit risk on the receivables it has purchased.

■ Inventories

Inventories are carried at the lower of cost and net realisable value. Cost includes costs that are directly related to the units of production and an allocation of fixed and variable production overheads.

The allocation of overheads is based on normal capacity.

Selling costs and general and administrative costs are not capitalised. Inventory risks arising from increased storage periods or reduced usability are accounted for with write-downs.

The FIFO and weighted-average cost methods are applied as simplified measurement methods for raw materials, consumables and supplies.

■ Income tax

The tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognised in profit or loss except to the extent that they

relate to a business combination or to an item recognised directly in equity or in other comprehensive income.

Current taxes are the amounts of taxes expected to be paid or recovered in respect of the taxable profit or tax loss for the financial year on the basis of the tax rates that apply at the reporting date or will apply in the near future together with all adjustments recognised for current tax of prior periods.

Deferred tax assets and deferred tax liabilities are accounted for using the liability method and are recognised for all temporary differences between the tax base and the carrying amounts in accordance with IFRS, for unused tax losses and for consolidation adjustments recognised in profit or loss. Deferred tax assets are only recognised to the extent that it is probable that the related tax benefits can be realised.

Deferred taxes are measured on the basis of the income tax rates that apply in the various countries at the time of realisation. Changes in the tax rates are taken into account if it is sufficiently certain that they will occur. Where legally permissible, deferred tax assets and liabilities have been offset.

Tax liabilities are recognised in the event that amounts in tax returns will probably not be realised (uncertain tax items). The amount is the best estimate of the expected tax payment (the expected amount or most likely amount of the uncertain tax item). Tax receivables from uncertain tax items are recognised if it is probable that they can be realised. Only if there is a tax loss carryforward or unused tax credit is no tax liability or tax receivable recognised for an uncertain tax item; the deferred tax asset for the unused tax loss carryforwards and tax credits is then adjusted instead.



■ Provisions for pensions

Provisions for pensions are measured using the projected unit credit method in accordance with IAS 19. This method takes into account known vested benefits at the reporting date together with expected future increases in state pensions and salaries based on a prudent assessment of relevant variables. The provisions are calculated on the basis of actuarial appraisals that take into account biometric factors.

Actuarial gains and losses have a direct impact on the consolidated statement of financial position, resulting in an increase or decrease in provisions for pensions and similar obligations and a reduction or increase in other reserves in equity. The consolidated statement of profit and loss is not affected by actuarial gains and losses as they are required to be recognised in other comprehensive income. Net interest on the net defined benefit obligation is determined by multiplying the net defined benefit obligation by the discount rate used to measure the defined benefit obligation. Because the net defined benefit obligation is reduced by any plan assets, the same discount rate is used to calculate return on plan assets. Current and past service costs and net interest are recognised in profit or loss.

■ Partial retirement benefit obligations

According to the definition of post-employment benefits in IAS 19, top-up payments under partial retirement agreements come under other long-term employee benefits. Such top-up payments are therefore not recog-

nised in full as liabilities at their net present value. Instead, they are accrued on a prorated basis across the relevant years of active service of the employees taking partial retirement.

■ Other provisions

Other provisions are recognised when the group has a present obligation to a third party as a result of a past event, an outflow is probable and the amount of the obligation can be reliably estimated. The provisions are measured at fully attributable costs or on the basis of the most probable settlement amount.

Restructuring provisions are recognised in connection with measures that materially change the scope of the business undertaken by a segment or business unit or the manner in which that business is conducted. Most such measures involve the termination of employment relationships. Restructuring provisions are recognised when implementation of a detailed formal plan has started or such a plan has been announced.

Non-current provisions with a residual term of more than one year are recognised at the settlement amount discounted to the reporting date. The discount rate reflects the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.



■ Revenue

The basic criterion for revenue recognition under IFRS 15 is transfer of control. A distinction is made between transfer of control at a point in time and transfer of control over time:

Krones offers machinery and systems for filling and packaging and for beverage production. Krones recognises revenue for highly customer-specific projects over time rather than at a point in time, as the resulting assets have no alternative use as a rule and Krones has a legal right to payment, including a profit margin, for performance already completed. Progress is measured using an input method. The percentage of completion is the ratio of contract costs incurred up to the reporting date to the total estimated cost of the project.

A further important part of Krones' business model consists of services. The company maintains service centres and offices around the world. Krones provides a comprehensive range of products and services for customers under the heading of lifecycle service (LCS). Krones recognises revenue from sales of spare parts at a point in time, on delivery of the goods (transfer of control). Revenue for services that come under LCS is mostly recognised over time as the customer simultaneously receives and consumes the benefits provided by the group's performance as the group performs. Accordingly, revenue is mostly recognised over time using an input method on the basis of the costs incurred. Revenue is only recognised on a straight-line basis in the case of longer-term maintenance services.

A provision is recognised in accordance with IAS 37 for anticipated losses relating to customer orders.

Costs to obtain contracts where the amortisation period of the costs would be one year or less are immediately recognised as expense.

Krones receives payments from customers on the basis of a payment plan that is part of the contracts. The payment terms vary among business units and countries. Contract assets relate to our conditional right to consideration for contractual performance obligations satisfied to date. Trade receivables are recognised when the right to receive the consideration becomes unconditional.

Contract liabilities relate to payments received in advance, meaning before contractual performance obligations have been satisfied. Contract liabilities are recognised as revenue when we satisfy the contractual performance obligations. If performance exceeds advance payments, the resulting positive balance is presented in contract assets and receivables.

Financing components are not included in the amount of revenue to be recognised if it is expected at inception of the contract that the period between the transfer of the promised good or promised service and payment for that good or service will be one year or less.

Revenue is presented net of reductions.



■ Statement of cash flows

Beginning in 2022, proceeds and payments from time deposits are presented in cash flow from investing activities. The previous year's figures have been restated in accordance with IAS 8.42. Cash flow from operating activities increased as a result by €30,125 thousand. Cash flow from investing activities decreased accordingly. There was consequently no impact on free cash flow.

■ Segment reporting

Krones reports on three operating segments, which are the strategic business units. These are organised by product divisions and services and managed separately due to the different technologies they cover. The Executive Board, as the chief operating decision maker, manages the company as a whole on the basis of monthly reports from the segments. Segment 1 comprises Filling and Packaging Technology, Segment 2 Process Technology and Segment 3 Intralogistics. The accounting policies used are the same as those described under "General disclosures" above.

Segment performance is measured on the basis of internal reporting to the Executive Board, primarily segment revenue and segment EBITDA.

The table below shows revenue generated through business with third parties in each country (based on the location of customer headquarters).

€ thousand	2022	2021
Germany	423,996	375,525
North America	920,111	764,224
Rest of the world	2,865,232	2,494,707
	4,209,339	3,634,456

The table below shows non-current assets in each country:

€ thousand	2022	2021
Germany	690,551	684,530
North America	88,321	33,117
Rest of the world	304,491	308,777
	1,083,363	1,026,424

Notes to the **consolidated statement of financial position**

1 Intangible assets

The carrying amount of intangible assets changed as follows:

€ thousand	Industrial property rights and similar rights and assets as well as licenses	Goodwill	Capitalised development expenditure	Advance payments made	Total
31 December 2020					
Cost	242,062	135,718	472,106	12	849,898
Accumulated depreciation	181,319	33,956	334,026	0	549,301
Net carrying amount	60,743	101,762	138,080	12	300,597
Changes in 2021					
Cost					
Consolidated additions	0	0	0	0	0
Additions	17,246	0	28,185	22	45,453
Disposals	3,014	0	717	0	3,731
Transfers	67	0	-55	-12	0
Exchange differences	1,027	5,114	0	0	6,141
Amortisation					
Additions	17,908	0	28,993	0	46,901
Disposals	2,784	0	717	0	3,501
Transfers	53	0	-53	0	0
Exchange differences	416	1,484	0	0	1,900
Net carrying amount at 31 December 2021	60,476	105,392	137,270	22	303,160
31 December 2021					
Cost	257,388	140,832	499,519	22	897,761
Accumulated depreciation	196,912	35,440	362,249	0	594,601
Net carrying amount	60,476	105,392	137,270	22	303,160

Table continued on next page

€ thousand	Industrial property rights and similar rights and assets as well as licenses	Goodwill	Capitalised development expenditure	Advance payments made	Total
Changes in 2022					
Cost					
Consolidated additions	18,827	26,409	0	0	45,236
Additions	21,315	0	23,565	72	44,952
Disposals	6,490	0	0	0	6,490
Transfers	16	0	0	-16	0
Exchange differences	838	3,786	0	0	4,624
Depreciation					
Additions	13,432	0	33,458	0	46,890
Disposals	6,252	0	0	0	6,252
Transfers	0	0	0	0	0
Exchange differences	345	1,150	0	0	1,495
Net carrying amount at 31 December 2022	87,457	134,437	127,377	78	349,349
31 December 2022					
Cost	291,894	171,027	523,084	78	986,083
Accumulated depreciation	204,437	36,590	395,707	0	636,734
Net carrying amount	87,457	134,437	127,377	78	349,349

Adjusted for rounding

The additions to industrial property rights, similar rights/assets and licenses mainly relate to licenses for IT software. Customer bases amounting to €22,762 thousand (previous year: €5,009 thousand) are included in the carrying amount as of the reporting date.

All goodwill underwent a regular impairment test in accordance with IAS 36, as in the previous year. Impairment testing is performed on the

basis of value in use at the level of the smallest cash-generating unit (CGU) or group of cash-generating units. The cash flow projections underlying impairment tests are based on the approved financial forecasts within the forecast period. These forecasts are based in part on external sources of information. They also take into account price agreements based on past experience and expected efficiency gains as well as assumptions about revenue growth based on strategy.



