



2

CONSOLIDATED MANAGEMENT REPORT

Fundamental information about the group

■ Krones at a glance.....	53
■ 2023 in review.....	57
■ Systems and lifecycle service – performance matters.....	61
■ Strategy and management system.....	64
■ Research and development (R&D).....	79

Non-Financial Statement.....	85
------------------------------	----

Report on economic position

■ Economic environment.....	146
■ Krones in figures.....	155
■ Report from the segments.....	171
■ Overall assessment of economic position.....	177
■ Employees.....	178

Risk and opportunity report.....	180
----------------------------------	-----

Report on expected developments.....	193
--------------------------------------	-----

Takeover-related disclosures.....	198
-----------------------------------	-----

Dependency report.....	202
------------------------	-----



Krones at a glance

Business model, business areas and organisational structure

Krones (KRONES AG and its subsidiaries) offers machinery and systems for filling and packaging and for beverage production. Process technology and innovative digitalisation and intralogistics solutions round out our portfolio. Krones' customers include breweries, beverage producers and companies from the food, chemical, pharmaceutical and cosmetic industries. Services are an important part of Krones' business model. Krones maintains service centres and offices around the world.

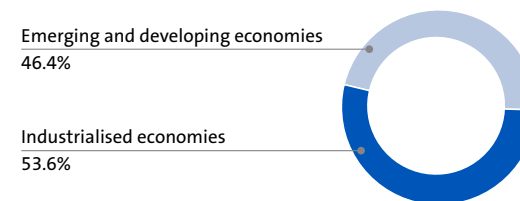
Beginning in 2022, Krones reports on three segments: **Filling and Packaging Technology**, **Process Technology** and **Intralogistics**. The Intralogistics segment came under the Process Technology segment until 2021.

Major markets and competitive position

Customers in the beverage industry account for most of Krones' revenue. The remaining revenue comes from business in non-beverage sectors (food, dairy, chemicals, pharmaceuticals and cosmetics).

Krones is heavily export-oriented, generating around 90% of consolidated revenue outside Germany. The regional revenue split is well balanced overall. In the reporting period, Krones generated 53.6% of its revenue in industrialised countries and 46.4% in the rapidly growing emerging and developing markets.

Krones Group revenue by region 2023



Apart from a few large companies that are part of a corporate group, such as KHS (Salzgitter) and Sidel (Tetra Laval Group), Krones competes with a number of companies that do not offer the entire filling and packaging technology product range. Most of our main competitors are based in the euro area. Chinese manufacturers have primarily competed against Krones for orders on their home market. In the two smaller segments, Process Technology and Intralogistics, Krones competes worldwide with major suppliers such as Gea and Kion and with smaller regional competitors.

Backed by our global service portfolio, which enables us to provide fast service to customers on-site, Krones is well positioned in the competitive arena as a full-service provider.



Filling and Packaging Technology segment

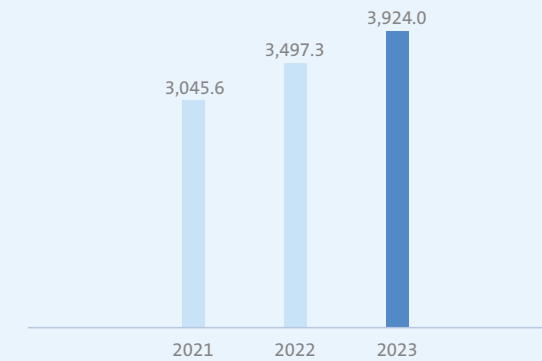


This is by far Krones' largest segment. It offers machines and lines for filling, labelling, packaging and conveying products. Machines and lines for producing PET containers and converting used plastic bottles into food-grade recycled material (PET recycling systems) are also part of this segment. A further important part of the segment is the service business.

- Product treatment technology
- Labelling technology
- Inspection technology
- Filling technology
- Cleaning technology
- Plastics technology
- Packing and palletising technology
- Conveyor technology
- Plastics recycling

See also Segment report, pages 171 and 225.

Revenue (€ million)



	2021	2022	2023
EBITDA (€ million)	283.2	332.7	402.3
EBITDA margin (%)	9.3	9.5	10.3



Process Technology segment

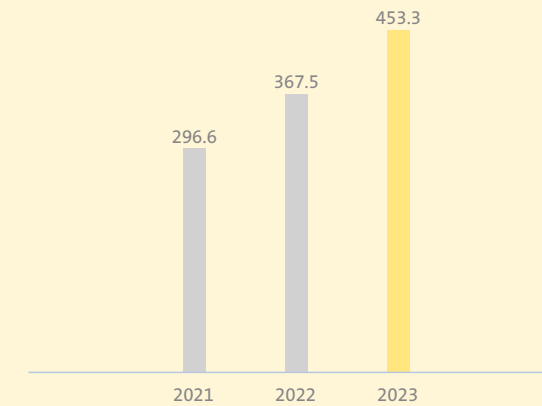


This Krones segment supplies customers with machines and lines for producing and processing beer, soft drinks, fruit juices, milk, dairy drinks and alternative proteins. In addition to water treatment, the Process Technology segment also includes Evoguard brand and Ampco Pumps brand components and the service business.

- Brewhouse and filtration technology
- Water treatment
- Alternative proteins
- Components (valves, pumps, etc.)

📄 See also Segment report, pages 173 and 225.

Revenue (€ million)



	2021	2022	2023
EBITDA (€ million)	18.6	20.4	34.7
EBITDA margin (%)	6.3	5.5	7.7

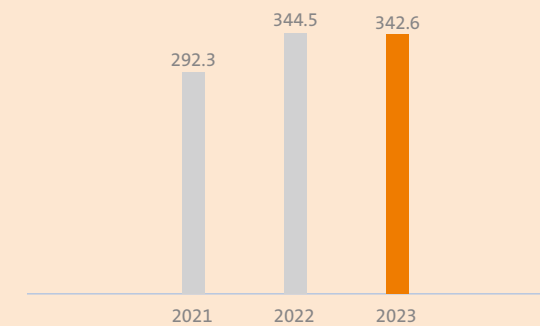


Commencing in 2022, Krones reports on the Intralogistics business as a separate segment. In this segment, through subsidiary System Logistics, Krones provides the planning and design of fully automated warehousing, order-picking and material flow systems with high-speed feeders, conveyors and automated guided vehicle (AGV) systems. Services are an additional part of the segment.

- Warehouse and material flow technology
- System and software solutions
- Conveyors and automated guided vehicles

See also Segment report, pages 175 and 225.

Revenue (€ million)



	2021	2022	2023
EBITDA (€ million)	10.8	20.2	20.3
EBITDA margin (%)	3.7	5.9	5.9



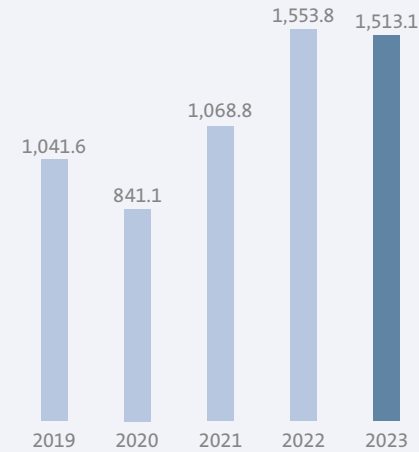
First quarter 2023

Customer demand remained exceptionally strong in the first quarter of 2023. From January to March, we received orders worth €1,513.1 million. Revenue climbed by 21.4% to €1,198.8 million compared to the prior-year period, which was severely affected by supply chain problems. Material availability was also tight in the first quarter of 2023. This presented Krones with major challenges. Nevertheless, profitability improved significantly. At €114.9 million, EBITDA exceeded the figure for the first quarter of 2022 by 32.1%.

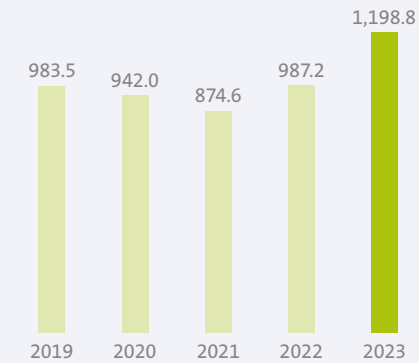
Krones published its Annual Report for 2022 on 22 March 2023. For the first time, the non-financial statement was integrated into the group management report. By combining its financial and non-financial reporting, Krones underscores the great importance it attaches to sustainability in all business decisions.

From the beginning of the year until mid-March, the stock markets showed an upward trend. Several US bank failures and the collapse of Credit Suisse, the major Swiss bank, then triggered a slide in share prices. Rescue packages quickly put together by major countries and central banks reassured the markets, which made significant gains in the first quarter overall. Following strong performance in the fourth quarter of 2022, the Krones share price did not rise quite as strongly as the market as a whole. At the end of March, our shares stood at €108.70, 3.5% higher than at the beginning of the year.

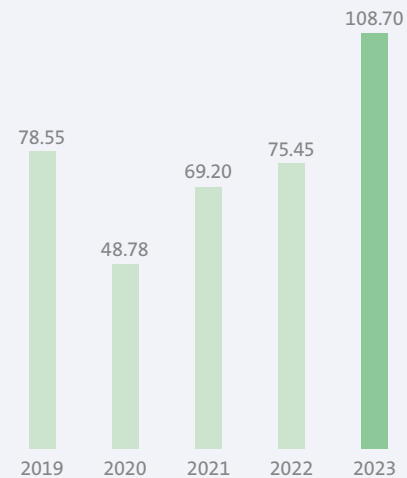
Order intake Q1 (€ million)



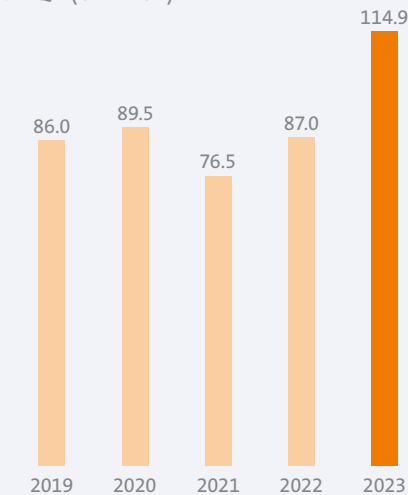
Revenue Q1 (€ million)



Share price 31 March (€)



EBITDA Q1 (€ million)



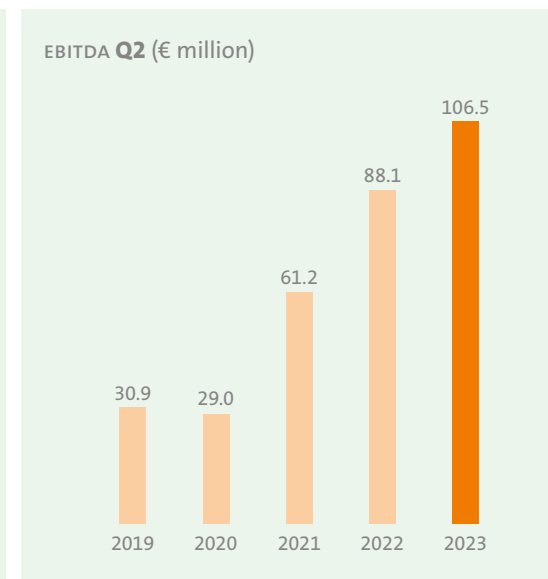
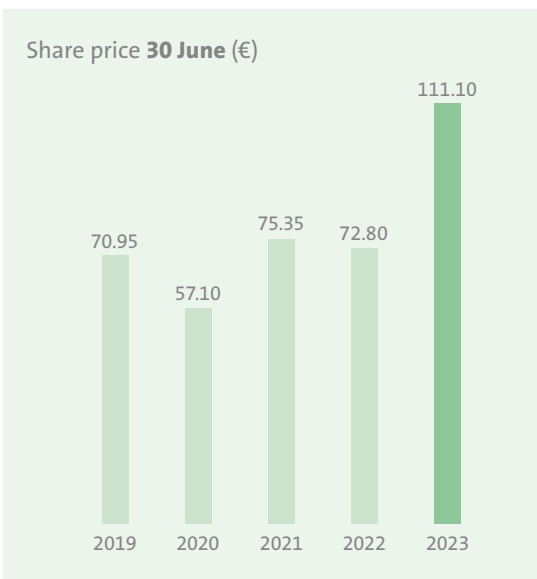


Second quarter 2023

Krones held its 43rd Annual General Meeting (AGM) on 23 May. The AGM was once again held on site in Neutraubling for the first time following three virtual AGMs due to the pandemic. All agenda items submitted for voting were approved by a large majority of shareholders. A dividend of €1.75 per share was paid to shareholders for the 2022 financial year, marking an increase of 25% over the previous year.

