

Krones Aktiengesellschaft, Neutraubling

Annual general meeting (Virtual AGM) of KRONES AG
on Tuesday, 31 May 2022, 2:00 pm,
at the business premises of KRONES AG,
Böhmerwaldstrasse 5, 93073 Neutraubling,
Germany.

Report of the **Supervisory Board**

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*Volker Kronseder
Chairman of the
Supervisory Board*

Ladies and Gentlemen,

Following last year's pandemic-related loss, Krones returned to profitable growth in 2021. As well as the marked rebound in the global economy, the structural measures initiated by the Executive Board in 2019 and 2020 played a key part in this. Krones continued to implement those measures in 2021. In particular, reducing the workforce in Germany was a very hard decision for the Executive Board and the Supervisory Board. However, it was regrettably essential in order to avoid risk to the company's long-term success. For many years now, Krones has kept

the longer-term impacts in focus when making all major decisions. The Executive Board and Supervisory Board will continue to apply this principle of sustainability in all future strategic decisions at Krones.

Advice and oversight

The Supervisory Board of Krones AG continuously monitored and advised the Executive Board during the 2021 financial year, as prescribed by the German Stock Corporation Act and the company's articles of association, and discharged its responsibilities with due care.

Provisions of the German Stock Corporation Act and the German Corporate Governance Code concerning the Executive Board's reporting obligations to the Supervisory Board were complied with at all times. The Executive Board regularly informed the Supervisory Board about the company's business and financial situation and risk management in written and oral reports both during and

outside of Supervisory Board meetings. With regard to decisions of particular significance to Krones AG and the Group, the Supervisory Board was informed and involved by the Executive Board at an early stage. The Chairman of the Supervisory Board and the Chief Executive Officer in particular maintained regular contact between meetings. In that connection, they jointly discussed matters of corporate strategy, current business performance, the risk situation, risk management and compliance.

The Supervisory Board accompanied the implementation of the Executive Board's structural measures during 2021 and kept itself regularly informed of the current status. Other focuses of the Supervisory Board's work in 2021 included the tight situation on procurement markets, achievement of the financial targets for 2021 and the new medium-term targets, and corporate strategy.

Changes in membership of the Supervisory Board

There were two changes in the membership of the Supervisory Board in 2021. On the shareholder side, Norman Kronseder stepped down from the Supervisory Board at the end of the Annual General Meeting on 17 May 2021. Nora Diepold was elected in his place at the Annual General Meeting. On the employee side, Klaus Gerlach's term of office ended on 31 December 2021. He was succeeded as employee representative on the Supervisory Board by Stefan Raith.

No conflicts of interest

According to recommendation E.1 of the German Corporate Governance Code, each member of the Supervisory Board is required to disclose conflicts of interest to the Chairman of the Supervisory Board without delay. No conflicts of interest were disclosed in the reporting period.

Attendance at Supervisory Board meetings

In total, five regular Supervisory Board meetings were held in 2021. The Executive Board attended some meetings in a guest capacity. As a rule, however, the Supervisory Board met without the Executive Board. In accordance with Recommendation D.8 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual members of the Supervisory Board:

Supervisory Board member	Number of meetings	Meetings attended
Volker Kronseder	5	5
Josef Weitzer	5	5
Dr. phil. Verena Di Pasquale	5	4
Nora Diepold (from 17 May 2021)	4	4
Robert Friedmann	5	4
Klaus Gerlach	5	5
Oliver Grober	5	5
Thomas Hiltl	5	5
Markus Hüttner	5	5
Norman Kronseder (until 17 May 2021)	1	1
Prof. Dr. jur. Susanne Nonnast	5	5
Beate Eva Maria Pöpperl	5	5
Norbert Samhammer	5	5
Petra Schadeberg-Herrmann	5	5
Jürgen Scholz	5	4
Hans-Jürgen Thaus	5	4
Matthias Winkler	5	5

Supervisory Board meeting reports

The first meeting of the Supervisory Board in 2021 took place on 24 March. Representatives from Krones' auditing firm were present for a portion of the meeting. Chief Finance Officer Norbert Broger provided the Supervisory Board with a presentation of how the key figures developed in the 2020 financial year. The key audit partners then gave the Supervisory Board a detailed explanation of their audit engagement together with the focal points of their review of the 2020 annual financial statements and provided a detailed overview of the audit. They remained available for the Supervisory Board's questions and answered them in full. The Audit and Risk Management Committee commented on the results of the audit. The Supervisory Board then ratified the annual financial statements and management report of Krones AG and approved the consolidated financial statements and consolidated management report.

At the same meeting, a resolution was passed adopting the remuneration system for the Executive Board and the Supervisory Board and submitting it for approval at the Annual General Meeting. A further item on the agenda was the extension of the Executive Board appointments of Christoph Klenk, Markus Tischer and Ralf Goldbrunner through to 31 December 2026. The findings of the efficiency review on the work of the Supervisory Board were also presented.