The table below provides an overview of the tested goodwill and the assumptions used for the respective impairment tests, each of which was performed at the level of the smallest cash-generating unit (CGU):

CGU		Carrying amount of goodwill € thousand	Forecast period in years	Annual revenue growth at end of forecast period	Discount rate before taxes
IPS	2022	36,112 ²⁾	3	1.0%	7.4%
	2021	34,055 ²⁾	3	1.0%	6.0%
R+D Custom	2022	26,409	6	3.0%	17.4%
MHT	2022	20,180	3	1.0%	9.9%
	2021	20,180	3	1.0%	7.9%
Javlyn	2022	4,826 ²⁾	3	1.5%	17.1%
	2021	4,551 ²⁾	3	1.5%	13.3%
System Logistics	2022	30,906	3	1.0%	9.8%
	2021	30,906	3	1.0%	7.9%
HST	2022	4,258	3	1.0%	9.9%
	2021	4,258	3	1.0%	8.3%
Other ¹⁾	2022	11,756 ²⁾	3	1.0% – 2.0%	7.8% – 17.1%
	2021	10,254 ²⁾	3	1.0% – 2.0%	7.6% – 14.0%

¹⁾ Goodwill with a carrying amount of less than €4 million in each case

²⁾ Change due to currency translation

The pre-tax discount rates are based on risk-free interest rates, which are determined on the basis of long-term government bond yields. The discount rate is adjusted for a risk premium that reflects the general risk associated with equity investments and the specific risk of the CGU. Revenue growth at the end of the forecast period is the long-term average growth rate of the respective industrial sectors and countries in which the CGUs do business.

As in the previous year, impairment testing did not result in the recognition of goodwill impairments.

Based on the assumed 1.0% annual revenue growth for the MHT CGU at the end of the forecast period – as shown in the table – the recoverable amount of €4,165 thousand is greater than the carrying amount. If the pre-tax discount rate were to increase to 11.20%, the recoverable amount would equal the carrying amount. In all other respects, Krones AG is of the opinion that no reasonably foreseeable change to any of the material basic assumptions used to determine the value in use of cash-generating units to which goodwill has been allocated could result in the carrying amount being higher than its recoverable amount.

The capitalised development expenditure relates to new machinery projects at Krones AG. Development expenditure capitalised in the reporting period amounts to €23,565 thousand (previous year: €28,185 thousand).



As in the previous year, this includes borrowing costs in a non-material amount. Including capitalised development expenditure, a total of €178,287 thousand was spent on research and development in 2022 (previous year: €174,320 thousand). Impairment losses on capitalised development expenditure were recognised in amortisation in the reporting year in the amount of €3,771 thousand (previous year: €4,152 thousand). As in the previous year, the charges were incurred in the Filling and Packaging Technology segment only and related to technologies that will not be further pursued.

In the reporting period, business combinations resulted in €18,827 thousand in additions to net carrying amounts for intangible assets (previous year: €- thousand) and €26,409 thousand in additions to goodwill (previous year: €- thousand).

2 Property, plant and equipment and right-of-use assets

In 2022, as in the previous year, it was not necessary to recognise any impairments of property, plant and equipment in accordance with IAS 36. Additions to land and buildings and to construction in progress primarily related to expansion at the Neutraubling site in Germany (extension of production buildings). The €72,413 thousand in capital expenditure on technical equipment and machinery and on other equipment, furniture and fixtures and office equipment primarily relates to capacity expansion and modernisation at existing production locations.

In 2022, the carrying amounts for property, plant and equipment included government grants of €14,381 thousand (previous year: €17,112 thousand). Government grants in the amount of €796 thousand (previous year: €803 thousand) were reversed to profit or loss in 2022. As in the previous year, the depreciation figure in 2022 does not include any impairment reversals.

The reported property, plant and equipment is not subject to any restrictions of title or disposal.

In the reporting period, business combinations resulted in €3,476 thousand in additions to net carrying amounts for property, plant and equipment (previous year: €- thousand).



Property, plant and equipment, including right-of-use assets, changed as follows:

€ thousand	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures and office equipment	Construction in progress	Advance payments made	Total
31 December 2020						
Cost	721,412	375,722	307,195	12,084	4,313	1,420,726
Accumulated depreciation	278,576	268,409	217,599	0	0	764,584
Net carrying amount	442,836	107,313	89,596	12,084	4,313	656,142
Changes in 2021						
Cost						
Consolidated additions	0	0	288	0	0	288
Additions	29,338	17,030	30,567	14,589	4,367	95,891
Disposals	7,362	14,568	27,457	25	0	49,412
Transfers	545	6,792	3,855	-8,693	-2,499	0
Exchange differences	10,819	6,023	3,534	248	22	20,646
Depreciation						
Additions	35,709	21,316	37,812	0	0	94,837
Disposals	6,360	14,169	26,449	0	0	46,978
Transfers	-1	5	-4	0	0	0
Exchange differences	2,763	3,467	2,457	0	0	8,687
Net carrying amount at 31 Dec 2021	444,065	111,971	86,567	18,203	6,203	667,009
31 December 2021						
Cost	754,752	390,999	317,982	18,203	6,203	1,488,139
Accumulated depreciation	310,687	279,028	231,415	0	0	821,130
Net carrying amount	444,065	111,971	86,567	18,203	6,203	667,009

Table continued on next page



€ thousand	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures and office equipment	Construction in progress	Advance payments made	Total
Changes in 2022						
Cost						
Consolidated additions	2,843	26	1,050	0	0	3,919
Additions	23,642	19,740	52,673	16,401	7,627	120,083
Disposals	15,419	8,691	40,357	1,651	0	66,118
Transfers	6,426	8,854	3,918	-12,158	-7,040	0
Exchange differences	1,440	2,131	977	-10	-24	4,514
Depreciation						
Additions	36,411	20,022	37,928	1,650	0	96,011
Disposals	13,470	8,679	39,558	1,650	0	63,357
Transfers	0	-21	21	0	0	0
Exchange differences	982	1,392	716	0	0	3,090
Net carrying amount at 31 Dec 2022	439,074	121,317	105,721	20,785	6,766	693,663
31 December 2022						
Cost	773,684	413,059	336,243	20,785	6,766	1,550,537
Accumulated depreciation	334,610	291,742	230,522	0	0	856,874
Net carrying amount	439,074	121,317	105,721	20,785	6,766	693,663



The table below shows the recognised right-of-use assets for leased assets accounted for in property, plant and equipment:

€ thousand	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures and office equipment	Total
31 Dec 2022				
Net carrying amount	87,113	5,015	23,825	115,953
Additions	24,005	1,965	17,993	43,963
Depreciation	18,949	1,309	11,829	32,087

€ thousand	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures and office equipment	Total
31 Dec 2021				
Net carrying amount	79,115	4,416	17,547	101,078
Additions	24,415	363	9,458	34,236
Depreciation	18,234	1,161	12,940	32,335



Information on the corresponding lease liabilities is provided on page 247.

Interest expenses include €1,629 thousand (previous year: €1,756 thousand) in interest expense on leases. Other operating expenses include €3,563 thousand (previous year: €2,653 thousand) in expenses from short-term leases, €661 thousand (previous year: €314 thousand) in expenses from leases of low-value assets and €1,536 thousand (previous year: €553 thousand) in expenses for variable lease payments. Total cash outflows for recognised leases amount to €36,304 thousand (previous year: €34,428 thousand).

3 Non-current financial assets

The non-current financial assets consist primarily of lendings to and investments in nonconsolidated companies.

4 Investments accounted for using the equity method

As in the previous year, one associated company was accounted for using the equity method as of the reporting date.

The table below shows the associate accounted for using the equity method:

Name	Place of business	Ownership interest (%)	
		31 Dec 2022	31 Dec 2021
Associate			
Technologisches Institut für angewandte künstliche Intelligenz GmbH	Weiden	31.15	31.15

The table below summarises the aggregated earnings data and aggregated carrying amounts of the associate accounted for using the equity method:

€ thousand	2022	2021
Profit or loss for the period	23	-117
Other comprehensive income	0	0
Total comprehensive income	23	-117
Share of profit or loss	7	-36
Carrying amount at 31 Dec	2,364	2,357

The ownership interest in Technologisches Institut für angewandte künstliche Intelligenz GmbH was reduced in 2021 from 44% to 31.15% in a partial sale.



The gain of €598 thousand recognised in this connection in 2021 comprises the €1,585 thousand sale proceeds less the €987 thousand derecognised carrying amount and is presented in the income statement within financial income/expense as interest and similar income.

5 Inventories

The inventories of the Kronos Group are composed as follows:

€ thousand	31 Dec 2022	31 Dec 2021
Raw materials, consumables and supplies	394,977	281,425
Work in progress	92,990	69,747
Finished goods	62,414	47,689
Goods purchased for sale	33,280	27,084
Other	5,784	7,658
Total	589,445	433,604

Inventories are recognised at the lower of cost and fair value less selling expenses.

Write-downs of €1,613 thousand on inventories were recognised as expense in 2022 (previous year: €2,190 thousand) and are substantially based on customary net realisable values and obsolescence allowances.

6 Receivables and other assets

€ thousand	31 Dec 2022	31 Dec 2021
Trade receivables	847,235	786,302
Contract assets	727,555	593,969
Other assets	201,383	207,461

The group measures expected credit losses using the simplified approach under IFRS 9; accordingly, all trade receivables and contract assets are accounted for with lifetime expected credit losses.

Non-recourse factoring reduced trade receivables by €75,842 thousand as of the reporting date (previous year: €62,651 thousand). Factored export receivables in the amount of €5,086 thousand (previous year: €6,043 thousand) continue to be recognised in full as substantially all the risks and rewards are retained. The purchase price received is presented in other liabilities.

The loss allowance for expected credit losses on trade receivables and contract assets changed as follows:

€ thousand	2022	2021
At 1 Jan	56,510	47,590
Change due to currency effects	-642	706
Additions	10,312	12,142
Reversals	-10,134	-3,928
At 31 Dec	56,046	56,510

The loss allowances include €9,259 thousand (previous year: €9,494 thousand) in impairments of contract assets.