Krones' positive business performance continued from April to June. Order intake normalised at a high level and, at €1,272.8 million, was within the guidance range of €1.2 billion to €1.3 billion in each quarter. Despite the tight procurement situation for electrical components, revenue and profitability were higher than a year earlier. Revenue went up by 12.5% to €1,122.1 million. EBITDA increased at a higher rate, by 20.9%, to €106.5 million. With the acquisition of US-based Ampco Pumps Inc. in April, we expanded our components business in Process Technology to include high-quality pumps and significantly added to our sales potential in the US market.

Share prices on the international stock markets moved slightly upwards through the second quarter, with some sharp fluctuations. With a gain of 2.2% (including dividend: +3.8%), Krones shares outperformed both the MDAX (down 0.2%) and the SDAX (up +1.9%) between April and June. Our shares benefited from the good business figures and positive analyst comments and higher price targets.





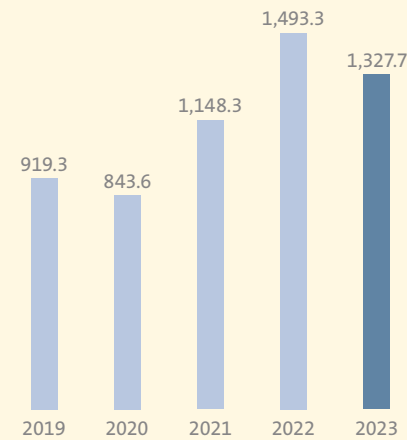
Third quarter 2023

In the period from July to September, order intake rose compared to the previous year's period to €1,327.7 million. Sustained strong demand for Krones products and services led to an order backlog in the third quarter that exceeded the €4 billion mark for the first time. Despite challenging production conditions, revenue and earnings also continued to rise. Revenue climbed by 10.0% year on year to €1,164.7 million, while EBITDA increased by 16.7% to €110.9 million. On 17 July, Krones raised the full-year guidance for revenue growth in 2023 to between 11% and 13% (previously 8% to 11%).

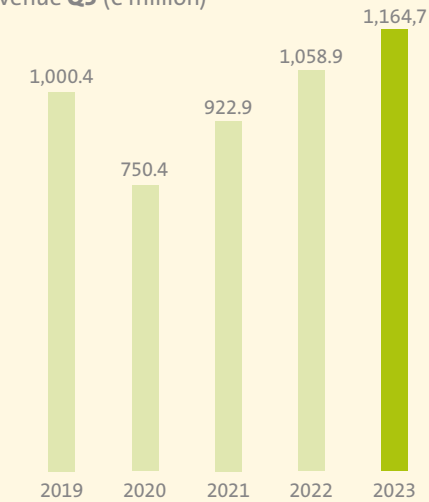
Krones' climate strategy specifies ambitious reductions for greenhouse gas emissions for the entire Group. On 26 July, the company published its Carbon Transition Plan, in which Krones discloses measures, interim results and further plans for achieving its climate targets.

After slight gains in the first two quarters, the Krones share price performed below average between July and September. Despite good business figures, our share price came under heavy pressure. The value of Krones shares was mainly affected by the general weakness of shares in the mechanical engineering sector. Overall, the share price fell by 12.2% in the third quarter.

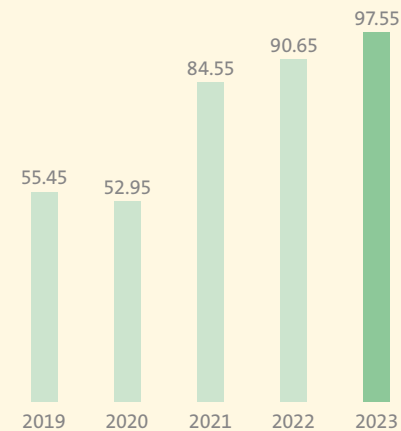
Order intake Q3 (€ million)



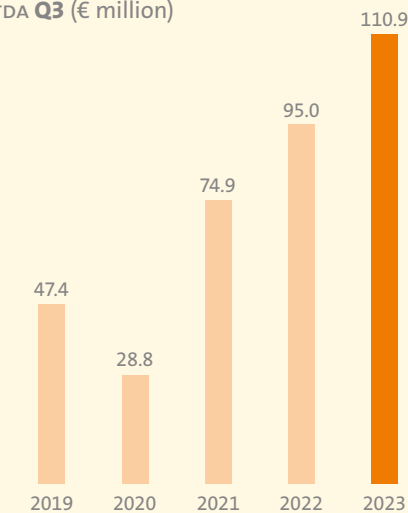
Revenue Q3 (€ million)



Share price 30 September (€)



EBITDA Q3 (€ million)





Fourth quarter 2023

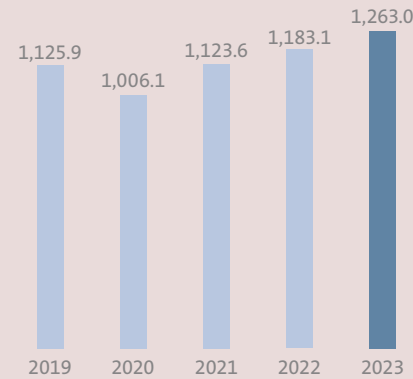
The situation on the procurement markets eased in the fourth quarter. For the most part, however, this will not be reflected in revenue until 2024. Revenue from October to December reached the highest quarterly figure of the reporting year, at €1,235.1 million (+6.0% compared to the previous year). Order intake was also once again at a high level, up 6.8% on the previous year to €1,263.0 million. The period from October to December showed the strongest increase in profitability. EBITDA went up by 21.1% to €125.0 million. Krones improved the EBITDA margin from 8.9% to 10.1%.

After two silver medals in a row, Krones was awarded gold in the October 2023 rating by sustainability rating agency EcoVadis. Krones ranks among the top 5% of the companies rated in its sector.

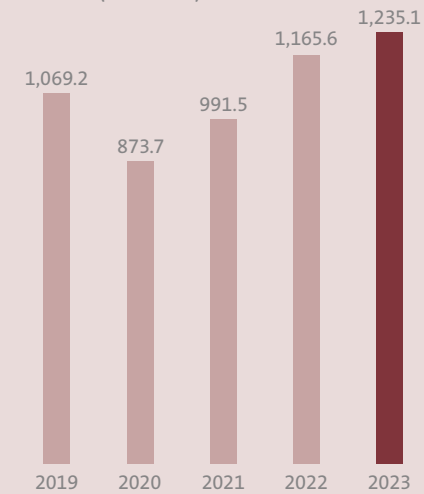
A trade fair highlight in the fourth quarter was BrauBeviale, held in Nuremberg from 28 to 30 November. Krones presented innovative technology from the across the company.

At the beginning of the fourth quarter, Krones shares trended downwards in line with the market as a whole. However, publication of the good figures for the first nine months of 2023 led to a sharp rise in the share price in early November. Krones shares maintained this positive momentum through to the end of the year. Overall, the share price outperformed the market as a whole in the fourth quarter, rising by 14.6% to close the year at €111.80. This was 6.5% higher than at the beginning of the year.

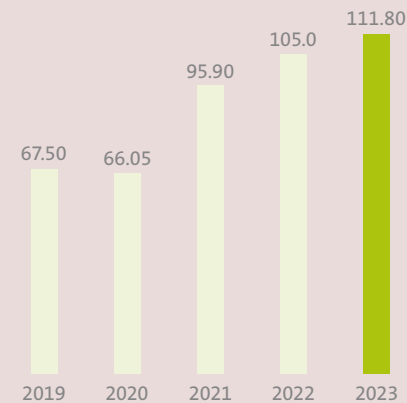
Order intake Q4 (€ million)



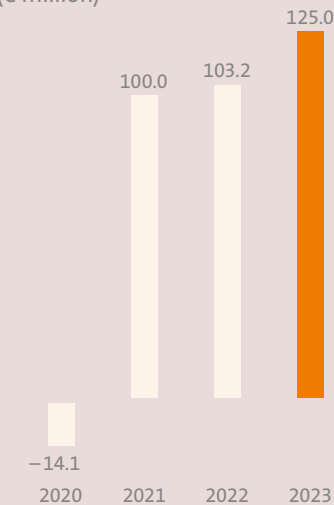
Revenue Q4 (€ million)



Share price 31 December (€)



EBITDA Q4 (€ million)





Systems and lifecycle service – **sustainable, reliable, high-performance production**

Krones delivers turnkey plants to the beverage and liquid food industry. We use our knowhow and our line expertise to reduce customers' total cost of ownership (TCO). As a reliable partner, we also ensure that our customers can produce safely and at high quality.

We supply all machines and lines needed for producing, filling and packaging beverages. Furthermore, we provide complete logistics systems and custom IT and digitalisation solutions that manage and optimise all production processes.

Our lifecycle service (LCS) experts additionally support customers with excellent, 24/7 after-sales service and advice. In this way, we ensure that beverage manufacturers' production runs at the highest possible performance level

at all times. The Krones LCS teams work together with customers to find solutions for efficient, secure, cost-effective and sustainable production – in line with our target picture, “Solutions beyond tomorrow”. They also provide expert consulting on maintenance and retrofitting.

The digital services provided by Krones that are accessible to customers on the “Krones.world” portal play an increasingly important role in further improving overall line efficiency. Krones' modular service packages are optimally tailored to customer lines and requirements. The service team analyses production data and works with the customer to find solutions that lastingly improve production performance.