In addition, the Chairman of the Supervisory Board presented the agenda for the 2021 Annual General Meeting to the Supervisory Board. Major items on the agenda for the Annual General Meeting included the dividend proposal for the 2020 financial year and the election of Nora Diepold as shareholder representative to the Supervisory Board. The Supervisory Board then adopted the agenda for the Annual General Meeting. In the report on business performance, the Executive Board informed the Supervisory Board about the current business environment and the measures for achievement of the 2021 financial targets.

The virtual Annual General Meeting of Krones AG was held on 17 May, followed by the second, constitutive meeting of the Supervisory Board. Supervisory Board Chairman Volker Kronseder took leave of long-standing Supervisory Board member Norman Kronseder and thanked him for his good and successful contribution. Norman Kronseder was a member on the Supervisory Board on the shareholder side since 1991 and left office at the end of the Annual General Meeting. In his place, the Annual General Meeting elected Nora Diepold, whom Volker Kronseder warmly welcomed to the Supervisory Board at her first meeting. The departing Supervisory Board member Norman Kronseder was also a member of the Audit and Risk Management Committee and of the Standing Committee. It was decided at the constitutive meeting that Norman Kronseder's place on the Audit and Risk Management Committee should be taken by Matthias Winkler. The vacancy on the Standing Committee was filled by Prof. Dr Jur. Susanne Nonnast. In the economic report, the Executive Board reported to the Supervisory Board on the current business situation and the key figures for the first quarter of 2021.

The third meeting of the Supervisory Board in 2021 took place on 21 July. A major topic of the meeting was the situation on procurement markets, with general supply chain problems and rising prices. Among other things, the Executive Board explained to the Supervisory Board the measures taken by Krones in response to the tight procurement market situation. A further topic at the meeting consisted of forthcoming changes in the company's organisation. In the economic report, the members of the Executive Board reported on how the business areas for which they are each responsible developed in the first half of 2021.

At its fourth 2021 meeting, held on 22 September, the Supervisory Board consulted intensively on corporate strategy and Krones' future strategic orientation. In addition, the Executive Board informed the Supervisory Board about the current business situation and notably about the supplier situation and the availability of materials. The Executive Board explained that the challenging situation

on the procurement markets did not put at risk the achievement of the 2021 financial targets. One topic that has risen significantly in importance is cybersecurity. Many companies have already fallen victim to cyberattacks. IT experts informed the Supervisory Board about the current status and further development of security measures at Krones. This related both to the company's own IT systems and production facilities as well as to Krones products.

The Supervisory Board held its fifth meeting in 2021 on 7 December. A major item on the agenda was the report of the Audit and Risk Management Committee addressing the topics of risk management, internal auditing and compliance. Committee Deputy Chairman Josef Weitzer explained the subject matter of the committee meeting of 17 November 2021 and the determinations on the risk management system and its effectiveness. He gave the Supervisory Board a detailed presentation on the strategic risks and explained that, in the opinion of the Audit and Risk Management Committee, Krones' risk management system adequately reflects the risks. The Supervisory Board also addressed the Declaration of Compliance pursuant to section 161 of the German Stock Corporation Act. A further topic of the fifth Supervisory Board meeting was the Executive Board's economic report with the annual budget and capital expenditure budget for 2022. The fifth meeting in 2021 was the last Supervisory Board meeting attended by Klaus Gerlach. Mr. Gerlach, an employee representative on the Supervisory Board since 2012, retired at the end of 2021. Volker Kronseder thanked him on behalf of the entire Supervisory Board for his many years of good service.

The work of the Audit and Risk Management Committee

The Audit and Risk Management Committee comprises Volker Kronseder, Josef Weitzer, Hans-Jürgen Thaus, Norman Kronseder (until 17 May 2021), Jürgen Scholz, Markus Hüttner and Matthias Winkler (from 17 May 2021). Its Chairman is Hans-Jürgen Thaus. Mr. Thaus (former Chief Finance Officer of Krones AG) and Matthias Winkler (tax advisor and partner in an accounting firm) have the necessary expertise in accounting and auditing required by law.

The Audit and Risk Management Committee oversees the company's accounting and financial reporting, the audit of the financial statements and other reporting, and prepares related proposals for Supervisory Board resolutions. The Committee also prepares the Supervisory Board's review of the annual financial statements, the management report and the auditor's report for the separate and consolidated financial statements and makes recommendations. Furthermore, the Audit and Risk Management Committee monitors the quality of the financial statements and the effectiveness of the internal control system, the risk management system and the compliance system.