Other assets mainly comprise advance payments made (€52,724 thousand; previous year: €40,850 thousand), current tax assets (€64,172 thousand; previous year: €52,802 thousand), prepaid expenses (€14,175 thousand; previous year: €13,806 thousand) and other financial assets (€39,325 thousand; previous year: €74,230 thousand).



The derivative financial instruments measured at fair value that were entered into for future payment receipts and meet the conditions for hedge accounting or that were entered into as stand-alone hedge transactions totalled €4,294 thousand at the reporting date (previous year: €2,129 thousand).

7 Cash and cash equivalents

Apart from cash on hand totalling €160 thousand (previous year: €280 thousand), the cash and cash equivalents of €674,502 thousand (previous year: €383,371 thousand) consist primarily of demand deposits.



Changes in cash and cash equivalents in accordance with IAS 7 Statement of Cash Flows are presented in the statement of cash flows on page 213.

8 Income tax

Income tax receivables and liabilities relate exclusively to income tax in accordance with IAS 12.

The income tax breaks down as follows:

€ thousand	31 Dec 2022	31 Dec 2021
Deferred tax expense/income (-)	- 8,439	-22,054
Current tax	63,423	57,929
Total	54,984	35,875

Deferred taxes are measured on the basis of the tax rates that, based on the current legal situation, apply or are expected to apply in the various countries at the time of realisation. In Germany, the tax rates that apply are, as in the previous year, a corporate income tax rate of 15.0% plus a solidarity surcharge of 5.5% and a local trade tax multiplier (Gewerbesteuerhebesatz)

for Kronos AG averaging 336%. The total income tax rate for the companies in Germany is consequently 27.6%. As in the previous year, tax rates abroad range between 9% and 34%.

The deferred tax assets and liabilities at 31 December 2022 break down by items on the statement of financial position as follows:

€ thousand	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Intangible assets	4,187	4,370	41,486	43,482
Property, plant and equipment and other non-current assets	3,671	3,191	11,642	10,891
Current assets	17,100	21,440	30,586	33,978
Tax loss carryforwards	46,900	33,818	0	0
Non-current liabilities	20,161	22,328	0	340
Current liabilities	28,963	31,290	687	563
Deferred tax items recognised in other comprehensive income	19,953	43,331	1,669	630
Subtotal	140,935	159,768	86,070	89,884
Offsetting (-)	-81,078	-84,591	-81,078	-84,591
Total	59,857	75,177	4,992	5,293

The deferred tax assets and liabilities recognised in other comprehensive income amounted, respectively, to €19,953 thousand (previous year: €43,331 thousand) and €1,669 thousand (previous year: €630 thousand). The deferred tax assets include €19,132 thousand (previous year: €41,646 thousand) for actuarial losses recognised in other comprehensive income in accordance with IAS 19 and €821 thousand (previous year: €1,685 thousand) in hedging losses. The deferred tax liabilities comprise €1,087 thousand (previous year: €630 thousand) for actuarial gains recognised in other comprehensive income in accordance with IAS 19 and €582 thousand in hedging gains.



Deferred taxes on tax loss carryforwards in the amount of €84,394 thousand (previous year: €137,492 thousand) were not recognised because it is not sufficiently certain that the tax assets will be realised in the foreseeable future. These loss carryforwards can essentially be carried forward indefinitely.

Entities that made losses in the reporting year or the previous year and whose deferred tax assets are not covered by deferred tax liabilities have recognised deferred tax assets in the amount of €4,722 thousand (previous year: €29,547 thousand). There is convincing evidence that these tax assets will be realised on the basis of management assumptions and judgements about the development of the business deriving from past experience and taking into account one-off effects in the financial year under review.

The temporary differences relating to equity interests in subsidiaries (outside basis differences) for which no deferred tax liabilities were recognised at the reporting date totalled €526,571 thousand (previous year: €469,407 thousand).

The tax expense of €54,984 thousand reported in the 2022 financial year is €11,826 thousand less than the expected tax expense that would theoretically result from application of the domestic tax rate of 27.6% at the group level. The difference can be attributed to the following:

€ thousand	2022	2021
Earnings before taxes	242,065	177,760
Tax rate for the parent company Krones AG	27.60%	27.60%
(Theoretical) tax income (-)/tax expense (+)	66,810	48,924
Adjustment due to difference between local tax rate and tax rate of Krones AG	-4,058	-4,927
Reductions in tax due to tax-exempt income	-2,899	-2,489
Current tax losses for which no deferred taxes recognised	584	32
Increases in tax expense due to non-deductible expenses	13,759	10,305
Tax effect of impairment of deferred taxes from loss carryforwards (+) / tax effect of as-yet unrealised deferred taxes on loss carryforwards (-)	-16,359	-14,161
Tax income (-) / tax expense (+) for previous years	-2,239	-1,991
Tax effect of as-yet unrealised deductible temporary differences	-566	253
Other	-48	-71
Taxes on income	54,984	35,875

9 Equity

Krones AG's share capital amounted to €40,000,000.00 at 31 December 2022, as in the previous year. It is divided into 31,593,072 ordinary bearer shares, each with a theoretical par value of €1.27 per share. 31,593,072 shares were in circulation at the reporting date (previous year: 31,593,072). At 31 December 2022, as in the previous year, the company held no treasury shares.

The company is authorised in accordance with Section 71 (1) No. 8 of the German Stock Corporation Act (AktG) to buy treasury shares totalling up to 10% of the current share capital in compliance with the provisions of the law and of the authorising resolution.



The authorisation can be exercised by the company, by its consolidated companies or by a third party acting on its or their behalf, either in whole or in part, once or multiple times, in pursuit of one or multiple purposes.

The authorisation became effective upon resolution by the annual general meeting on 13 June 2018 and applies until midnight on 12 June 2023.

By resolution of the annual general meeting on 17 May 2021, the Executive Board is authorised to increase the company's share capital, with the approval of the Supervisory Board, by up to €10 million (authorised capital) through the issuance on one or more occasions of new ordinary bearer shares against cash contributions up to and including 15 June 2026. Shareholders must be granted subscription rights to these shares. The Executive Board is authorised to exclude the subscription rights of shareholders, with the approval of the Supervisory Board, for any fractional amounts that may arise. Moreover, the Executive Board is authorised to determine the further details of the capital increase and its implementation, in both cases with the approval of the Supervisory Board. The Supervisory Board is authorised to amend the articles of association in accordance with any utilisation of the authorised capital and upon expiration of the term of the authorisation.

The changes in equity that are recognised in other comprehensive income (excluding dividends) totalled €71,986 thousand in the reporting period (previous year: €49,504 thousand) and consist of changes in exchange differences and cash flow hedges as well as the recognition of actuarial gains and losses on pensions under other reserves. In addition, the allocation of profit or loss to non-controlling interests resulted in a change in equity of €56 thousand (previous year: €20 thousand). The sum of changes in equity that are recognised in other comprehensive income and those that are recognised in profit or loss was €259,067 thousand (previous year: €190,890 thousand).

A dividend of €1.40 per share was approved for the 2021 financial year and paid out by Krones AG in 2022 (previous year: €0.06 per share). The total dividend payout came to €44,230 thousand (previous year: €1,896 thousand).

Disclosures about capital management

A strong equity position is an important prerequisite for ensuring Krones' long-term survival. To achieve this, Krones regularly monitors and manages its capital on the basis of the equity ratio. In order to share the company's success with shareholders, Krones' policy is to pay out 25% to 30% of consolidated profit in the form of dividends.

10 Capital reserves

The capital reserves total €141,724 thousand (previous year: €141,724 thousand). The capital reserves include amounts transferred under Section 272 (2) No. 4 of the German Commercial Code (HGB) and amounts transferred under Section 272 (2) No. 1 HGB totalling €37,848 thousand.

11 Profit reserves

The legal reserve remains unchanged from the previous year at €51 thousand.

The other profit reserves include deductions for negative goodwill from acquisition accounting for subsidiaries consolidated before 1 January 2004 and adjustments made directly in equity at 1 January 2004 on the first-time application of IFRS. They also include the adjustments made directly in equity on the first-time application of IFRS 9 and IFRS 15 as of 1 January 2018.



12 Other reserves

Exchange differences recognised under other reserves contain the currency translations of financial statements of foreign subsidiaries that are recognised in other comprehensive income. Changes in other reserves are shown in the consolidated statement of changes in equity.

Other reserves changed as follows in financial year 2022:

€ thousand	Reserve for post-employment benefits	Reserve for cash flow hedges	Reserve for exchange differences	Other	Total
At 31 Dec 2020	-129,176	3,645	-86,983	-804	-213,318
Changes in the consolidated group	27	0	0	0	27
Measurement change	29,419	-10,391	36,049	0	55,077
Tax on items taken directly to or transferred from equity	-8,091	2,518	0	0	-5,573
At 31 Dec 2021	-107,821	-4,228	-50,934	-804	-163,787
Changes in the consolidated group	0	0	0	0	0
Measurement change	83,228	5,056	8,119	0	96,403
Tax on items taken directly to or transferred from equity	-22,971	-1,446	0	0	-24,417
At 31 Dec 2022	-47,564	-618	-42,815	-804	-91,801

The measurement changes for cash flow hedges include additions of -€618 thousand (previous year: -€ 4,288 thousand) and amounts reclassified to profit or loss totalling €-4,228 thousand (previous year: -€ 3,645 thousand) after taxes.

13 Non-controlling interests

Non-controlling interests totalled -€501 thousand in 2022 (previous year: -€557 thousand).

A detailed overview of the composition of and changes to the individual equity components for the Kronos Group in 2022 and the previous year is presented in the statement of changes in equity on page 214.



14 Provisions for pensions

Provisions for pensions are recognised for obligations relating to vested benefits and current benefit payments for eligible active and former employees of Kronos Group companies and their surviving dependants. Various forms of retirement provision exist depending on the legal, economic and tax circumstances of the relevant country and are generally based on employees' remuneration and years of service.