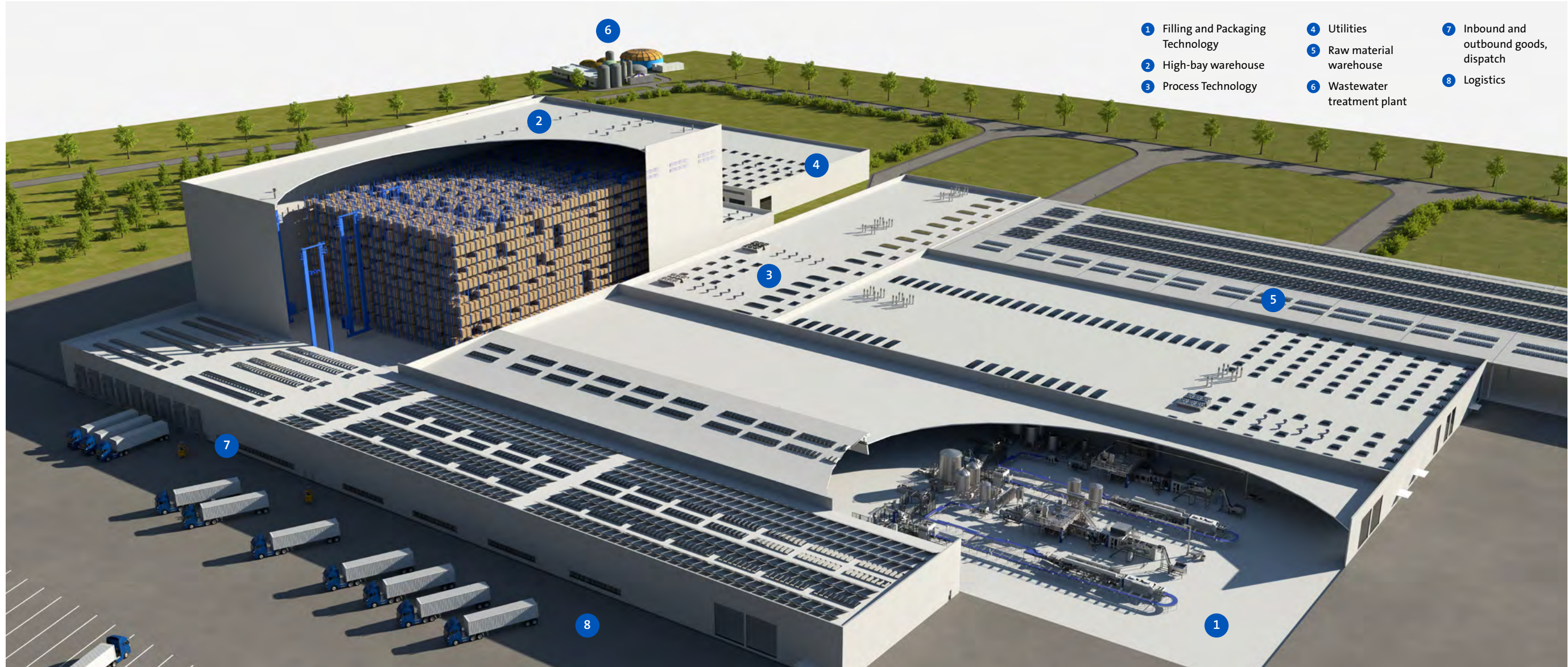
The two illustrations of a complete beverage plant and of a filling and packaging line provide a brief overview of our portfolio.



Partner for
Performance

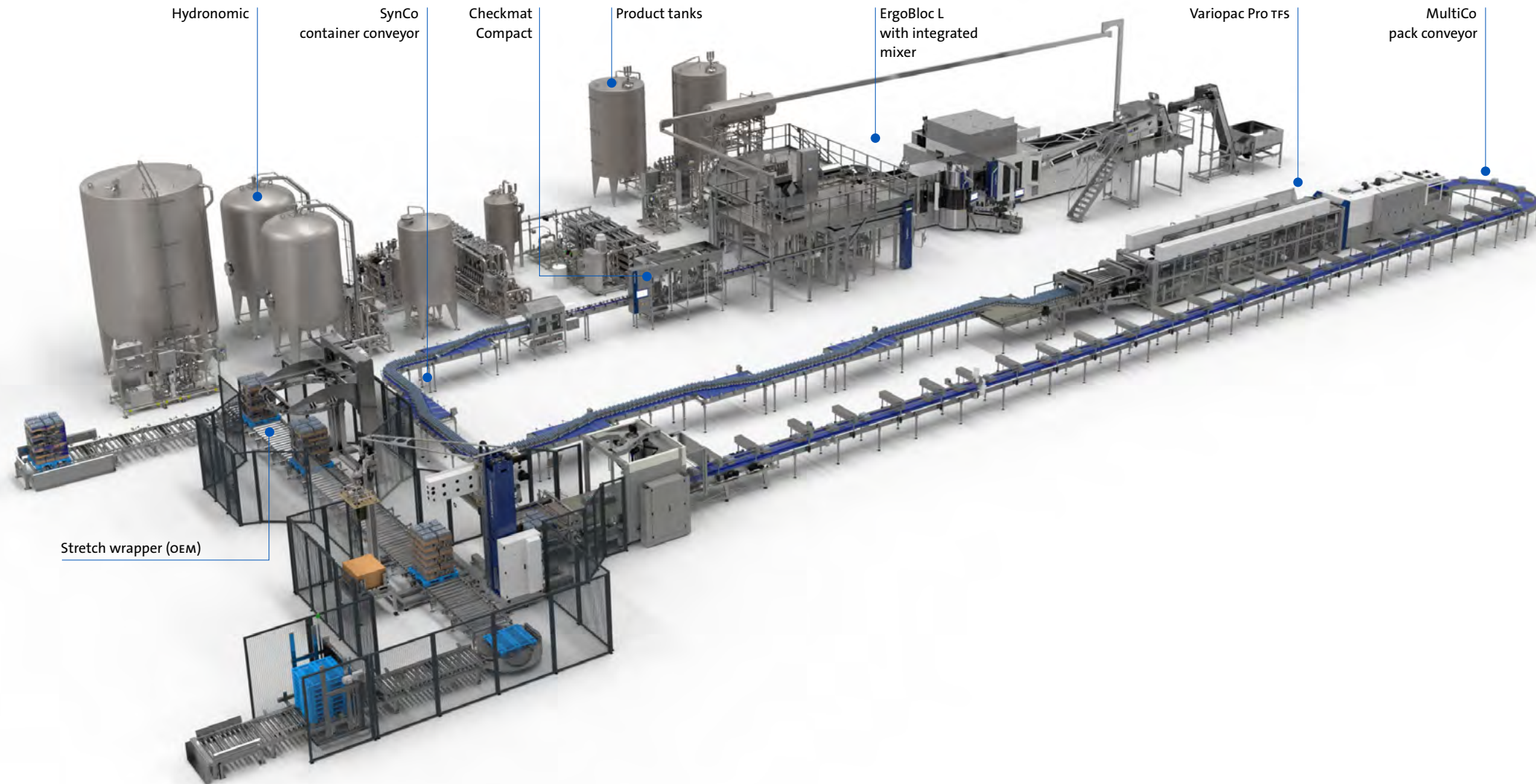


Krones supplies **complete beverage plants**





PET filling and packaging line for carbonated soft drinks





Strategy and management system



“Krones is very well positioned in a steadily growing market. With its new target picture, “Solutions beyond tomorrow”, Krones has mapped out its path to a successful and sustainable future.”

*Christoph Klenk
CEO*

In 2022, on the basis of its technology leadership and customer requirements, Krones developed a new, ambitious target picture: “Solutions beyond tomorrow”. Even though we are still at the early stages and have a long way to go, we are already seeing the successes of our activities aligned to the new target picture.

Through all the changes that we aim for as a company, or that arise as a result of high economic volatility, we benefit from the enormous flexibility and motivation of the entire workforce. In the past year, the Krones team once again faced some tough challenges. One of these consisted of processing the extremely high 2022 order intake on time and in our usual high quality, despite the ongoing tight supply of materials in 2023. We achieved this thanks to the great commitment of our employees – as shown by the very good business figures for the 2023 financial year.

Stable demand from attractive markets

We benefit from attractive sales markets in the beverage and liquid food industry. Demand for packaged beverages and foods is growing steadily. This is driven by megatrends such as global population growth, a growing middle class in emerging markets and continuously increasing urbanisation, especially in the

Global South. The two focal areas of sustainability and digitalisation also ensure high levels of demand for the long term. As an internationally leading supplier of beverage filling and packaging technology, Krones is exceptionally well positioned to capitalise on market opportunities with its comprehensive global product and service portfolio.

However, despite our good business results, improved material supply and sustained high demand for our products and services, we remain vigilant about both short and long-term risks. Conflicts such as those in Ukraine and the Middle East have multiplied significantly in recent times. Tensions between the USA and China could also cause substantial shifts in the global order and reverse the globalisation of the world economy in the medium and long term. Climate change, the availability of natural resources and digitalisation are long-term risk factors faced by nearly all companies. However, sustainability and digitalisation also present huge business opportunities for Krones.

More flexibility and resilience through enhanced cost structure

Growth is an important condition for the continued future success of Krones. But it has to be profitable growth. One of our core strategic imperatives is therefore to continually enhance Krones’ cost base and organisational structure. To this end, we are implementing cost-cutting programmes in almost all areas. In parallel, we are accelerating and digitalising our internal processes and workflows.

The expansion of our global value chain also contributes significantly to improving cost structures. By broadening and building more redundancy into Krones’ global procurement and production footprint, we enhance our ability



2 | 65

Solutions
beyond
tomorrow

to respond flexibly to diverse crisis scenarios, such as protectionist measures, regional supply chain problems or production stoppages. The company has gained significant cost advantages in recent years by establishing production facilities and associated supply chains in Hungary and China. In the coming years, we intend to progressively increase the proportion of value added generated internationally by the Krones Group.

The company's aim is to reduce fixed costs as a percentage of total costs. This will enable us to respond even more flexibly in today's more volatile economic environment and further enhance our resilience in times of crisis.

Maintaining adequate sales prices

Sales prices are a key factor in Krones' profitability. By delivering innovative solutions and reliably completing projects for our international customers, we have successfully adjusted our sales prices to meet increased cost levels over the past two years. Although competition remains intense, we will stick to our pricing strategy and pass on rising material and labour costs. The substantial order backlog allows us to uphold our price discipline even in the face of any downturn in demand.

Innovations as the cornerstone of Krones' long-term success

High-quality, innovative products and services are also fundamental to maintaining high price quality. They must provide significant and measurable added value to customers and help them achieve their goals. Our regular contact with customers and collaboration with them on solution development ensure that we have the best possible understanding of their needs. Aligned with our new target picture, "Solutions beyond tomorrow", Krones' focus in innovation is on sustainability, digitalisation and system solutions. We present our R&D strategy and a selection of our innovations from the reporting period on pages 79 to 84.



Solutions beyond tomorrow – for a sustainable and successful future

The focal points of "Solutions beyond tomorrow" are three key challenges confronting humanity: Combating climate change, feeding the world, and ensuring responsible use of packaging materials. The new target picture we have derived from these provides the basis for the company's strategic orientation. Our strategic focus here is on the core areas of **sustainability**, **service quality** and **digitalisation**. These three areas also determine the strategic orientation of our three segments.

Solutions beyond tomorrow – our strategic focus

Sustainability

Filling and Packaging
technologyProcess
technology

Intralogistics

Digitalisation

Service



Modulfill Bloc FS-C can filler and seamer, one of Krones' many sustainable solutions

Sustainability: priority issue for customers and Krones

Sustainable products will be the main innovation and growth driver in the next decade. We are seeing a strong rise in demand from our customers for machines, systems, lines and entire beverage plants that save valuable resources and reduce carbon emissions. By enabling customers to produce foods and beverages with high levels of resource efficiency and recycling, Krones helps them achieve their sustainability goals.

Our goal: contributing to a climate-friendly industry

Krones has committed to making a significant contribution to combating climate change and conserving resources. We published details on the implementation of our climate strategy for the first time in mid-2023, in our Public Carbon Transition Plan. In this document, which will be updated annually, the

Group sets out its targets, measures, progress and additional implementation plans for achieving its climate goals.

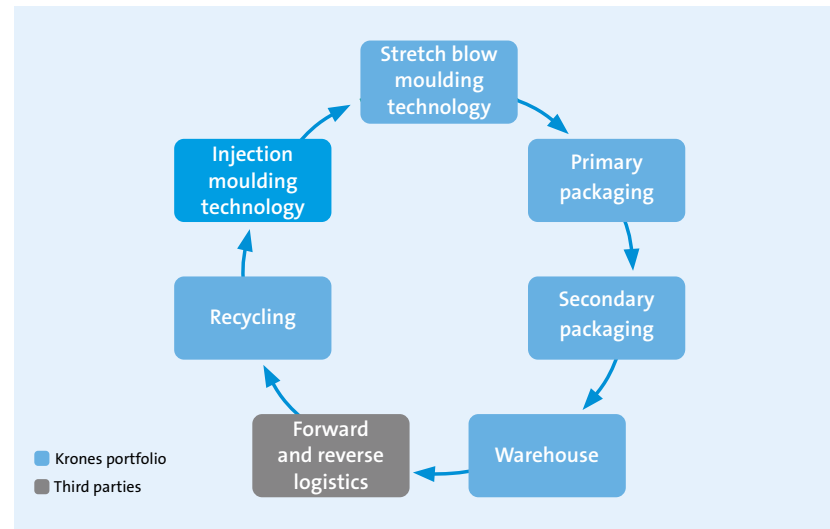
Beyond optimising our own processes, it is imperative for us to devise and implement sustainable solutions for our customers in the food and beverage industry. Through the TÜV-certified, dynamically evolving enviro sustainability program, Krones provides customers with optimum support in achieving their ambitious climate targets. The energy and media-efficient product range verifiably and measurably saves customers valuable resources in the operation of our machines and lines. Our customers have long benefited from the lower energy and resource consumption of enviro products. Additionally, Krones' sustainability consultants support our customers with an integrated, all-factory approach to measurably reduce their ecological footprint, both for new and existing plants.



