



Krones Aktiengesellschaft, Neutraubling
Annual general meeting of Krones AG
on Tuesday, 23 May 2023, 2:00 pm,
in the Stadthalle Neutraubling, Regensburger Strasse 9,
93073 Neutraubling, Germany

Report of the Management Board on **Agenda Item 9**

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Report of the Management Board on **Agenda Item 9** (Resolution on the Authorization to Acquire the Company's Own Shares and to Use Them Including the Authorization to Redeem Shares of the Company Acquired and Capital Reduction as well as to Exclude Subscription Rights)

Pursuant to section 71 para. 1 no. 8 of the German Stock Corporation Act (AktG) in conjunction with section 186 para. 4 sentence 2 German Stock Corporation Act, the Management Board submits the following report under agenda item 9 of the Annual General Meeting on the reasons for the authorization to exclude any tender rights of shareholders when acquiring own shares and on the exclusion of shareholders' subscription rights when using the acquired own shares:

The authorization granted by the Annual General Meeting on 13 June 2018 to the Company to acquire own shares up to a total of 10% of the share capital with the approval of the Supervisory Board expires on 12 June 2023. The Company has not yet made use of this authorization. However, in order to be in a position to acquire own shares in the future, the Company shall again be authorized to acquire and use own shares. In order to ensure that the Company is still authorized to buy back shares and to use the acquired shares in the future, a new authorization shall be resolved.

The Management Board and the Supervisory Board therefore propose to the Annual General Meeting on 23 May 2023 under agenda item 9 to authorize the Company to acquire own shares of the Company in the amount of up to 10% of the share capital existing at the time of the resolution of this authorization or – if this value is lower - at the time of the exercising of the authorization until 22 May 2028. This authorization is intended to create the possibility of share buybacks and the use of the acquired shares. The own shares may be acquired

both by the Company itself and by dependent companies or companies in which the Company holds a majority stake or by third parties for the account of the Company or companies dependent on the Company or companies in which the Company holds a majority stake.

a) Acquisition

The acquisition of own shares can take place via the stock exchange or by way of a public purchase offer. The principle of equal treatment of shareholders pursuant to section 53a German Stock Corporation Act must be applied to the acquisition. The proposed acquisition via the stock exchange or by way of a public purchase offer takes this into account.

If, in the case of a public purchase offer, the number of shares tendered exceeds the acquisition volume envisaged by the Company, the acquisition shall be effected on a pro rata basis according to the ratio of the shares tendered by each shareholder. In this respect, the ratio of the number of shares offered by individual shareholders to each other shall be decisive. In contrast, the total number of shares held by a shareholder offering shares for sale is not relevant. This is because only the shares offered are available for acquisition. Furthermore, it would not be practicable to check the number of shares held by the individual shareholder. To this extent, any right of shareholders to tender their shares is excluded.



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However, a preferential acquisition of small numbers of shares of up to one hundred (100) shares per shareholder may be provided for, irrespective of the shares tendered by the shareholder. Shares with a tender price set by the shareholder at which the shareholder is willing to sell the shares to the Company and which is higher than the acquisition price set by the Company shall not be taken into account in the acquisition. These possibilities serve to avoid fractional amounts in the determination of the quotas to be acquired and smaller residual amounts and thus to simplify the technical execution. To this extent, too, a possible right of the shareholders to tender their shares is therefore excluded.

b) Sale and Other Use

According to the proposed authorization, the own shares acquired by the Company may be redeemed - with or without a reduction of the share capital - or resold by public offer to all shareholders or via the stock exchange. With the last two options, the shareholders' right to equal treatment is also preserved in the sale of own shares. In addition, the own shares acquired by the Company may be used for other purposes. In this case, the subscription right of the shareholders may be excluded in whole or in part, or the subscription right of the shareholders is necessarily excluded:

aa) In the event of a sale of own shares by means of a public offer to all shareholders, the Management Board shall be entitled, with the approval of the Supervisory Board, to exclude the shareholders' subscription right for fractional amounts. The exclusion of the subscription right for fractional amounts is necessary in order to make a sale of acquired own shares by way of an offer for sale to the shareholders technically feasible. The shares excluded from the shareholders' subscription rights as fractional shares are either sold on the stock exchange or otherwise disposed of in the best possible way for the Company.

bb) Furthermore, it shall be possible for the Management Board, with the approval of the Supervisory Board, to offer and transfer own shares against contributions, in particular in the context of mergers or for the (also indirect) acquisition of companies, businesses, parts of companies or participations, as consideration for services rendered by third parties not affiliated with the Company (in particular service providers) as well as for the (also indirect) acquisition of assets or claims to the acquisition of assets, including claims against the Company or its group companies. Furthermore, the aforementioned shares may also be used to terminate or settle arbitration proceedings under company law involving affiliated entities of the Company. The subscription right of the shareholders shall be excluded in this respect. The proposed authorization is intended to strengthen the Company in the competition for interesting acquisition objects and to enable it to react quickly, flexibly and in a liquidity-preserving manner to opportunities for acquisition that arise. The proposed exclusion of shareholders' subscription rights takes this into account. The decision whether to use own shares or shares from authorized capital in individual cases is made by the Management Board, which is guided solely by the interests of the Company and the shareholders. When valuing the own shares and the consideration for them, the Management Board will ensure that the interests of the shareholders are adequately protected. In doing so, the Management Board will consider the stock exchange price of the Company's share. A schematic link to a stock exchange price is not intended, in particular so that negotiation results once achieved cannot be called into question again by fluctuations in the stock exchange price.