Company pension plans are generally either defined contribution plans or defined benefit plans.

In defined contribution plans, the company does not assume any obligations beyond establishing contribution payments to special-purpose funds. Contributions are recognised as personnel expense in the year in which they are paid.

In defined benefit plans, the company undertakes an obligation to render the benefits promised to active and former employees, where a distinction is made between systems financed by provisions and systems financed through pension funds. The amount of the pension obligations (the defined benefit obligation) was computed in accordance with actuarial methods.



Apart from the assumptions regarding life expectancy based on the 2018G Heubeck actuarial tables, the following average values for the group were also taken into account in the actuarial calculations:

The basis for calculating provisions for pensions in Germany is the company's pension scheme from 31 December 1982, which is closed to new entrants. The scheme entitles all covered employees to post-employment, permanent disability and widow(er)'s pensions. The age limits are 63 for men and 60 for women. The post-employment pension amounts to 1% (0.5% beginning 1 January 1983) of the eligible earned income for each eligible year of employment, not to exceed 25%.

The basis for measurement of the permanent disability and widow(er)'s pensions (50% of post-employment pension) is the post-employment pension that can be earned by the time the employee reaches the age limit, although for the permanent disability benefit only that portion is granted which corresponds to the years of service actually reached. The measurement date for eligible years of service is 31 December 1982. A fixed table applies to new entries after this date. The individual provisions are based on individual contractual agreements.

There are further non-material pension plans in Germany and other countries. These therefore do not need to be described in detail.

Both the defined benefit obligations and plan assets are subject to fluctuations over time. This can have a positive or negative effect on funding status. Fluctuations in the defined benefit obligation within the Kronen Group result primarily from changes in financial assumptions such as discount rates and increases in the cost of living as well as changes in demographic assumptions such as changed life expectancy.

%	Average for the group	
	2022	2021
Discount rate	3.9	1.3
Projected increases in wages and salaries	0.0	0.0
Projected increases in state pensions	2.4	2.0

The rates recommended for measuring pension liabilities at the end of the financial year as published by Heubeck AG, Mercer Deutschland GmbH, TowersWatson and AON Hewitt are used to determine the relevant discount rates. These values, which in turn are determined on the basis of market yields on senior fixed-coupon corporate bonds, are used to obtain an interest rate that reflects the anticipated benefit payments.

The following amounts are expected to be contributed to the defined benefit obligation in the coming years.

€ thousand	2022
Within the next 12 months	7,243
Between 2 and 5 years	31,365
Between 5 and 10 years	46,043

The average weighted residual term of post-employment benefit obligations is 15 years (previous year: 19 years).

The projected increases in wages and salaries comprise expected future pay increases, which are estimated each year on the basis, among other things, of inflation and employees' years of service with the company. Since the pension commitments at our companies in Germany are independent of future pay increases, the projected increase in wages and salaries was not taken into account when determining the corresponding pension provisions.

Increases or decreases in either the net present value of defined benefit obligations or the fair value of fund assets can result in actuarial gains or losses due to factors such as changes in parameters, changes in estimates relating to the risks associated with the pension commitments and differences between the actual and expected return on plan assets. The net value of the pension provisions breaks down as follows:

€ thousand	31 Dec 2022	31 Dec 2021	31 Dec 2020
Present value of benefit commitments financed by provisions	156,944	232,164	252,965
Present value of benefit commitments financed through pension funds	37,683	49,082	54,406
Present value of benefit commitments (gross)	194,627	281,246	307,371
Fair value of plan assets	-28,043	-30,090	-25,958
Carrying amount at 31 December (net defined benefit obligation)	166,584	251,156	281,412

The pension provisions, which amounted to €156,339 thousand at the reporting date (previous year: €237,844 thousand), are primarily attributable to Kronos AG. The actuarial gains or losses resulting from changes in financial assumptions totalled €81,387 thousand (previous year: €26,172 thousand). Experience adjustments total €279 thousand (previous year: -€466 thousand); adjustments due to changes in demographic assumptions total €0 thousand (previous year: €0 thousand).

The costs arising from pension obligations amounted to €5,079 thousand (previous year: €3,585 thousand) and break down as follows:

€ thousand	31 Dec 2022	31 Dec 2021	31 Dec 2020
Current service cost	1,708	1,207	692
Interest expense	3,773	2,667	3,521
Expected return on plan assets	-363	-261	-435
Past service cost and plan curtailments	-39	-28	0
Costs arising from pension obligations	5,079	3,585	3,778

The present value of defined benefit obligations, which amounted to €194,627 thousand (previous year: €281,246 thousand), the fair value of the plan assets, which amounted to €28,043 thousand (previous year: €30,090 thousand), and the net amount of the two items reconcile as follows:

€ thousand	Present value of benefit commitments	Fair value of plan assets	Total
At 1 January 2021	307,371	-25,958	281,412
Consolidated additions	1,936	-1,614	322
Current service cost	1,207	0	1,207
Interest expense (+)/interest income (-)	2,667	-261	2,406
Actuarial gains (+)/losses (-)	-25,469	-3,950	-29,419
Employer contributions	0	-884	-884
Benefits paid	-6,831	2,650	-4,181
Recognised past service cost	223	0	223
Exchange differences	142	-73	69
At 31 December 2021	281,246	-30,090	251,156

€ thousand	Present value of benefit commitments	Fair value of plan assets	Total
At 1 January 2022	281,246	-30,090	251,156
Consolidated additions	0	0	0
Current service cost	1,708	0	1,708
Interest expense (+)/interest income (-)	3,773	-363	3,410
Actuarial gains (+)/losses (-)	-84,294	1,066	-83,228
Employer contributions	0	-1,544	-1,544
Benefits paid	-7,573	2,990	-4,583
Recognised past service cost	-399	0	-399
Exchange differences	166	-102	64
At 31 December 2022	194,627	-28,043	166,584

The actuarial gains or losses mainly relate to changes in financial assumptions. Kronen Unterstutzungs-Fonds e.V., an occupational pension scheme, is responsible for administrating and managing a portion of the plan assets. Kronen AG is the scheme's sponsoring company. Allianz Global Investor is responsible for administrating and managing another portion of the plan assets as pension liability insurer.

The fair value of plan assets was €28.0 million as of 31 December 2022 (previous year: €30.1 million). Of that, €28.0 million consist of pension liability insurance policies (previous year: €27.8 million). The remaining plan assets are mainly attributable to Kronen Unterstutzungs-Fonds e.V., headquartered in Neutraubling. The fund assets are invested in a special-purpose fund that is administered and actively managed by Allianz GI (AGI). The eligible instruments are specified in the investment guidelines.

A defensive investment strategy is used. At 31 December 2022, the AGI fund consisted of 46.9% government bonds, 12.9% Pfandbriefe (covered bonds governed by the German Pfandbrief Act), and 20.4% investment-grade cor-

porate bonds. The amount held as cash in hand came to 3.0%. The remainder was primarily equity funds. Interest rate risk is actively managed using interest rate futures. The duration of the investment volume is 1.72 years. Management of currency risk: No direct currency investments are made. The overall rating of the fund assets is AA-. Kronen AG's plan assets are secured as follows: 100% through the pension liability insurance policies from Allianz.

The expected contributions to plan assets in 2023 are €743 thousand.

The expected pension benefit payments to be paid out of plan assets in 2023 amount to €2,606 thousand.

In 2022, a total of €55,700 thousand (previous year: €53,433 thousand) was spent on the employer contribution to defined contribution plans (contributions to pension insurance).

The sensitivity of the total pension commitments to changes in the weighted assumptions is as follows:

	Change in assumption	Effect on the obligation	
		Assumption increases	Assumption decreases
Discount rate	0.50%	6.8% decrease	7.7% increase
Change in state pensions	0.50%	5.7% increase	5.3% decrease
Life expectancy	1 year	3.3% increase	2.9% decrease

The above sensitivity analysis is based on a change in one assumption, with all other factors held constant. It is unlikely that this would be the case in reality and changes in several assumptions may be correlated. The same method was used to calculate the sensitivity of the defined benefit obligation to actuarial assumptions as was used to calculate the provisions for pensions in the statement of financial position.



15 Other provisions

€ thousand	1 Jan 2022	Consolidated additions	Utilisation	Reversal	Unwinding of discount/ change in discount rate	Additions	Exchange differences	31 Dec 2022	Due within 1 year
Personnel obligations	65,112	-17	8,239	776	-3,423	22,282	-142	74,797	17,550
Provisions for anticipated losses	33,286	0	25,361	4,108	0	34,424	270	38,511	38,242
Provisions for warranties	70,180	201	14,862	6,522	-26	21,960	-156	70,775	58,643
Other remaining provisions	74,764	330	27,775	13,429	26	23,605	646	58,167	47,510
Total	243,342	514	76,237	24,835	-3,423	102,271	618	242,250	161,945

The provisions for personnel obligations are primarily for non-current obligations relating to partial retirement. The personnel obligations include -€3,423 thousand for the effects of the time value of money (previous year: €544 thousand).

Provisions for anticipated losses relate to anticipate losses arising from customer contracts. As soon as an anticipated loss is identified, a provision is immediately recognised for it at the expected amount.

The provisions for warranties relate to project business and represent the expected costs from customer orders. The estimates for liabilities relating to project business are based on experience in recent years and mostly have a contractual term of between one and two years from acceptance. Krones therefore expects that the majority of provisions for warranties will be settled within the next two years.

The other remaining provisions primarily include provisions for damages and legal fees. The non-current provisions have been discounted using rates between 0.4% and 3.9%.

16 Liabilities

€ thousand	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of over 5 years	Total at 31 Dec 2022
Liabilities to banks	0	5,000	0	5,000
Contract liabilities	901,447	0	0	901,447
Trade payables	684,189	0	0	684,189
Other financial obligations	14,830	26,854	0	41,684
Liabilities from leases	23,846	61,912	20,171	105,929
Other liabilities*	391,929	4,224	0	396,153
Total	2,016,241	97,990	20,171	2,134,402

* The other liabilities include €123,364 thousand in financial liabilities.