Krones has set itself the ambitious goal that, by 2030, the machines and lines we manufacture will save our customers an additional 25% in energy and resources in absolute terms compared to 2019. As Krones has significantly increased unit sales of new machines and lines in the last two years and intends to continue this growth in the future, the savings per machine or line have to significantly exceed the 25% target. While achieving this will take a lot of work, the strong demand for enviro products gives us a major incentive.

The company aims for an 80% reduction in its operational greenhouse gas emissions (Scope 1 and Scope 2) and a 25% reduction in value chain emissions (Scope 3) by 2030 relative to 2019. We stand at around a 50% reduction in Scope 1 and Scope 2 at the end of the 2023 financial year and are also seeing positive effects for Scope 3 from supply chain and product-related savings. At the beginning of 2024, we supplemented our climate strategy to include a net-zero emissions target by 2040.

Closing the loop to reduce emissions and plastic



If we are to solve the problem of plastic waste on our planet, we need to move away from single-use plastics and towards a circular economy. Over the next few years, many beverage producers will significantly increase the amount of recycled PET (rPET) in their bottles in order to significantly reduce their reliance on PET, which is a valuable resource. Krones will support its customers here from material-saving packaging design, preform production (injection moulding) and bottle production (stretch blow moulding) through filling, labelling and packaging to the recycling of used plastic bottles and their reuse in the food and beverage industry. In February 2024, we signed the contract to acquire Netstal, a Swiss injection moulding technology company. We expect the transaction to be finally closed in the first half of 2024. Once the transaction is completed, we will have closed the recycling loop in terms of plastic and will have all of the main products needed to turn used PET bottles into new containers for bottling beverages.

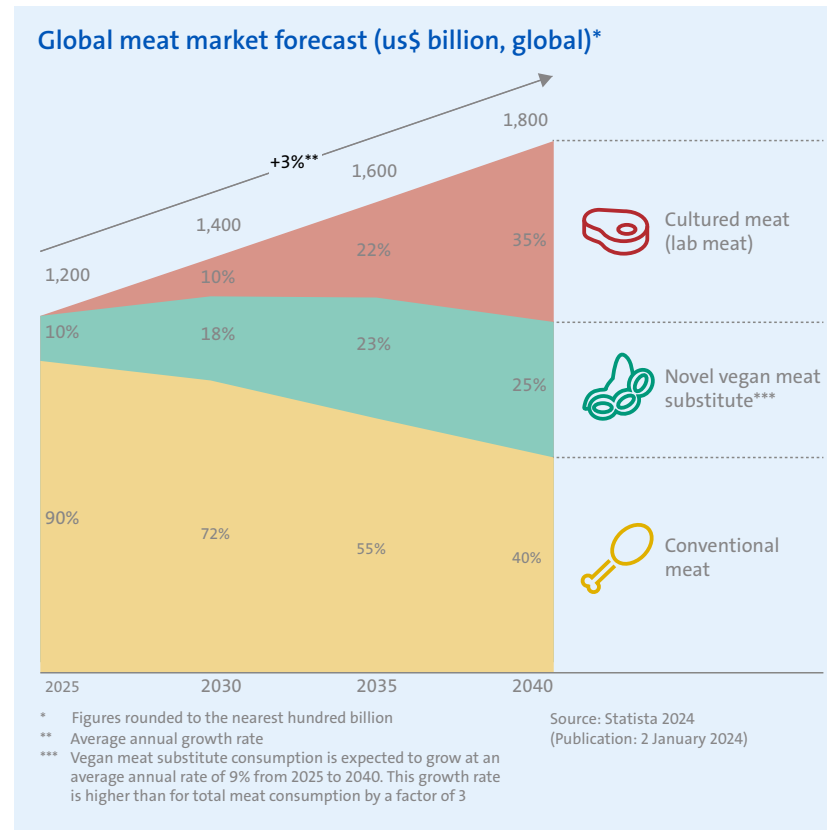
Krones recycling technology can also be used to recycle other high-quality packaging plastics (HDPE, LDPE, PP and PS). With bottle-to-bottle recycling, we contribute significantly to preventing the loss of plastic as a valuable resource and to curtailing plastic waste. To further harness the potential of our recycling technology, our plan is to carve out this business area as a standalone entity in 2024. We have already successfully completed a carve-out of this kind with our brewery activities.

Tackling climate change and sustainably feeding the world with alternative proteins

One of the three major global challenges that Krones is addressing together with its customers is feeding the world in a way that is sustainable and climate-friendly. The mass consumption of animal protein in industrialised countries especially generates enormous greenhouse gas emissions. A solution to this problem lies in the production of high-quality vegetable proteins as an alternative to animal protein.



Krones plans to play a major role in this market, which will continue growing in the medium to long term – analysts expect growth of 15% a year up to 2030. The market for plant-based dairy alternatives (based on soy, oats, nuts, etc.) is already established. Leveraging its extensive expertise in dairy production, Krones supports producers here with a complete range of process technology. In the production of solid plant-based proteins, the company draws on decades of experience in fermentation. Krones is thus well positioned in the important growth market for alternative proteins.



Digitalisation helps save resources and provides the basis for new business models

Beverage plants are undergoing a profound digital transformation. To stay competitive, beverage producers have to optimise their systems for efficiency. Digitalisation is a decisive factor here. Krones recognised this trend very early on and has already been supplying digital-ready machines and lines for some years. When it comes to the digitalisation of beverage plants, we benefit from our line and factory expertise – our knowledge of how numerous individual machines and lines seamlessly integrate into a unified whole.

Within the Krones Group, approximately 1,500 people are dedicated to digitalisation initiatives. At Krones.digital, a unit established in 2022, around 500 software and IT engineers work exclusively on the development of digital products and services. By 2025, we plan to expand the digitalisation unit to nearly 700 specialists.

Digital products and services must create added value for customers, either through enhanced product safety, more reliable production or reduced operating costs. The company has combined all digital services in a single browser-based online portal, Krones.world. This gives plant operators access to all digital services. Krones' goal is to provide digital support throughout the entire life cycle of a machine or line. The company thus intends to evolve more and more from a machine and line manufacturer to a service provider – from “Built by Krones” to “Managed by Krones”. Krones provides plant operators with agreed services that measurably improve plant efficiency. In return, the company is paid a set fee.



Digitalisation is also changing numerous products and processes from within. Krones improves and accelerates such developments with digital tools, including artificial intelligence (AI). Among other things, our team has developed an AI-based solution that significantly streamlines the quotation preparation process for our sales force, translating into significant time savings for both customers and Krones.

Global reach and localised service excellence with some 3,000 service staff worldwide

Looking after the delivery of digital and other services is the job of our approximately 3,000 local service staff in over 70 countries around the world. This enables us to respond quickly and directly to customer needs – a key factor in long-term customer satisfaction. Customers benefit from highly trained service employees with considerable system and line expertise.

Our strategically well-located LCS centres around the globe enable the swift supply of spare parts to plant operators worldwide. A long-term growth driver for the attractive LCS business is our growing installed base. We also intend to further increase the proportion of Krones-supplied managed lines.

Growth through further internationalisation

In order to meet the growing demand for service, Krones will continue to invest in the expansion of the sales and service organisation and further increase the size of the service team. The focus here is on international markets, where growth rates will remain above average. Krones will continue to invest heavily in sites in such markets and recruit local talent. In particular, the Asia-Pacific region and Africa are expected to see the strongest growth over the long term. In the reporting period, the company once again increased the size of its workforce in the regions shown in the table by 792 to 6,457 employees.

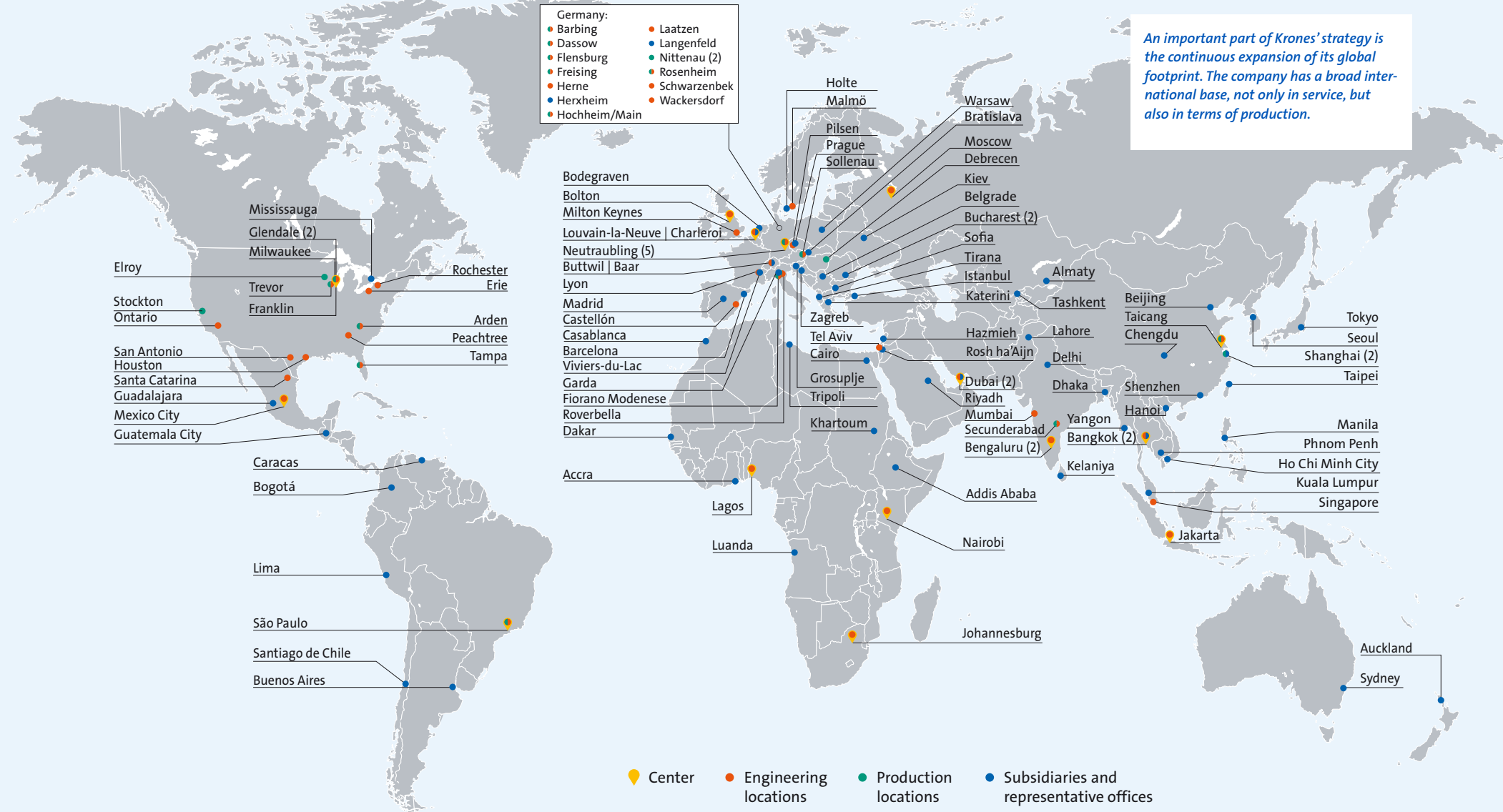
Development of employee numbers 2019–2023

Year	South America	North America	Africa	Asia-Pacific	Eastern Europe	China	Total
2019	782	745	671	1,009	933	792	4,932
2020	778	1,011	639	974	922	742	5,066
2021	803	1,046	633	959	1,006	732	5,179
2022	871	1,206	671	1,023	1,092	802	5,665
2023	943	1,430	681	1,143	1,345	915	6,457



Krones' global footprint

Service





Strategic focus in the segments

Filling and Packaging Technology:

Continued very strong demand for PET; cans and aseptics support growth

Beverage packaging made of PET continues to be highly popular, both with our customers and with consumers. Demand for PET lines remains stable at a high level. The reasons speak for themselves. PET bottles are light and easy to handle, but also sturdy and hard-wearing. This packaging material also has a relatively small carbon footprint and is comparatively inexpensive to produce, which positively affects the selling price of the end products. Our PET lines thus enable the production of sustainable and affordable beverages – in line with our target picture. We aim to consolidate and extend our leading position in PET lines with even better performance and lower resource consumption.