cc) The acquired own shares may also be sold by the Management Board, with the approval of the Supervisory Board, to third parties for cash excluding the subscription right of the shareholders, provided that the sales price per share is not significantly lower than the stock exchange



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price of shares of the Company at the time of the sale. With this authorization, use is made of the simplified exclusion of subscription rights permitted by section 71 para. 1 no. 8 sentence 5 German Stock Corporation Act, in corresponding application of section 186 para. 3 sentence 4 German Stock Corporation Act. This enables the Management Board to quickly and flexibly take advantage of opportunities arising from favorable stock market situations and to achieve the highest possible resale price by setting a price close to the market price, thereby regularly strengthening equity or tapping new groups of investors. The idea of protecting shareholders against dilution is taken into account by the fact that the shares may only be sold at a price that is not significantly lower than the relevant stock exchange price. The final determination of the selling price for the own shares will be made shortly before the sale. The Management Board will set any discount from the stock exchange price as low as possible in accordance with the market conditions prevailing at the time of the placement. The discount from the stock exchange price at the time of the exercise of the authorization will in no case exceed 5% of the current stock exchange price. The authorization shall apply with the provision that the shares issued under exclusion of subscription rights may not exceed a total of 10% of the share capital, neither at the time of the resolution nor at the time of the exercise of the authorization. Shares issued or sold during the term of the resale authorization in direct or analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act shall be counted towards this limit. This also includes shares issued to service convertible bonds or option bonds or profit participation rights with conversion or option rights respectively conversion or option obligations, provided that these bonds were issued during the term of this authorization up to this point in time under exclusion of subscription rights pursuant to section 186 para. 3 sentence 4 German Stock Corporation Act. With these provisions, the asset and vot-

ing right interests of the shareholders are adequately protected in this way of selling own shares. In principle, the shareholders have the possibility to maintain their shareholding quota at comparable conditions by purchasing shares on the stock exchange. Furthermore, the authorization is in the interest of the Company because it helps the Company to achieve greater flexibility and creates the possibility to expand the shareholder group through the targeted issuance of shares to cooperation partners, institutional investors or financial investors. This should also enable the Company to react quickly and flexibly to favorable stock market situations.

- dd) In addition, the Company shall also be able to use own shares to service purchase obligations or purchase rights to shares in the Company arising from and in connection with convertible bonds or option bonds or profit participation rights with conversion or option rights issued by the Company or one of its group companies. For this purpose, the shareholders' subscription rights must be excluded. This shall also apply in the event of a sale of own shares by means of a public offer to all shareholders for the possibility of also granting the creditors of such instruments subscription rights to the shares to the extent to which they would be entitled if the respective conversion or option rights had already been exercised (protection against dilution).
- ee) Furthermore, it is planned that own shares can be used for a so-called scrip dividend. In the case of a scrip dividend using own shares, all shareholders are offered to assign their claim to payment of the dividend, which arose with the resolution on the profit appropriation by the Annual General Meeting, in order to acquire own shares in return. In this context, the Management Board shall be authorized to exclude shareholders' subscription rights in whole or in part in order to be able to implement a stock dividend on optimal terms.



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ff) Finally, the proposed authorization provides that acquired own shares may be redeemed without a further resolution of the Annual General Meeting. The redemption of own shares generally leads to a reduction of the company's share capital. However, the Management Board is also authorized to redeem the own shares without reducing the share capital in accordance with section 237 para. 3 no. 3 German Stock Corporation Act. This would proportionately increase the share of the remaining shares in the share capital according to section 8 para. 3 German Stock Corporation Act (calculated nominal value). The principle of equal treatment under stock corporation law is preserved in both above-mentioned ways.

The authorizations to exclude subscription rights pursuant to lit. bb) through dd) above shall apply with the provision that the shares issued under exclusion of subscription rights may not exceed a total of 10% of the share capital, neither at the time the resolution is adopted nor at the time the authorization is exercised. Shares issued or sold during the term of the resale authorization in direct or analogous application of section 186 para. 3 sentence 4 German Stock Corporation Act shall be counted towards this limit. This also includes shares issued to service convertible bonds or option bonds or profit participation rights with conversion or option rights, provided that these bonds were issued during the term of this authorization up to this point in time with the exclusion of subscription rights in accordance with section 186 para. 3 sentence 4 German Stock Corporation Act.

The authorization may be exercised with respect to such shares of the Company which were acquired based on this authorization or on the basis of previous authorizations to acquire own shares.

The Management Board shall report to the Annual General Meeting following any exercise of the authorization to acquire shares pursuant to section 71 para. 3 sentence 1 German Stock Corporation Act, if applicable in conjunction with section 160 para. 1 no. 2 German Stock Corporation Act.

Neutraubling, April 2023

Krones Aktiengesellschaft

The Management Board

Christoph Klenk
CEO

Uta Anders
CFO

Thomas Ricker
CSO

Markus Tischer

Ralf Goldbrunner