€ thousand	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of over 5 years	Total at 31 Dec 2021
Liabilities to banks	0	5,098	0	5,098
Contract liabilities	600,236	0	0	600,236
Trade payables	515,141	0	0	515,141
Other financial obligations	13,361	11,902	0	25,263
Liabilities from leases	29,626	51,242	16,556	97,424
Other liabilities*	319,948	9,849	0	329,797
Total	1,478,312	78,091	16,556	1,572,959

* The other liabilities include €84,266 thousand in financial liabilities.

Krones makes use of a supplier finance programme. The group does not derecognise the original trade payables as it is not legally discharged from the liability and the liability is not materially modified. From the group's perspective, the arrangement does not materially change the payment terms. The group does not incur any additional interest or costs for the trade payables. The amounts therefore continue to be presented in trade payables as they correspond to trade payables in nature and purpose. As of 31 December 2022, trade payables include supplier finance liabilities in the amount of €123,068 thousand (previous year: €81,147 thousand).

These outstanding trade payables are settled with suppliers by a bank before they are due. Within the programme, the original supplier liabilities are unaffected in substance because the acknowledgement of the liability is unaltered and are presented as trade payables.

Liabilities to banks (drawings on carried current credit lines, unsecured) carried interest at an average rate of 0.60% (previous year: 0.03%) in the financial year.

Reconciliation of movements in liabilities to cash flow from financing activities

The table below shows changes in liabilities to banks and lease liabilities as a result of cash and non-cash changes.

€ thousand	31 Dec 2021	Other changes	Cash changes	Non-cash change due to acquisitions	31 Dec 2022
Liabilities to banks	5,098		-98		5,000
Liabilities from leases	97,424	41,398	-35,458	2,565	105,929
Total	102,522	41,397	-35,556	2,566	110,929

€ thousand	31 Dec 2020	Other changes	Cash changes	Non-cash change due to acquisitions	31 Dec 2021
Liabilities to banks	32,064		-26,966		5,098
Liabilities from leases	95,217	34,236	-32,029		97,424
Total	127,281	34,236	-58,995		102,522

The other changes mainly comprise additions from new leases.

The other financial liabilities are receivables not derecognised under IFRS 9, put/call options and earn-out obligations. Receivables not derecognised under IFRS 9 are also included in the amount of €5,086 thousand (previous year: €6,043 thousand) in trade receivables.



The other liabilities break down as follows:

€ thousand	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of over 5 years	Total at 31 Dec 2022
Tax liabilities	45,783	176	0	45,959
Social security liabilities	12,432	0	0	12,432
Payroll liabilities	29,193	1,075	0	30,268
Accruals	253,603	0	0	253,603
Other	50,918	2,973	0	53,891
Total	391,929	4,224	0	396,153

The 'other' item includes €7,477 thousand (previous year: €21,883 thousand) in liabilities for severance payments.

Accruals, which amounted to €253,603 thousand (previous year: €201,794 thousand), have significantly less uncertainty with respect to their amount and timing than is the case with provisions. The primary items they include are outstanding supplier invoices, obligations relating to flexible working hours, accrued vacation, and performance bonuses.

€ thousand	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of over 5 years	Total at 31 Dec 2021
Tax liabilities	36,867	145	0	37,012
Social security liabilities	8,487	0	0	8,487
Payroll liabilities	23,040	1,393	0	24,433
Accruals	201,794	0	0	201,794
Other	49,760	8,311	0	58,071
Total	319,948	9,849	0	329,797

17 Contingent liabilities

There were no contingent liabilities in the reporting period or in the previous year.

18 Other disclosures relating to financial instruments

The derivative financial instruments of the Krones Group substantially cover the currency risks relating to the US dollar, the Canadian dollar, the Chinese renminbi yuan and the pound sterling. The nominal and fair values of the derivative financial instruments are as follows at the reporting date:

€ thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	Nominal value	Nominal value	Fair value	Fair value
Financial assets				
Currency hedging				
Forward exchange contracts	104,767	86,100	4,294	2,129
of which hedge accounting	62,843	15,021	2,846	170
Financial liabilities				
Currency hedging				
Forward exchange contracts	554,377	364,502	9,926	7,397
of which hedge accounting	346,211	266,667	4,763	6,654

The fair value includes the difference between the forward rate received from the relevant commercial bank and the rate at the reporting date together with appropriate premiums or discounts under accepted appraisal methodologies. These financial instruments are generally accounted for at the trade date.



Default risk relating to derivative financial instruments in the event of counterparty default is limited to the balance of the positive fair values. The cash flow hedges presented are judged to be effective.

The net loss from derivatives was €14,334 thousand in the reporting period (previous year: net profit of €5,958 thousand). The German master agreements and ISDA agreements do not meet the criteria to require offsetting in the consolidated statement of financial position. That is because the company currently does not have a legally enforceable right to offset the recognised amounts. The right to offset these amounts is only enforceable if future events occur such as insolvency of a party to the contract. Hedging transactions entered into directly by subsidiaries of the Kronos Group also cannot be offset.

The table below presents the carrying amounts of the financial assets and liabilities underlying these agreements:

€ thousand	31 Dec 2022	31 Dec 2021
Financial assets		
Gross amounts of recognised financial assets	2,292,553	1,840,405
Amounts that are netted in accordance with IAS 32.42	0	0
Net amounts of recognised financial assets	2,292,553	1,840,405
Amounts subject to master netting agreement		
Derivatives	-1,330	-483
Net amount of financial assets	2,291,223	1,839,922
Financial liabilities		
Gross amounts of recognised financial liabilities	960,166	727,192
Amounts that are netted in accordance with IAS 32.42	0	0
Net amounts of recognised financial liabilities	960,166	727,192
Amounts subject to master netting agreement	0	0
Derivatives	-1,330	-483
Net amount of financial liabilities	958,836	726,709

The following table presents the financial instruments by their measurement categories and classes and also shows how the financial instruments that are measured at fair value fit within the fair value hierarchy.



31 Dec 2022		Measurement under IFRS 9				Measurement hierarchy			
€ thousand	Carrying amount at 31 Dec 2022	Of which subject to IFRS 7	At amortised cost (AC)	At fair value through profit or loss (FVTPL)	At fair value through other comprehensive income (FVOCI)	Measurement under IFRS 16	Level 1	Level 2	Level 3
Assets									
Non-current financial assets	18,605	3,936	3,936						
Trade receivables	847,235	847,235	847,235						
Contract assets	727,555	727,555	727,555						
Other assets	201,383	39,325	35,031	1,467	2,827			4,294	
of which derivatives	4,294	4,294		1,467	2,827			4,294	
Cash and cash equivalents	674,502	674,502	674,502						
Liabilities									
Liabilities to banks	5,000	5,000	5,000						
Trade payables	684,189	684,189	684,189						
Other financial liabilities and lease liabilities	147,613	147,613	6,010	35,674		105,929			35,674
Other liabilities and provisions	396,153	123,364	113,438	5,163	4,763			9,926	
of which derivatives	9,926	9,926		5,163	4,763			9,926	



31 Dec 2021		Measurement under IFRS 9				Measurement hierarchy			
€ thousand	Carrying amount at 31 Dec 2021	Of which subject to IFRS 7	At amortised cost (AC)	At fair value through profit or loss (FVTPL)	At fair value through other comprehensive income (FVOCI)	Measurement under IFRS 16	Level 1	Level 2	Level 3
Assets									
Non-current financial assets	28,846	2,533	2,533						
Trade receivables	786,302	786,302	786,302						
Contract assets	593,969	593,969	593,969						
Other assets	207,461	74,230	72,101	1,959	170			2,129	
of which derivatives	2,129	2,129		1,959	170			2,129	
Cash and cash equivalents	383,371	383,371	383,371						
Liabilities									
Liabilities to banks	5,098	5,098	5,098						
Trade payables	515,141	515,141	515,141						
Other financial liabilities and lease liabilities	122,687	122,687	6,284	18,980		97,424			18,980
Other liabilities and provisions	329,797	84,266	76,868	804	6,593			7,397	
of which derivatives	7,397	7,397		804	6,593			7,397	



Financial instruments categorised as Level 3 inputs and measured at fair value developed as follows:

€ thousand	2022	2021
Net carrying amount at 1 January	18,980	29,488
Additions resulting from acquisitions	24,756	0
Changes	-8,062	-10,508
(of which currency effects)	10	80
(of which payouts)	-7,112	-10,150
Net carrying amount at 31 December	35,674	18,980

There were no other changes. The financial liabilities, which are based on individual measurement parameters and recognised at fair value, comprise contingent consideration and combined put/call options relating to acquisitions. These items are recognised under other financial liabilities and have been measured on the basis of recognised accounting models, taking into account contractual agreements as well as market and company data available at the reporting date.

The fair value of the put/call option for System Logistics was measured using the discounted cash flow method. The main input factors are medium-term planning and the discount rate. The estimated range of the undiscounted

exercise prices is between €11,000 thousand and €13,000 thousand at the reporting date. On this basis, the fair value at the reporting date was €10,586 thousand.

The fair value of several contingent purchase price payments totalling €13,039 thousand for R+D Custom Automation was measured using a probability-weighted expected value method; the estimated range of the undiscounted payments to be made is between €0 thousand and €14,050 thousand. The main input factors are the expected revenue and the discount rate. The fair value of a further contingent purchase price payment of €1,873 thousand for R+D Custom Automation was measured using a Monte Carlo simulation. The estimated range of the undiscounted payment to be made is between €0 thousand and €28,100 thousand at the reporting date. The main input factors are the expected earnings and the discount rate. The fair value of the put/call option for R+D Custom Automation was measured using the discounted cash flow method. The main input factors are medium-term planning and the discount rate. The estimated range of the undiscounted exercise prices is between €0 thousand and €37,467 thousand at the reporting date. On this basis, the fair value at the reporting date was €9,844 thousand.