If PET is to remain the most popular packaging material for beverages in the long term, the majority of PET bottles in the future must be made of recycled PET. Krones is well positioned here to support customers with its recycling lines. In addition, we already have numerous lines in operation at customers that can readily process rPET, which has slightly different properties from virgin PET.





The market for aseptic filling in PET containers also presents good growth opportunities for the core segment. Demand is likely to remain strong in the USA especially, where the standard up to now has been the hotfill process – aseptic filling under heat with high energy consumption. US beverage producers are increasingly transitioning from this process to technologically advanced and sustainable aseptic lines. These significantly reduce the carbon footprint and plastic usage.



Krones picked up on the trend towards metal cans several years ago and is now the global market leader in the canning of beer and soft drinks. Aluminium beverage cans are the most recycled form of beverage packaging in the world and are almost infinitely recyclable without any loss of quality. This means they make a key contribution to resource conservation. Krones aims to strengthen its position in canning lines with flexible, hygienic, space-saving and resource-efficient solutions.



Process Technology:

Energy-efficient solutions and alternative proteins are markets of the future

The transformation of the Process Technology segment begun in previous years is well underway. Technologies for the production of plant proteins and energy-efficient solutions for beverage production continue to gain in importance. Demand for both technologies will grow at above-average rates in the medium to long term, driven by their potential to reduce global carbon emissions. We also plan to expand the LCS and components business in this segment. Both of these areas will help drive revenue and earnings growth in Process Technology. The acquisition of US pump manufacturer Ampco Pumps in the second quarter of 2023 completed our pump portfolio, strengthening our components business and expanding our sales potential in the US market.



Intralogistics:

Market with potential

In addition to the dynamic growth of the logistics market, the Intralogistics segment is also benefiting from the sustainability megatrend. Customers still frequently underestimate the potential in intralogistics. Solutions from our subsidiary System Logistics can yield up to 40% energy savings and up to 20% lower operating costs. Our automated solutions also free up logistics staff and reduce the number of operators required – a major gain in terms of added value for customers in times of labour shortages.

In the medium term, Krones intends to further internationalise its intralogistics business and extend it to customer groups outside the beverage and liquid-food market. Increased revenue shares from automated picking systems and autonomous mobile robots, coupled with an expanded service business, will further enhance the segment's profitability.



Financial position ensures resilience and enables future investment

As a result of the good business performance, Krones continued to maintain its capital and financial resources at a very high level in the reporting period. At the end of 2023, Krones had a very solid equity ratio of 38.3% and a net cash position of €445 million. In addition, the company has around €850 million in undrawn credit lines. This strong financial and capital structure gives the company and its employees the stability and security they need in today's unpredictable political and economic landscape. Its comfortable capital base also enables Krones to make strategic investments in growth and the future from internal resources.

The executive board will continue to invest some 5% of revenue in research and development. In addition, the company plans to commit between 2.5% and 3.5% of revenue in the coming years to capital expenditure on capital assets. This expenditure will mainly go on optimizing processes, production structures and IT systems. Internal sustainability projects (Scopes 1 and 2) will continue to account for a notable proportion of capital expenditure.

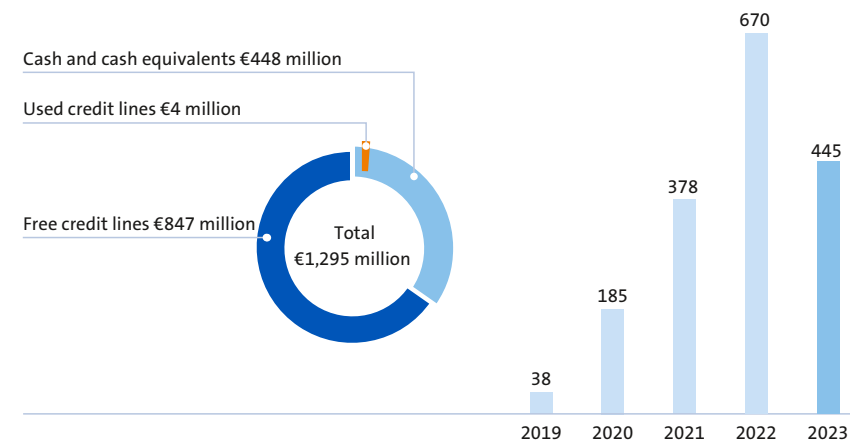
Acquisitions are and will remain part of Krones' growth strategy. When identifying potential acquisitions, we focus on medium-sized, profitable companies that complement the existing portfolio technologically and regionally or provide access to markets beyond the beverage and liquid food industry. Examples include the filling and packaging of food, pharmaceuticals and cosmetics. We have continued to implement our acquisition strategy in the reporting period and also in the current year. With the acquisition of US-based Ampco Pumps in the second quarter of 2023, we expanded our components business in Process Technology

to include high-quality pumps and significantly improved our access to the US market. Following the final closing of the acquisition of Netstal, the Swiss injection moulding technology company, which is planned for the first half of 2024, Krones will be able to offer its customers all important machines, lines and services for the complete PET packaging cycle. Netstal also underpins Krones' strategy of extending the customer focus to the medical/pharmaceutical, cosmetics and food industries.

Krones remains committed to sharing its success with shareholders through dividends. The company's dividend strategy is to distribute an amount of 25% to 30% of consolidated net income to shareholders, although in recent years it has aimed for the upper end of this range.

Liquidity reserves 31 Dec 2023

Net cash (€ million) at 31 Dec





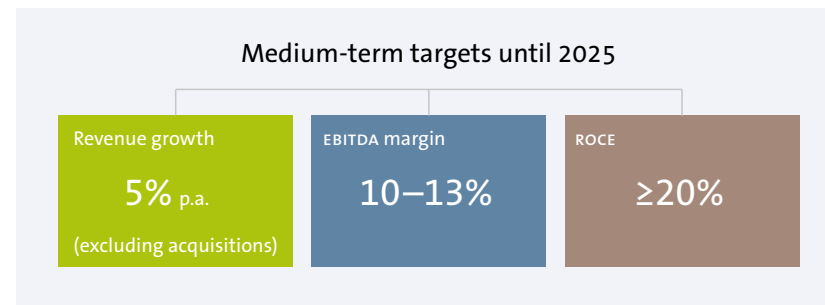
Improving free cash flow and ROCE, optimising working capital

Key financial performance indicators for Kronos alongside revenue and earnings are free cash flow and return on capital employed (ROCE). To achieve our ROCE target of at least 20% by 2025 (2023: 16.3%), we will both increase EBIT and, in the medium term, further optimise the allocation of resources in working capital. The company has taken various steps to reduce working capital for this purpose. Reducing working capital has a positive effect on ROCE.

Working capital is also an important determinant of free cash flow. Less working capital tied up in the operating business leaves the company more financial resources for other purposes. After the exceptionally high free cash flow in 2022, free cash flow decreased significantly as expected in the reporting period, mainly due to the strong increase in working capital. Free cash flow is expected to return to normal in 2024 and increase in the medium term.

Kronos is very well on track to achieve its medium-term targets by 2025 – in some cases earlier

At the end of 2021, the company adopted ambitious targets for the period up to 2025.



Revenue is targeted to grow organically – without acquisitions – by an average of 5% year on year until 2025. Including acquisitions, the company aims for revenue of at least €5 billion in 2025 (2023: €4.72 billion). Due to the strong increase in revenue in 2022 and 2023 and the large order backlog, Kronos expects that it will already achieve this target in the 2024 reporting year.

The company's commitment to profitable growth is central to its sustainable long-term success. Generating sufficient earnings is essential in order to make the necessary investments in the future and navigate potential crises. In the medium term, the company targets an EBITDA margin of 10–13% (2023: 9.7%). The Executive Board is confident that the measures introduced will enable it to achieve this goal, despite the steeply rising material and labour costs.

Kronos aims to increase return on capital employed (ROCE) to at least 20% by 2025 (2023: 16.3%).

Overall, Kronos currently sees significantly more opportunities than risks for the achievement of its medium-term goals by 2025.



The Krones team makes the difference: Krones' most important success factor

The entire Krones team has done an outstanding job over the past few years. Over recent years marked by various challenges, including the coronavirus pandemic, the Ukraine conflict and material shortages, our people have demonstrated their adaptability and flexibility in rapidly changing conditions. Even in difficult times, they consistently delivered our customers' projects on time, earning trust and confidence. The focus for the current year is on processing orders rapidly and in the usual quality. We are confident that we will meet this challenge to our customers' satisfaction.

Exceptional team spirit, coupled with the unique expertise, creativity, and unwavering dedication of our employees, underpins Krones' resilience and success. Ensuring a motivated and qualified workforce remains a priority. Krones will continue to invest in employee training and development, and will strengthen its workforce, particularly in IT, software and service, and also in emerging and developing markets.





Krones' management system

Krones' management primarily uses the following financial performance indicators to steer the group and its three segments:

- Revenue growth
- EBITDA margin (earnings before interest, taxes, depreciation and amortisation as a percentage of revenue)
- ROCE – return on capital employed – the ratio of EBIT to average net capital employed in the past four quarters. Net capital employed is defined as non-current assets (excluding goodwill and financial assets) plus working capital.

In order to strengthen our market position and utilise economies of scale, we will continue to generate **profitable growth** in all three segments in the medium term.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) is a key earnings performance indicator. Profitability, measured as the **EBITDA margin** (EBITDA as a percentage of revenue) is among our key targets and parameters. The EBITDA margin indicates the company's profitability in relation to revenue, irrespective of the tax rate, financial income/expense and depreciation and amortisation.

Since the 2022 financial year, our third performance indicator has been **ROCE** (return on capital employed), calculated at Group level. This is the ratio of EBIT (earnings before interest and taxes) to average net capital employed in the past four quarters. ROCE is a very important profitability indicator for the capital markets. Return on capital employed shows investors how efficiently the company makes use of capital. Until the 2021 financial year, our third key performance indicator was working capital as a percentage of revenue.

Development of the key performance indicators in the last five years

	2019	2020	2021	2022	2023
Year-on-year revenue growth	2.7 %	-16.1 %	9.4 %	15.8 %	12.2 %
EBITDA margin	5.7 %	4.0 %	8.6 %	8.9 %	9.7 %
ROCE (from 2022)	2.2 %	-2.2 %	10.0 %	14.1 %	16.3 %
Working capital to revenue (up to and including 2021)	26.9 %	28.3 %	24.8 %	19.0 %	17.8 %

Other financial key performance figures

In addition to the above, a further important performance indicator for Krones is **free cash flow** (cash flow from operating activities less cash flow from investing activities). We take further guidance from the development of **EBT** (earnings before taxes), the **EBT margin** (EBT as a percentage of revenue) and the **working capital to revenue ratio**.