The Audit and Risk Management Committee held three meetings in 2021. In accordance with Recommendation D.8 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual members of the Audit and Risk Management Committee:

Committee member	Number of meetings	Meetings attended
Hans-Jürgen Thaus	3	2
Josef Weitzer	3	3
Markus Hüttner	3	3
Norman Kronseder (until 17 May 2021)	1	1
Volker Kronseder	3	3
Jürgen Scholz	3	2
Matthias Winkler (from 17 May 2021)	2	2

At its first meeting, on 18 March, the committee primarily prepared the Supervisory Board meeting held to ratify the financial statements. To this end, representatives of Kronos' auditor presented the committee with a detailed report on

the audit of the annual and consolidated financial statements. This covered the scope, content and focal points of the audit. The members of the Audit and Risk Management Committee unanimously agreed to recommend that the Supervisory Board should ratify the annual financial statements and management report of Kronos AG for the 2020 financial year and approve the consolidated financial statements and consolidated management report for 2020. Another item on the agenda of the first meeting was the non-financial report for the 2020 financial year. The committee members passed a resolution recommending that the Supervisory Board should ratify the 2020 non-financial report.

The Audit and Risk Management Committee met for its second meeting in 2021 on 28 June. At that meeting, the committee consulted on current business developments and on conditions of supply and delivery.

The third meeting of the Audit and Risk Management Committee took place on 17 November. At that meeting, the heads of Controlling, Internal Audit and Compliance informed the members of the committee in detail about the current risk situation, internal audit and compliance management. Also in the same meeting, the committee addressed the effectiveness of the risk management system.

The work of the Standing Committee

The members of the Standing Committee are Volker Kronseder, Josef Weitzer, Norman Kronseder (until 17 May 2021), Prof. Dr. jur. Susanne Nonnast (from 17 May 2021) and Markus Hüttner. It is chaired by Volker Kronseder. The committee generally deals with all other topics that are outside the remit of the Audit and Risk Management Committee. These include, for example, human resources strategy and Executive Board and Supervisory Board remuneration.

The Standing Committee met three times in 2021. In accordance with Recommendation D.8 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual members of the Standing Committee:

Committee member	Number of meetings	Meetings attended
Volker Kronseder	3	3
Josef Weitzer	3	3
Markus Hüttner	3	3
Norman Kronseder (until 17 May 2021)	1	1
Prof. Dr. jur. Susanne Nonnast (from 17 May 2021)	2	2

At its first meeting, on February 18, the Standing Committee dealt with the revision of the remuneration system for the Executive Board and changes to the remuneration system for the Supervisory Board and prepared recommendations on these matters for the Supervisory Board. Also at the same meeting, the committee resolved to recommend to the Supervisory Board that the Executive Board appointments of Christoph Klenk, Markus Tischer and Ralf Goldbrunner be extended through to 31 December 2026.

The Standing Committee's second meeting took place on 12 July. In this meeting, the committee dealt with internal organisation changes and a recommendation on this subject to the Supervisory Board.

The main topics discussed at the third meeting of the Standing Committee, which was held on 17 November 2021, were the strategy process and the Krones target vision for 2025.

Supervisory Board concurs with audit results

The annual financial statements of Krones Aktiengesellschaft prepared by the Executive Board, the consolidated financial statements, the management report for Krones AG and the group management report for the period ended 31 December 2021 were examined by the auditors elected by the annual general meeting, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, and each issued with an unqualified audit report. The audited annual financial statements and consolidated financial statements, the management report for Krones AG and the consolidated management report for the period ended 31 December 2021 were duly submitted to all members of the Supervisory Board for review. The audited financial statements and management reports were the subject of the Supervisory Board meeting held to ratify the financial statements on 23 March 2022. Representatives of the auditing firm also attended for part of that meeting and informed the Supervisory Board of their audit results and the focal points of their audit.

The Supervisory Board noted and approved the audit results. No objections were raised following the final review by the Supervisory Board, which covered in particular the matters described in the auditor's audit report including the audit procedures. The Supervisory Board has ratified the annual financial statements

for Krones AG and approved the consolidated financial statements as well as the Executive Board's proposal for the appropriation of earnings available for distribution. The 2021 annual financial statements for Krones AG are thus ratified.

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

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

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

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

In addition to the statutory audit, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft also performed a limited assurance review of the separate combined non-financial report of Krones AG and the Krones Group for the period from 1 January to 31 December 2021. On the basis of that review, the auditor did not raise any objections to the non-financial report or with regard to the meeting of statutory requirements relating to the non-financial report.

Thanks to the Executive Board and the employees

Krones returned good earnings in the 2021 financial year, despite the impacts of the Covid-19 pandemic. This was only possible because the entire Krones team worked hard and with dedication towards success. For this, the members of the Supervisory Board would like to thank the Executive Board and all of the company's employees.

Neutraubling, March 2022

The Supervisory Board



Volker Kronseder

Chairman of the Supervisory Board



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