There were no transfers between levels of the hierarchy.

The age structure of trade receivables and other receivables is as follows at 31 December 2022:

€ thousand		Carrying amount	Of which not overdue at the reporting date	Of which overdue by the following number of days at the reporting date			
				Up to 90 days	Between 90 and 180 days	Between 180 and 360 days	More than 360 days
31 Dec 2022	Trade receivables and contract assets	1,574,790	1,438,483	88,496	24,522	21,701	1,588
31 Dec 2021	Trade receivables and contract assets	1,380,271	1,239,730	99,696	23,400	14,298	3,147



The default risk to which the group is exposed in trade receivables and contract assets primarily depends on customer creditworthiness.

Krones' management has implemented a process in which each customer is assessed in terms of creditworthiness on the basis of external data such as ratings or internal data such as payment history and past-due status of receivables.

The final assessment is made on the basis of customer groups and a classification of customers into one of five risk categories, A to E, according to past-due status.

An expected credit loss rate is computed for each risk category on the basis of meaningful data.

The table below shows the gross carrying amounts and expected credit losses on trade receivables and contract assets:

Rating-based at 31 Dec 2022	Gross carrying amount in € thousand	Average loss rate	Loss allowance in € thousand
Key accounts	448,397	0.17%	696
Major customers	813,233	1.48%	10,316
Total	1,261,630		11,012

Rating-based at 31 Dec 2021	Gross carrying amount in € thousand	Average loss rate	Loss allowance in € thousand
Key accounts	391,044	0.19%	664
Major customers	596,295	1.43%	7,405
Total	987,338		8,069

Indicators that trade receivables and contract assets may be impaired include significant financial difficulties on the part of the customer.

	Category					
31 Dec 2022	A	B	C	D	E	Total
Average loss rate (%)	0.79%	0.69%	5.26%	10.82%	13.15%	
Gross carrying amount in € thousand	288,491	41,586	5,751	11,840	21,538	369,206
Loss allowance in € thousand	2,266	287	303	1,281	2,833	6,970

	Category					
31 Dec 2021	A	B	C	D	E	Total
Average loss rate (%)	0.84%	0.74%	6.99%	12.17%	17.73%	
Gross carrying amount in € thousand	360,362	44,243	10,204	6,761	27,873	449,443
Loss allowance in € thousand	3,036	325	713	823	4,940	9,837

In addition, there are specific valuation allowances in the amount of €38,063 thousand (previous year: €38,601 thousand) for uncollectible receivables.



The following overview of maturities shows how the undiscounted cash flows relating to liabilities as of 31 December 2022 influence the company's liquidity situation.

€ thousand	Carrying amount at 31 Dec 2022	Cashflow 2023		Cashflow 2024–2027		Cashflow beyond 2027	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Derivative financial instruments	9,926	0	9,320	0	606	0	0
Liabilities to banks	5,000	30	0	52	5,000	0	0
Trade payables	684,189	0	684,189	0	0	0	0
Liabilities from leases	105,929	401	23,846	2,198	61,912	1,107	20,171
Other financial liabilities	155,122	0	126,348	0	28,774	0	0
	960,166	431	843,703	2,250	96,292	1,107	20,171

€ thousand	Carrying amount at 31 Dec 2021	Cashflow 2022		Cashflow 2023–2026		Cashflow beyond 2026	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Derivative financial instruments	7,397	0	7,397	0	0	0	0
Liabilities to banks	5,098	42	0	82	5,098	0	0
Trade payables	515,141	0	515,141	0	0	0	0
Liabilities from leases	97,424	262	29,626	1,736	51,242	1,202	16,556
Other financial liabilities	96,090	0	83,181	0	12,909	0	0
	721,150	304	635,345	1,818	69,249	1,202	16,556



Currency sensitivity analysis

A change in reporting date closing rate by +10% in relation to the foreign currency against the euro (indirect quotation) would have the following effect on consolidated net income and other equity components:

31 Dec 2022 € thousand	Currency USD	Currency CAD	Currency CNY	Currency GBP
Consolidated statement of profit and loss	15,134	-9	118	629
Consolidated equity	21,011	1,480	4,386	10

31 Dec 2021 € thousand	Currency USD	Currency CAD	Currency CNY	Currency GBP
Consolidated statement of profit and loss	4,955	304	-309	244
Consolidated equity	10,941	787	2,067	206



Notes to the consolidated statement of profit and loss

19 Revenue

The Kronos Group's revenue of €4,209,339 thousand (previous year: €3,634,456 thousand) is recognised revenue from contracts with customers. Revenue from contracts with customers breaks down by segment and invoice recipients in geographical regions as follows.

€ thousand	2022			2021		
	Filling and Packaging Technology	Process Technology	Intralogistics	Filling and Packaging Technology	Process Technology	Intralogistics
Germany	318,353	75,040	30,573	288,295	38,277	48,953
Central Europe (excluding Germany)	296,291	9,604	4,096	228,033	11,329	3,675
Western Europe	474,480	58,339	129,810	376,337	33,689	107,869
Middle East/Africa	436,271	49,562	249	383,807	37,500	574
Eastern Europe	150,290	10,734	24,562	120,510	5,143	15,247
Russia, Central Asia (c1s)	45,572	4,041	549	81,545	15,642	115
Asia-Pacific	394,406	53,374	19,592	337,690	49,952	20,746
China	332,397	11,556	970	318,093	53,901	3,546
North and Central America	755,546	65,939	98,626	618,020	57,906	88,298
South America/Mexico	293,710	29,310	35,497	293,267	11,245	3,251
Total	3,497,316	367,499	344,524	3,045,598	296,584	292,274

The group's contract assets and contract liabilities changed as follows in the financial year:

€ thousand	31 Dec 2022	31 Dec 2021
Contract assets	727,555	593,969
Contract liabilities	901,447	600,236

The amount of revenue recognised in 2022 that was included in the contract liability balance at the beginning of the reporting period was €600,236 thousand (previous year: €405,094 thousand).

The increase in contract assets is mainly due to a larger volume of work in progress. The increase in contract liabilities is mainly due to higher prepayments from customers.



The amount of the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) at the end of the reporting period was €36,756 thousand (previous year: €35,469 thousand). Kronos will recognise most of this as revenue in the next 36 months. No disclosures under IFRS 15.120 are made for performance obligations with an original expected duration of one year or less.

Most revenue in the Filling and Packaging Technology segment and almost all revenue in the Process Technology and Intralogistics segments is recognised over time.

20 Other own work capitalised

Other own work capitalised consists primarily of capitalised development expenditure and capitalised cost of self-constructed property, plant and equipment at Neutraubling production site.

With respect to development expenditure capitalised in accordance with IAS 38, please refer to the notes on intangible assets.

21 Other operating income

The other operating income in the amount of €165,039 thousand (previous year: €161,762 thousand) includes prior-period income from reversal of provisions and accruals (€10,288 thousand; previous year: €37,421 thousand), gains from disposals of non-current assets (€1,716 thousand; previous year: €480 thousand) and from the reversal of loss allowances on receivables and contract assets (€10,134 thousand; previous year: €3,928 thousand) and – as the main item – currency translation gains of €108,585 thousand (previous

year: €68,971 thousand). This compares with additions to loss allowances of €10,312 thousand (previous year: €12,142 thousand) and currency translation losses of €130,841 thousand (previous year: €75,279 thousand) under other operating expenses.

22 Goods and services purchased

The expenditure for goods and services purchased comprises expenses for materials and supplies and for goods purchased amounting to €1,610,862 thousand (previous year: €1,373,216 thousand) and expenses for services purchased amounting to €502,983 thousand (previous year: €434,201 thousand).

23 Personnel expenses

Within the Kronos Group, 16,222 people (previous year: 15,778) including trainees (480; previous year: 511) were employed on average over the year. The workforce of the Kronos Group is composed as follows (average for the year):

	2022	2021
White-collar employees exempt from collective agreements	2,699	2,673
Employees covered by collective agreements	13,523	13,105
Total	16,222	15,778

Expenses for the employer share of social insurance contributions in the amount of €1,035 thousand were reimbursed in 2022 by the German Federal Employment Agency (previous year: €89 thousand). The reimbursement amounts were offset against personnel expenses.



24 Other operating expenses

The other operating expenses include €483 thousand in prior-period losses from disposals of non-current assets (previous year: €457 thousand), additions to loss allowances on receivables and contract assets (€10,312 thousand; previous year: €12,142 thousand), other taxes (€8,302 thousand; previous year: €6,895 thousand) and – as the main items – freight costs (€156,203 thousand; previous year: €129,994 thousand), travel costs (€114,811 thousand; previous year: €90,567 thousand), currency translation losses (€130,841 thousand; previous year: €75,279 thousand), rent and cleaning costs (€6,962 thousand; previous year: €5,492 thousand), and maintenance costs (€43,643 thousand; previous year: €35,249 thousand).

25 Financial income/expense

The financial income of €11,659 thousand (previous year: €6,362 thousand) breaks down as follows:

€ thousand	2022	2021
Income from other securities and long-term loans	0	0
Interest and similar income	11,956	9,891
Interest and similar expenses	-3,356	-5,525
Interest income/expense	8,600	4,366
Investment income	3,052	2,033
Profit or loss shares attributable to associates that are accounted for using the equity method	7	-36
Net financial income/expense	11,659	6,362

Financial income/expense includes interest and similar income of €11,956 thousand (previous year: €9,891 thousand) and interest and similar expenses of €3,356 thousand (previous year: €5,525 thousand). Also included

in the financial year is income from investments in non-consolidated entities in the amount of €3,052 thousand (previous year: €2,033 thousand). The interest and similar income includes €960 thousand (previous year: €– thousand) for reductions in put options and earn-out obligations. Interest and similar expenses include €1,629 thousand (previous year: €1,756 thousand) for interest on lease liabilities and €– thousand (previous year: €1,040 thousand) for the increase in earn-out obligations. Further information on investments accounted for using the equity method is provided in Note 4.