Non-financial performance indicators



In addition to financial performance indicators, non-financial targets are also firmly embedded in Krones' corporate strategy. These are set out in detail in the non-financial statement (pages 85 to 145). Sustainability is an area of major importance and is also the focus of the Krones target picture.

Key non-financial performance indicators comprise **greenhouse gas emissions** (Scope 1, Scope 2 and Scope 3), **water consumption, hazardous waste, workplace accidents** and the **share of women in management**.

As part of the Krones Group's sustainability targets, which the Executive Board officially adopted in the 2020 financial year, the company has set ambitious emission reduction targets along the entire value chain.

- We aim for an 80% reduction in our own carbon footprint (Scope 1 and Scope 2) by 2030, relative to the 2019 baseline.
- For Scope 3 emissions – which are much higher and are mainly generated by the operation of our machines and lines at customer sites – we are targeting a reduction of 25% over the same period, again with 2019 as the baseline.

Additional **sustainability goals** are as follows:

- The Krones Group is committed to a 10% reduction in hazardous waste and water consumption by 2030, with 2020 as the baseline.
- We will reduce both work-related accidents and the resulting lost days per million hours worked by 30% across the Krones Group by 2030, compared to the 2020 baseline.



Research and development (R&D)

- Krones invests 4.1% of revenue in R&D
- Sustainability remains a key innovation driver
- Focus on “line of the future”
- Internationalisation and partnerships strengthen R&D

Innovations secure our company’s future. Future oriented products and services are essential to the implementation of Krones’ new target picture, “Solutions beyond tomorrow”. The driving force here is Research & Development (R&D). R&D has always been a major strategic priority at Krones and remains the foundation for the company’s sustainable business success.

In 2023, Krones invested 4.1% of revenue in R&D

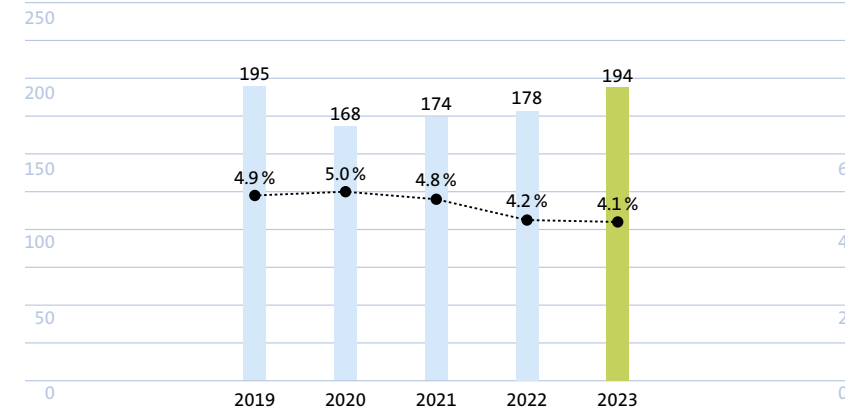
Krones consistently invests large sums in research and development. Large numbers of patents underscore the success of this investment.

Highly qualified Krones employees drive the development and improvement of machines, systems and services worldwide. To maintain the rapid pace of innovation, the company invests large sums in R&D. In 2023, the company spent €194 million on research and development – that corresponds to 4.1% of consolidated revenue (previous year: €178 million and 4.2%). €21.7 million of this was capitalised as development costs (previous year: €23.6 million).

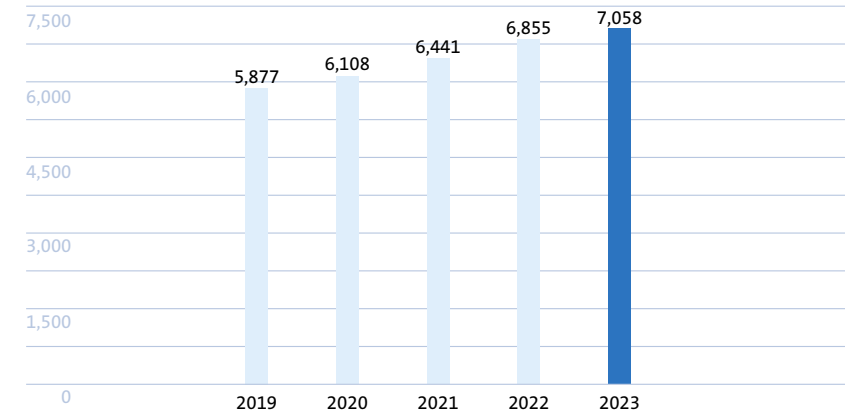
Innovative R&D feeds a strong patent portfolio and safeguards Krones’ technological lead

The innovative strength of the Krones R&D team is reflected in the substantial number of registered patents and utility models. This has increased continuously in recent years and stood at 7,058 at the end of 2023 (previous year: 6,855). By pursuing an active patenting strategy, Krones ensures that all important new developments and improvements have strong legal protection and safeguards its technological lead.

R&D expense (€ million) and R&D ratio (%)



Registered patents and utility models – Krones Group

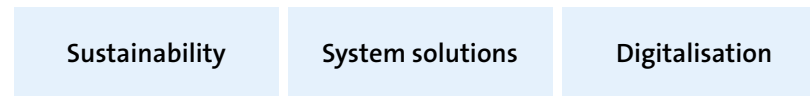




The Krones R&D strategy

All R&D activities focus on customer benefit. New products and services must create added value for customers. From intensive exchange with our customers, we know their needs and visions. We aim to develop solutions for them that exceed their expectations. Krones' R&D strategy is closely aligned with our target picture based on the slogan "Solutions beyond tomorrow", which serves as inspiration for our R&D team and guides project prioritisation.

Krones focuses in its R&D strategy on **three focal areas**:



The primary innovation driver is sustainability. Conserving resources and reducing emissions are top priorities for our customers. Short changeover times, fewer operating personnel and improvements in line efficiency also play an important role. We place an equally strong focus in our R&D activities on digitalisation. This is the basis for new business models. Digital data can be used to offer improved services.

Krones follows a top-down approach to new developments and improvements. This means that in all development projects, we initially focus on the entire beverage plant, from beverage production, filling and packaging to intralogistics. We then split out the targeted improvements across the individual line components. It is also important that all new developments and improvements are capable of being retrofitted, so that they can be used in existing machines and lines and deliver added value for customers.

R&D strategy programmes

The R&D strategy and value drivers define Krones' R&D programmes. These have the clear goal of translating our visions embodied in "Solutions beyond tomorrow" as fast as possible into market-ready solutions for our customers. At drinktec 2025, we aim to present the highly innovative Krones "line of the future". In line with our target vision, the development focus of the filling and packaging line of the future is on sustainability, digitalisation and efficiency.

Clearly structured R&D organisation accelerates and improves the innovation process

Across all segments and businesses, the entire development portfolio is managed through a clearly defined and focused innovation process. Employees from various organisational units are actively involved in development projects. Development progress is regularly analysed and evaluated by a joint committee, which includes the Executive Board and executives from various technical units.

Reflecting the importance of sustainability for customers and Krones, the company has established a Sustainability unit within R&D. This addresses all product and company-specific sustainability questions.

In 2021, we brought together and aligned our digitalisation and automation activities in a new unit, Krones.digital. A total of about 500 employees at various locations and from different Krones companies collaborate here in a highly coordinated fashion, working closely together with the R&D team that develops the machines and lines.



Additional impetus from internationalisation and in-house innovation units in Germany and abroad

Krones is increasingly internationalising its R&D activities. We made further progress on this strategy in the reporting period with the launch of Krones Digital Solutions India (KDST) in Bengaluru, India. This new Group subsidiary plays an important role in our digitalisation drive. As well as managing internal IT, around 120 employees there develop digital solutions for customers under the Krones.digital unit. Krones has also established a second IT subsidiary in the Czech Republic, in addition to expanding the Czech subsidiary Konplan (engineering services) in Prague. The R&D hub in Parma, Italy, has also undergone capacity expansion. This unit works with the city's university, among other things to analyse the life cycle (including the carbon footprint) of diverse types of packaging.

Our Innovation Lab, which is located near our headquarters at TechBase Regensburg, undertakes new projects at a very early stage of the innovation process. Its interdisciplinary teams conduct preliminary studies on technical and economic feasibility. The Innovation Lab's focus is on sustainability and digitalisation. In 2023, the Krones Innovation Lab was ranked one of the best digital innovation units in manufacturing industry. This was the outcome of a leading study on the topic carried out in the German-speaking countries by consultancy Infront in partnership with Capital magazine.

Teamwork with partners enhances R&D quality

As well as deploying in-house expertise for innovation, Krones collaborates nationally and internationally with universities and research institutions and also with the R&D departments of numerous other companies and with customers. Krones is also involved in several research networks and promotes basic research in a range of different projects.

The major environmental and social problems of our time do not stop at industry or regional borders. Solving them also requires teamwork with partners from outside the company in cross-sectoral international collaboration. To this end, Krones is an active member of a large number of associations and initiatives.

In the reporting year, Krones joined the econsense sustainability network. This initiative provides a platform for some 50 international companies to share practical knowledge on sustainability issues and learn from each other. Alongside econsense, Krones also cooperates in various other associations and initiatives to promote sustainability. Among others, the company is a member of the European Circular Economy Stakeholder Platform and the Business Ambition for 1.5 °C campaign.





Innovative new and improved solutions: the products of successful R&D

In the following, we present a selection of Kronen innovations from the 2023 reporting period.

LitePac Top Strap: sturdy, plastic-free and 100% recyclable

The latest innovation in the LitePac Top range is LitePac Top Strap, a fully recyclable and plastic-free secondary packaging solution. A strap made of tear-resistant kraft paper is wrapped around the pack and ensures that even large PET bottles (up to 2.0 litres) are held in formation. This provides additional

transport security and at the same time offers a functional surface, for example for barcodes or individual advertising messages. In addition to the paper strap, the PET bottles in the packs are held together by carton clips with an integral handle below the bottle neck, as is usual with LitePac Pro packaging.

The strap and the carton clips are made from 100% renewable and recyclable material. LitePac Top Strap thus meets all requirements of the circular economy. The packaging solution also enables customers to save material and reduce energy consumption. A further benefit is that the machine technology can be easily integrated into existing lines. The innovation is implemented on the Variopac Pro packer platform.