26 Income tax

Income tax amounted to –€54,984 thousand in 2022 (previous year: –€35,874 thousand). Further information is presented under Note 8, “Income tax” (pages 240 to 241).



27 Earnings per share

Under IAS 33 “Earnings per share”, basic earnings per share are calculated by dividing consolidated net income – less profit or loss shares of non-controlling interests – by the weighted average number of ordinary shares in circulation, as follows:

	2022	2021
Consolidated net income less profit or loss shares of non-controlling interests (€ thousand)	187,025	141,366
Weighted average number of ordinary shares in circulation (shares)	31,593,072	31,593,072
Earnings per share (€)	5.92	4.47

As in the previous year, diluted earnings per share are equal to basic earnings per share.



Other disclosures

Audit and consulting fees

The total fee invoiced for the financial year by the auditor of the financial statements was as follows:

€ thousand	2022
Audit services	863
Other assurance services	128
Other advisory services	15

Disclosures in accordance with the EU Audit Regulation

Other assurance services include statutory audits of corporate governance and supervision systems and functions (non-audit services required by national law), statutory assurance services relating to the remuneration report and non-statutory assurance services relating to non-financial information (non-audit services).

Events after the reporting period

There were no material events for Krones after the end of the reporting period on 31 December 2022.

Related party disclosures

Within the meaning of IAS 24 Related Party Disclosures, the members of the Supervisory Board and of the Executive Board of Krones AG and the companies of the Krones Group, including unconsolidated subsidiaries, are deemed related parties.

The ultimate controlling party of Krones AG is Familie Kronseder Konsortium GbR. Transactions with the related parties and with the ultimate controlling party are conducted at arm's length.

Sales and revenues with members of key management personnel and companies affiliated with them amounted to €8,738 thousand in 2022 (previous year: €8,478 thousand). The amount of the outstanding balance is €4,966 thousand (previous year: €3,800 thousand). Services received from members of key management personnel amount to €238 thousand in 2022 (previous year: €495 thousand). As in the previous year, there are no outstanding balances in this regard.

Revenues with shareholders of the ultimate controlling party of Krones AG and companies affiliated with them amounted to €171 thousand in 2022 (previous year: €151 thousand). Services received from shareholders of the ultimate controlling party of Krones AG and companies affiliated with them amounted to €1,121 thousand in 2022 (previous year: €1,064 thousand). As in the previous year, there are no outstanding balances in this regard.

Sales to subsidiaries that are not consolidated amounted to €14,142 thousand in 2022 (previous year: €9,354 thousand). Commissions received from such subsidiaries amounted to €4,956 thousand in 2022 (previous year: €4,205 thousand). Trade and other payment transactions resulted in assets of €3,702 thousand (previous year: assets of €1,411 thousand). Repayment is normally within twelve months. Loss allowances were recognised on receivables in the amount of €- thousand in the financial year (previous year: €1,360 thousand). As of 31 December 2022, loss allowances are recognised on receivables of €1,865 thousand (previous year: €2,290 thousand). Income



from investments in non-consolidated entities is included in the amount of €3.052 thousand (previous year: €2,033 thousand).

As in the previous year, there are no contingent liabilities relating to guarantees. Trade and other payment transactions with associates totalled €– thousand in 2022 (previous year: €– thousand). As in the previous year, this did not result in any outstanding balance.

■ **Disclosures pursuant to Section 314 (1) No. 6 HGB relating to members of the Executive Board and former members of the Executive Board**

Executive Board remuneration granted and owed for the 2022 financial year amounted to €8,228 thousand (previous year: €6,439 thousand).

Benefits granted to former members of the Executive Board and their surviving dependants amounted to €1,708 thousand (previous year: €1,703 thousand). IFRS pension provisions have been recognised in the amount of €4,198 thousand (previous year: €11,016 thousand).

■ **Remuneration recognised as expense within the meaning of IAS 24 for members of the Executive Board**

Executive Board remuneration recognised as expense, including expenses for the long-term incentive provision, amounted to €8,205 thousand for the 2022 financial year (previous year: €7,177 thousand).

This includes short-term benefits in the amount of €5,365 thousand (previous year: €4,424 thousand), other long-term benefits in the amount of €1,548 thousand (previous year: €1,556 thousand). The benefits mainly comprise fixed remuneration, fringe benefits and variable remuneration components. In addition, €1,292 thousand (previous year: €1,196 thousand)

was paid into the contribution-based post-employment benefits plan in 2022. Provisions of €5,226 thousand (previous year: €4,277 thousand) are recognised for the remuneration entitlements of members of the Executive Board.

IFRS pension provisions of €367 thousand (previous year: €2,266 thousand) were recognised for active members of the Executive Board. At the end of the financial year, following changes in the actuarial discount rate, the corresponding defined benefit obligation (DBO) amounted in total to €3,233 thousand (previous year: €4,879 thousand).

■ **Supervisory Board remuneration**

The total remuneration paid to members of the Supervisory Board for the 2022 financial year amounted to €869 thousand (previous year: €839 thousand).

■ **Corporate governance**

Shareholders can view the declaration of the Executive Board and the Supervisory Board from January 2023 pursuant to Section 161 of the German Stock Corporation Act [AktG] concerning the Corporate Governance Code as amended on 28 April 2022 at Kronos AG's website. The exceptions are also listed there.

■ **Risk report**

The risk report is part of the management report and is on pages 172 to 184.





Standards and interpretations

The accounting policies used in these consolidated financial statements correspond to the standards and interpretations whose application is mandatory as of 31 December 2022. The following new or amended standards and interpretations applied for the 2022 financial year.

Standard or interpretation	EU Endorsement	Application mandatory for annual periods beginning
IAS 16 Amendments: Proceeds before Intended Use	completed	1 Jan 2022
IFRS 3 Amendments: Reference to the Conceptual Framework	completed	1 Jan 2022
IAS 37 Amendments: Onerous Contracts – Cost of Fulfilling a Contract	completed	1 Jan 2022
Annual Improvements to IFRS – 2018–2020 Cycle	completed	1 Jan 2022
IFRS 16 Amendments: Covid-19-Related Rent Concessions (exempting lessees from determining whether Covid-19-related rent concessions are lease modifications)	completed	1 Apr 2021

Various new or amended standards in the above table entered into force in the reporting period. These new or amended standards have no material relevance for Kronos AG.

The following standards and interpretations have been issued by the IASB but their application is not mandatory until after 31 December 2022.

Standard or interpretation	EU Endorsement	Application mandatory for annual periods beginning
IAS 1 Amendments: Classification of Liabilities as Current or Non-Current	open	1 Jan 2024
IAS 8 Amendments: Definition of Accounting Estimates	completed	1 Jan 2023
IFRS 16 Lease Liability in a Sale and Leaseback	open	1 Jan 2024
IFRS 17 Insurance Contracts	completed	1 Jan 2023
IAS 1 Amendments: Disclosure of Accounting Policies	completed	1 Jan 2023
IAS 12 Amendments: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	completed	1 Jan 2023

These standards and interpretations are not expected to have a material impact on the consolidated financial statements of Kronos AG in the reporting period to which they are applied for the first time.



Shareholdings

Name and location of the company	Share in Capital held by Krones AG (%)
Dekron GmbH, Kelkheim, Germany	100.00
Ecomac Gebrauchtmachines GmbH, Neutraubling, Germany	100.00
Evoguard GmbH, Nittenau, Germany	100.00
Gernep GmbH Etikettiertechnik, Barbing, Germany	100.00
HST Maschinenbau GmbH, Dassow, Germany	100.00
KIC Krones Internationale Cooperations-Gesellschaft mbH, Neutraubling, Germany	100.00
Krones Holding GmbH, Neutraubling, Germany (former Syskron Holding GmbH, Wackersdorf, Germany)	100.00
Krones Service Europe GmbH, Neutraubling, Germany	100.00
Mabe GmbH, Munich, Germany	100.00
MHT Holding AG, Hochheim am Main, Germany	100.00
MHT Mold & Hotrunner Technology AG, Hochheim am Main, Germany	100.00
Milkron GmbH, Laatzen, Germany	100.00
PMR GmbH, Wackersdorf, Germany	100.00
Steinecker GmbH, Freising, Germany	100.00
Syskron GmbH, Wackersdorf, Germany	100.00
System Logistics GmbH, Wackersdorf, Germany	100.00
Technologisches Institut für angewandte künstliche Intelligenz GmbH, Weiden i.d.Opf., Germany	31.15
Triacos Consulting & Engineering GmbH, Altenstadt an der Waldnaab, Germany	100.00
Kosme FBA SA, Charleroi, Belgium	100.00
s.A. Krones N.V., Louvain-la-Neuve, Belgium	100.00
Krones Service Europe Eood, Sofia, Bulgaria	100.00
Krones Nordic APS, Holte, Denmark	100.00
Kosme FBA SAS, Lyon, France	100.00
Krones S.A.R.L., Viviers-du-Lac, France	100.00

*Direct and indirect shareholdings



Name and location of the company	Share in Capital held by Krones Ag (%)
Krones UK LTD., Bolton, UK	100.00
System LTD., London, UK	80.00
Kosme S.R.L., Roverbella (MN), Italy	100.00
Krones Italia S.R.L., Garda (VR), Italy	100.00
Krones S.R.L., Garda (VR), Italy	100.00
System Logistics S.P.A., Fiorano Modenese (MD), Italy	80.00
Krones Kazakhstan TOO, Almaty, Kazakhstan	100.00
Krones Nederland B.V., Bodegraven, Netherlands	100.00
Kosme Gesellschaft mbH, Sollenau, Austria	100.00
Krones Spółka z.o.o., Warsaw, Poland	100.00
Krones Portugal Equipamentos Industriais LDA., Barcarena, Portugal	100.00
Krones Romania Prod. S.R.L., Bucharest, Romania	100.00
Krones Service Europe SRL, Bucharest, Romania	100.00
Krones o.o.o., Moscow, Russia	100.00
System Northern Europe AB, Malmö, Sweden	80.00
Integrated Plastics Systems AG, Baar, Switzerland	100.00
Krones AG, Buttwil, Switzerland	100.00
Krones Iberica, S.A.U., Barcelona, Spain	100.00
System Logistics Spain SL, Castellon, Spain	80.00
Konplan S.R.O., Pilsen, Czech Republic	100.00
Krones S.R.O., Prague, Czech Republic	100.00
Krones Makina Sanayi Ve Tikaret Ltd. Sirketi, Istanbul, Turkey	100.00
Krones Ukraine LLC, Kyiv, Ukraine	100.00
Krones Hungary KFT., Debrecen, Hungary	100.00
Krones Service Europe KFT., Budapest, Hungary	100.00
Krones Angola – Representacoes, Comercio E Industria, LDA., Luanda, Angola	100.00
Krones Surlatina S.A., Buenos Aires, Argentina	100.00
Krones Pacific PTY Limited, Sydney, Australia	100.00

*Direct and indirect shareholdings



Name and location of the company	Share in Capital held by Krones Ag (%)
Krones Bangladesh Limited, Dhaka, Bangladesh	100.00
Krones Do Brazil LTDA., São Paulo, Brazil	100.00
Krones S.A., São Paulo, Brazil	100.00
Krones Chile SPA., Santiago de Chile, Chile	100.00
Krones Asia LTD., Hong Kong, China	100.00
Krones Machinery (Taicang) Co. Ltd., Taicang, China	100.00
Krones Processing (Shanghai) Co. Ltd., Shanghai, China	100.00
Krones Sales (Beijing) Co. Ltd., Beijing, China	100.00
Automata S.A., Guatemala-City, Guatemala	100.00
Krones Digital Solutions India Private Limited, Bangalore, India	100.00
Krones India Pvt. Ltd., Bangalore, India	100.00
System Logistics India Private Limited, Mumbai, India	80.00
Unicorn Industries Pvt. Ltd., Secunderabad, India	100.00
PT. Krones Machinery Indonesia, Jakarta, Indonesia	100.00
Systorelog Israel Ltd., Tel Aviv, Israel	80.00
IPS Japan Co. Ltd., Tokyo, Japan	100.00
Krones Japan Co. Ltd., Tokyo, Japan	100.00
Krones (Cambodia) Co. Ltd., Phnom Penh, Cambodia	100.00
Krones Machinery Co. Ltd., Mississauga, Ontario, Canada	100.00
Krones LCS Center East Africa Limited, Nairobi, Kenya	100.00
Krones Andina S.A.S., Bogotá, Colombia	100.00
Krones Korea Ltd., Seoul, Korea	100.00
Krones Machinery Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00
Krones North West Africa (SARL), Casablanca, Morocco	100.00
Krones Mex S.A. DE C.V., Mexico-City, Mexico	100.00
Systemlog De Mexico S.A. DE C.V., Santa Caterina, Nuevo Leon, Mexico	80.00
Krones Myanmar Ltd., Sanchaung Township, Myanmar	100.00
Krones New Zealand Limited, Auckland, New Zealand	100.00
Krones LCS Center West Africa Limited, Lagos, Nigeria	100.00

*Direct and indirect shareholdings



Name and location of the company	Share in Capital held by Krones AG (%)
Krones Pakistan (Private) Limited, Lahore, Pakistan	100.00
Krones Filipinas Inc., Taguig City, Philippines	100.00
Krones-Izumi Processing Pte Ltd., Singapore, Singapore	73.00
Krones Singapore Ltd., Singapore, Singapore	100.00
Krones Middle East Maintenance LLC, Riyadh, Saudi Arabia	100.00
Krones Southern Africa (Prop.) Ltd., Johannesburg, South Africa	100.00
Krones (Thailand) Co. Ltd., Bangkok, Thailand	100.00
System Logistics Asia Co. Ltd., Bangkok, Thailand	80.00
Javlyn Process Systems LLC, Rochester, New York, USA	100.00
Krones Inc., Franklin, Wisconsin, USA	100.00
MHT USA LLC., Peachtree City, Georgia, USA	100.00
Process and Data Automation LLC, Erie, Pennsylvania, USA	100.00
R+D Custom Automation LLC, Trevor, Wisconsin, USA	80.50
System Logistics Corporation, Arden, North Carolina, USA	80.00
Trans-Market LLC, Tampa, Florida, USA	100.00
w.m. Sprinkman LLC, Waukesha, Wisconsin, USA	100.00
Maquinarias Krones de Venezuela S.A., Caracas, Venezuela	100.00
Integrated Packaging Systems (IPS) FZCO, Dubai, Arab Emirates	100.00
Krones Meatech FZCO, Dubai, Arab Emirates	100.00
Krones Middle East Africa FZCO, Dubai, Arab Emirates	100.00
Krones Vietnam Co. Ltd., Ho-Chi-Minh-City, Vietnam	100.00

*Direct and indirect shareholdings Krones AG, Neutraubling, the parent company, is registered in Commercial Register B of Regensburg Local Court under HRB 2344.



Use of exemptions

The following fully consolidated German group companies made use of the exemption in Section 264 (3) HGB in the 2022 financial year.

Name and location of the company

Krones Holding GmbH, Neutraubling, Germany (former Syskron Holding GmbH, Wackersdorf, Germany)

Dekron GmbH, Kelkheim, Germany

Ecomac Gebrauchtmaschinen GmbH, Neutraubling, Germany

Evoguard GmbH, Nittenau, Germany

Gernep GmbH Etikettiertechnik, Barbing, Germany

HST Maschinenbau GmbH, Dassow, Germany

kic Krones Internationale Cooperations-Gesellschaft mbH, Neutraubling, Germany

Krones Service Europe GmbH, Neutraubling, Germany

Milkron GmbH, Laatzen, Germany

PMR GmbH, Wackersdorf, Germany

Syskron GmbH, Wackersdorf, Germany

System Logistics GmbH, Wackersdorf, Germany

Steinecker GmbH, Freising, Germany

Triacos Consulting & Engineering GmbH, Altenstadt an der Waldnaab, Germany



Members of the **Supervisory Board** and the **Executive Board**

Pursuant to Section 8 (1) of the articles of association, eight members of the Supervisory Board are elected by the shareholders in accordance with the German Stock Corporation Act (Sections 96 (1) and 101). Eight members are elected by the employees pursuant to Section 1 (1) and Section 7 (1) Sentence 1 Number 1 of the Codetermination Act.

Supervisory Board

Volker Kronseder

Chairman of the Supervisory Board
* Universitätsklinikum
Regensburg
* Wirtschaftsbeirat
Bayerische Landesbank

Josef Weitzer**

Deputy Chairman of the
Supervisory Board, Chairman of
Group Central Works Council
Chairman of the Works Council
Neutraubling
* Bay. Betriebskrankenkassen

Nora Diepold

Chief Executive Officer
nk Immobilienverwaltungs GmbH,
Regensburg

Robert Friedmann

Spokesman for the central
managing board of the
Würth Group
* ZF Friedrichshafen AG

Oliver Grober**

Deputy Chairman of the Employees'
Council, Rosenheim

Thomas Hiltl**

Chairman of the Employees'
Council, Nittenau

Markus Hüttner**

Deputy Group Employees'
Council Chairman
Deputy Composite Employees'
Council Chairman
Deputy Employees' Council
Chairman, Neutraubling

Professor Dr. jur. Susanne Nonnast

Professor at Ostbayerische
Technische Hochschule (OTH)
Regensburg

Dr. Verena Di Pasquale**

Deputy Chairperson of DGB Bayern
(the German Trade Union
Confederation in Bavaria)

Beate Eva Maria Pöpperl**

Independent Member of the
Employees' Council

Stefan Raith**

Head of Business Line, Line Solutions
*re-sult AG

Norbert Samhammer

Chief executive of
Samhammer Holding GmbH
*Samhammer AG (until 01 June 2022)

Petra Schadeberg-Herrmann

Managing partner
Krombacher Brauerei
Bernhard Schadeberg GmbH & co. KG,
Krombacher Finance GmbH,
Schawei GmbH,
Diversum Holding GmbH & Co. KG

Jürgen Scholz**

First authorised representative
IG Metall administrative office,
Regensburg
* Infineon Technologies AG

Hans-Jürgen Thaus

* Maschinenfabrik Reinhausen
GmbH

Matthias Winkler

Managing partner at
ww+kn Steuerberatungs-
gesellschaft mbH
Managing partner at
ww+kn Treuhand GmbH

Executive Board

Christoph Klenk

CEO

Norbert Broger

CFO
(until 31 December 2022)

Uta Anders

CFO
(since 1 January 2023)

Thomas Ricker

CSO

Markus Tischer

International Operations
and Services

Ralf Goldbrunner

Operations

* Other Supervisory Board seats held, pursuant to Section 125 (1) Sentence 5 of the German Stock Corporation Act ** Elected by the employees
In addition, each of the group companies is the responsibility of two members of the Executive Board.



Proposal for the appropriation of **Krones AG's** earnings available for distribution

Krones AG had earnings available for distribution as of 31 December 2022 of €255,821,803.86.

We propose to the annual general meeting on 23 May 2023 that this amount be used as follows:

Proposal for the appropriation of earnings available for distribution	€255,821,803.86
Dividend of €1.75 per share (for 31,593,072 shares)	€55,287,876.00
Amount brought forward to new account	€200,533,927.86

Neutraubling, 15 March 2023
Krones AG

The Executive Board

Christoph Klenk
CEO

Uta Anders
CFO

Thomas Ricker
CSO

Markus Tischer

Ralf Goldbrunner