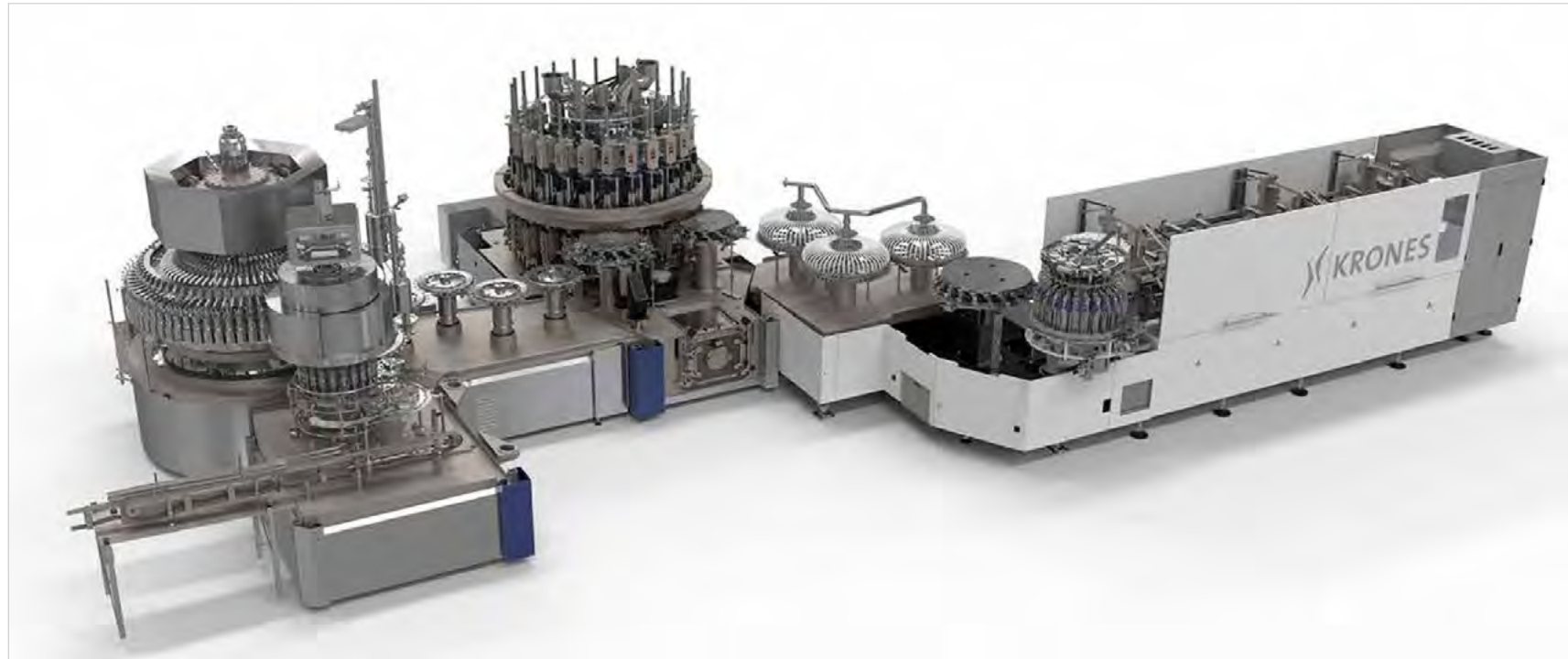




Linatronic: high-precision bottle inspection with deep learning

Empty-bottle inspection machines for PET and glass bottles are already highly accurate. Nevertheless, they frequently falsely reject a bottle that is undamaged and uncontaminated. To make the Linatronic inspector even better at its task, Krones makes use of artificial intelligence, or more precisely, deep learning. In contrast to machine learning, the system improves its accuracy by learning autonomously. For this purpose, Krones deploys a new camera system and the DART inspection software. That the latest generation of Linatronic is ultra-precise in sorting, is demonstrated by the extremely low false rejection rate of just 0.3%.

A new feature of this system is the four-camera view. Two modules with two cameras each generate a total of eight views per bottle in each pass. This means that separate modules are no longer required to inspect the lateral neck finish and thread. That cuts costs. It also results in a significant increase in accuracy. Even fewer bottles are falsely rejected and almost all defective bottles are removed that would otherwise break during filling and cause machinery stoppages. In total, the new camera and software technology leads to a further 50% drop in false rejects compared to the previous product – a significant reduction in waste and costs, as well as an added boost to system performance.



Contiform Asept Speed: top-level aseptic container production

Contiform Asept, first presented in 2013, enables PET bottles to be produced aseptically, meaning under completely sterile conditions. Kronos developed the second generation of this system in the reporting period. It combines the flexible, compact and resource-saving technology of the latest Contiform range with the advanced hygiene features of the first-generation Contiform Asept.

The basic concept of the aseptic stretch blow moulder remains unchanged: Rather than sterilising the finished bottles after blow-moulding, the preforms

(PET blanks) are already sterilised with gaseous hydrogen peroxide (H_2O_2). That saves time, energy and sterilisation medium. All components of the blow-moulding station are likewise dry-sterilised with gaseous H_2O_2 .

The second-generation Contiform Asept is equipped with a revamped airlock so as to make sure the bottles are discharged without any loss of sterility. Depending on the variant, Contiform Asept can be made up of four to 30 blow-moulding stations. The Speed version has a maximum output of 72,500 containers per hour.



Non-financial Statement

The Non-financial Statement for the Krones Group serves as the primary means of transparently reporting the sustainability performance of Krones AG and the Krones Group. Consolidation of our group companies is done in parallel to our financial reporting. This statement contains the qualitative and quantitative non-financial information on sustainability topics that are material to the company. Unlike those within the consolidated management report, the forward-looking statements in the context of our sustainability goals are focused not only on a single year but on a far longer timeframe. The non-financial reporting of the Krones Group is done with reference to the Global Reporting Initiative's Sustainability Reporting Standards (GRI Standards). This is a combined non-financial statement for Krones AG and the Krones Group pursuant to Sections 289b et seq. of the German Commercial Code (HGB), Sections 315b et seq. HGB and Article 8 of the EU Taxonomy Regulation 2020/852 for the financial year 2023.

Page 226 





Performance 2023

- We reduced our Scope 1 and Scope 2 carbon emissions by 9% year on year. With that, we have achieved a 51% reduction in greenhouse gas emissions compared with the base year 2019.
- In our upstream supply chain, greenhouse gas emissions are (following a change in the method of calculation) at the same level as in the previous year and up 24% from the base year.
- We were able to reduce the greenhouse gas emissions from the use phase of our products by 10% year on year, for a 7% reduction compared with the base year, and are therefore on target for 2030.
- While hazardous waste generation across the group has increased, water consumption is down 6%. Both values are still above the level needed to reach our target.
- Participation in continuing education opportunities across the Krones Group is increasing steadily.
- Workplace accidents were down slightly year on year, while lost days were up in 2023 from the previous year. Nevertheless, we are on target for both figures.
- The Krones Group employed more women, both in management-level positions and in general, in 2023 than in 2022.

Indicator	Unit	2023	2022	Change
Greenhouse gas emissions, Scope 1	t co ₂ e	15,866	17,583	-10%
Greenhouse gas emissions, Scope 2	t co ₂ e	8,432	9,152	-8%
Greenhouse gas emissions, Scope 1 & 2	t co₂e	24,298	26,735	-9%
Greenhouse gas emissions, Scope 3 upstream (supply chain)	t co ₂ e	1,102,362	1,112,024	-1%
Purchased goods and services	t co ₂ e	991,679	970,227	+2%
Capital goods	t co ₂ e	284	159	+79%
Fuel and energy-related activities	t co ₂ e	6,245	7,214	-13%
Transport and distribution	t co ₂ e	67,073	99,192	-32%
Waste	t co ₂ e	931	886	+5%
Business travel	t co ₂ e	36,150	34,346	+5%
Greenhouse gas emissions, Scope 3 downstream (products)	t co ₂ e	5,672,475	6,287,635	-10%
Use of products sold	t co ₂ e	5,672,475	6,287,635	-10%
Greenhouse gas emissions, Scope 3 total	t co ₂ e	6,774,837	7,399,659	-8%
Greenhouse gas emissions, total	t co₂e	6,799,135	7,426,394	-8%
Water consumption	m ³	189,878	202,366	-6%
Hazardous waste	t	1,963	1,660	+18%
Expenditure for charitable contributions and sponsoring	€	974,614	1,113,745	-12%
Participation in continuing education opportunities	Absolute	62,700	60,300	+4%
Workplace accidents per 1 million hours worked	Rate	7.22	7.31	-1%
Lost days following workplace accidents per 1 million hours worked	Rate	161.85	150.55	+8%
Percentage of women (employees covered by and exempt from collective agreements)	%	17.4	16.7	+4%
Percentage of women in management roles in general	%	11.9	10.6	+12%

The indicators presented here relate to the Krones Group but only make up part of all sustainability-related figures we track for Krones AG and the Krones Group. The percentages marked in green show a positive change with respect to sustainability, while those marked in red show a negative change.



Sustainability management (GRI 3-1, 3-2, 3-3)

Sustainable business strategy

The sustainability goals of the Krones Group are integrated into our corporate strategy. Our corporate vision, **“Solutions beyond tomorrow”**, shows how sustainability drives our company. The Krones Group wants to do its part to build a sustainable world, and we view digital innovation as a means to enable sustainability in both our own value chain and our customers’ business.

Efficient and environmentally friendly technologies for safe, high-quality beverages: That is the mission that the Krones Group has set itself in terms of product sustainability. Consumers are making sustainability part of their buying choices more than ever before, and so our customers rely on us to provide sustainable solutions for their production operations.

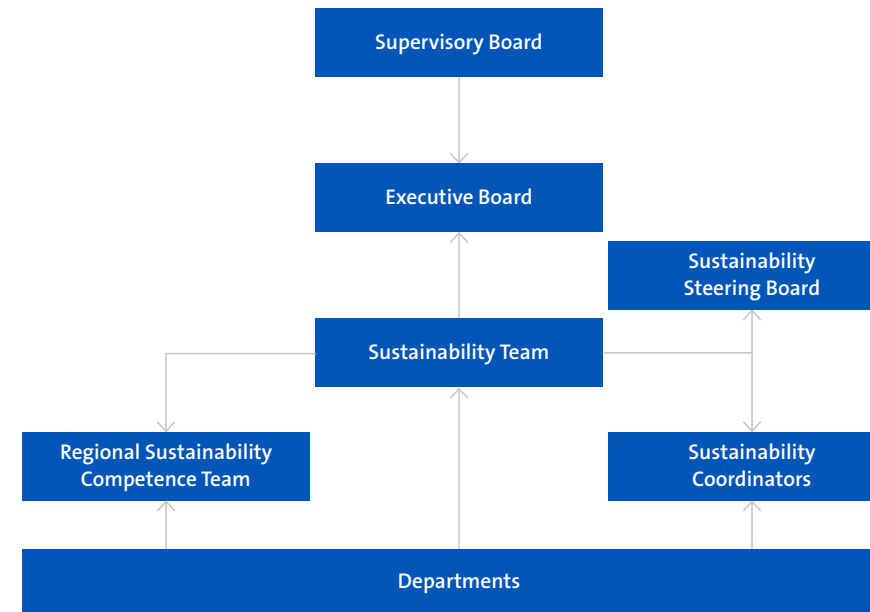
We work continuously to improve the efficiency, longevity and eco-friendliness of our products and services while also increasing the sustainability of our own operations and value creation processes. We firmly believe that a consistent approach to sustainability will help us leverage **new opportunities for growth**.

Sustainability governance

Sustainability management within the Krones Group is steered and coordinated by a central Sustainability Team, which serves as the main body for sustainability strategy, controlling and reporting **along the entire value chain**. At the heart of the team’s work is its cooperation with the departments and experts responsible for material sustainability topics. In 2023, an additional Regional Sustainability Competence Team was established, consisting of regional sustainability

experts, with the goal of strengthening international cooperation on sustainability. For employees on site, sustainability coordinators are the direct contact person for all sustainability matters.

The central Sustainability Team is part of Corporate Research and Development and thus reports to the Executive Board member responsible for International Operations and Services. Parallel to that, the Sustainability Team and Sustainability Steering Board report directly to the CEO.





Strategy: The Sustainability Team's core responsibilities with respect to strategy include conducting materiality and risk analyses, reporting on sustainability to the Executive Board and coordinating the Sustainability Steering Board. In the latter, representatives from the management of central units consult on our strategic alignment with respect to sustainability and formulate suggestions and recommendations for the Executive Board.

Controlling: The Sustainability Team also serves as the controlling and monitoring body for environmental, social and corporate governance (ESG) matters. Besides consolidating sustainability-related performance metrics across the group and monitoring progress toward our targets, that also entails conducting regular reviews with the departments. Surveys, ratings and rankings on sustainability are processed centrally and results shared with the departments.

Reporting: When it comes to sustainability communications, the Sustainability Team works together with Corporate Communications to prepare content for the various channels – for both internal and external stakeholders. The Non-financial Statement, which is approved by the Executive Board, describes the material sustainability aspects. Additional information is available on the sustainability pages of the corporate website.

Sustainability executive reviews

The Executive Board holds coordination meetings on sustainability topics at six-week intervals so as to bring the management of our sustainability objectives into the top tier of company leadership. In these meetings, the **key sustainability performance indicators** are tracked and strategic decisions made regarding the company's sustainable development.

Executive Board remuneration linked to sustainability

Sustainability aspects are included in the policies that govern Executive Board remuneration. As of the financial year 2023, ESG targets account for 15% of the target amount of the **long-term incentives** (LTIs), and further ESG targets will be added successively. In addition to the Scope 1 and Scope 2 greenhouse gas emissions, the percentage of women in management (Krones AG and Krones Group) are likewise included in the LTI calculation as of the financial year 2023. Greenhouse gas emissions are weighted at 70%, the percentage of women in management in the Krones Group is weighted at 20% and the percentage of women in management within Krones AG is weighted at 10%.

Non-financial risk analysis

Under the concept of double materiality, not only are the material sustainability topics to be assessed for financial and non-financial impacts. So, too, are the risks to the company in this regard. Risks are reported and assessed quarterly within the group-wide risk management processes carried out by Finance. The "outside-in" risks to the company that are identified in this process are then assessed by the Sustainability Team for potential negative impacts that the company can have on sustainability topics (inside-out). For the financial year 2023, the analysis revealed no risks with a high likelihood of an event and severe negative impact with respect to the company's own business activities, business relationships, products or services.



Materiality analysis (GRI 3-1, 3-2, 3-3)

The materiality matrix for the Krones Group underwent a review in 2023. The topics that had been identified as material in 2022 were once again examined by the Sustainability Steering Board for their impact on our business. The review showed that the results of the 2022 materiality analysis remain valid. Krones

will conduct another materiality analysis in 2024 in order to fulfil future requirements for companies to conduct a materiality analysis under the Corporate Sustainability Reporting Directive (CSRD).

Dimensions and areas		Suppliers	Operations	Customers	Consumers
Environmental	Carbon emissions	●	●	●	
	Use of resources		●		●
	Water consumption			●	
Social	Labour and human rights	●	●		
	Employee well-being		●		
	Diversity		●		
Governance	Digital responsibility			●	
	Business conduct		●	●	

The three different circle sizes reflect the relative materiality of the topics.



Sustainability goals through to 2030

The Krones Group's sustainability goals were officially adopted by the Executive Board in 2020. Unless noted otherwise, the goals use 2020 as the base year and **2030 as the target year** and apply across the group. The goals are reviewed as

needed based on new materiality analyses, legal and regulatory requirements and stakeholder interests.



Environmental

–80%

Reduce greenhouse gas emissions in our operations (base year: 2019).

–25%

Reduce greenhouse gas emissions in our upstream and downstream value chain, with a focus on purchased goods and the use of our products (base year: 2019).

–10%

Reduce hazardous waste generation and water consumption in our operations.

Social



Take action to promote diversity in our workforce.



Motivate our employees by offering an attractive working environment with opportunities for personal development.

–30%

Reduce the number of work-related accidents and resulting lost days.

Governance

0

Pursue a zero-tolerance policy with respect to compliance and human rights violations along our entire value chain.



Evaluate critical suppliers against sustainability criteria and use raw materials more efficiently.

100%

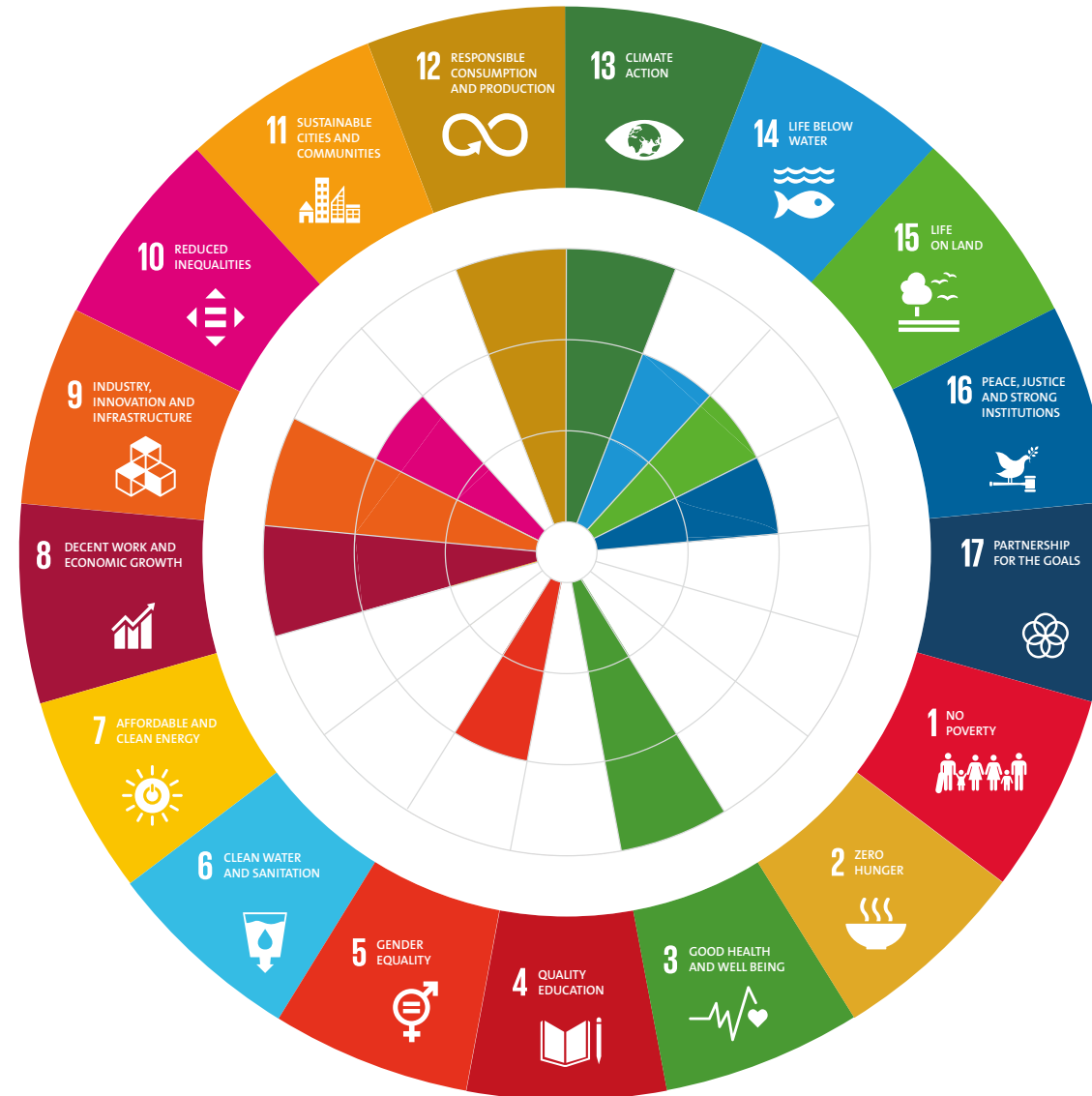
Ensure the confidentiality of personal data and establish a state-of-the-art IT security architecture along our value chain.



Contribution to the UN Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) are considered the most important set of global targets for sustainable development. The 17 goals were published in September 2015 as part of the UN's Agenda 2030. They articulate the key challenges and resolutions of a global sustainability policy and thus serve as a guide for the **sustainable development** of society, culture and the economy.

Because it is part of global value chains, the Krones Group also influences economic, environmental and social developments – sometimes directly and materially and sometimes only indirectly and to a small extent. Under our corporate vision, “Solutions beyond tomorrow”, we have analysed which SDGs our strategic targets **impact**.





Sustainability network

We believe that we are stronger when we work together. The Krones Group has been a member of the UN Global Compact since 2012. We collaborate with other companies within our industry under a variety of sustainability-focused project groups of the German Engineering Federation (VDMA) and are an official partner to the VDMA's Blue Competence sustainability initiative. We have signed the Association of the Beverage Machinery Industry (ABMI) Sustainability Charta and work hand in hand with other companies within this association towards the common goal of driving sustainability forward. As of April 2023, we are also a member of econsense, the sustainability network of German business, in

which we can share insights and knowledge across industries on reporting, climate and supply chain issues and on sustainable finance. Our 2030 Climate Strategy has been officially validated by the **Science Based Targets** initiative (SBTi). We have committed to developing a net-zero emissions target and are part of the **Business Ambition for 1.5°C** campaign. We participate in recognised ratings and audits in order to ensure transparency towards customers, investors and analysts. In 2023, Carbon Disclosure Project (CDP) has given us an A- rating in the category Climate Change (Water Security: B), and our EcoVadis Scorecard was awarded a gold medal.

Standards

Memberships

Rankings

Commitments





CO₂ emissions at our customers (GRI 302-5, 305-3, 305-5)



in our supply chain



at Krones



at our customers



at the end consumer

1. Impact and materiality

As a technology supplier, the Krones Group enables climate change mitigation. Our machines and lines require a certain amount of electrical power and heat, primarily for the production, filling and packaging of beverages and liquid foods and the recycling of plastics. Most of the greenhouse gas emissions for which we are directly or indirectly responsible are not generated at our own production sites but rather at our customers' – as a result of their use of Krones machines and lines. Because of this large impact on our customers' direct and indirect greenhouse gas emissions, our internal and external stakeholders have rated this topic as highly material – in terms of both their impact on our business and our impact on the world around us (financial materiality and impact materiality).

2. Risks and opportunities

The Krones Group views climate aspects relating to our Scope 3 downstream greenhouse gas emissions not primarily as a risk but rather as an opportunity. Under our corporate vision, "Solutions beyond tomorrow", we seek to address three global challenges – climate change, plastic pollution and food insecurity – and contribute to solving them. Our enviro products and sustainability consulting are aimed at helping to **fight climate change**. By growing these business activities, we can have a positive impact on our customers' climate protection efforts – and generate revenue at the same time.

3. Governance and resources

The Krones Group's **2030 Climate Strategy** has been officially adopted by the company's Executive Board. A group of experts from the different portfolio divisions of Krones AG meets regularly to coordinate measures to reduce product-related Scope 3 greenhouse gas emissions. They act as decentralised

points of contact and support for the enviro sustainability programme for energy efficient and environment-friendly machines and lines and translate the centrally coordinated sustainability requirements into the individual departments. Beyond Krones AG, the Product Sustainability team is in regular dialogue with the product specialists of our subsidiaries in order to promote climate and environment-related improvements to our products. Reporting of Scope 3 emissions from our products is done centrally through the Sustainability Team, with quarterly communications with the Executive Board on the topic of Scope 3 downstream emissions.

4. Strategy and targets

As part of our 2030 Climate Strategy, we set and published the following target for upstream and downstream Scope 3 greenhouse gas emissions in 2020:

Reduce our absolute Scope 3 greenhouse gas emissions by 25% by 2030, from a 2019 baseline.

The Science Based Targets initiative (SBTi) has validated the near-term climate goals we have submitted following its official review process and officially confirmed that it is consistent with the United Nations **goal of limiting global warming to 1.5 degrees Celsius**. Where the SBTi assessment is based on the established reference scenarios of the Intergovernmental Panel on Climate Change (IPCC), our Scope 3 reduction targets are likewise based on that scenario. The Krones Group is part of the Business Ambition for 1.5°C campaign and reports annually to the CDP (Score: A-).





5. Policies and actions

Sustainability programme for products – enviro (GRI 302-5, 305-5)

For many years now, our enviro sustainability programme for machines and lines has been a key component of our product sustainability. It was developed in collaboration with TÜV SÜD and focuses on the energy and media consumption as well as the eco-friendliness of Krones machines, lines and solutions. The associated processes are established within the enviro management system. Underlying it all is the enviro manual, which defines the principles of the management system, presents the assessment criteria and thus acts as a company-wide guide for **climate-friendly product design and optimisation**.

Before a Krones machine can carry the enviro label, its energy and media efficiency and environment-friendly operation must be proven in a prescribed, well-documented testing procedure. To ensure the procedure's objectivity, a mandatory benchmark has been defined for each enviro-relevant aspect of a product, such as compressed air consumption or eco-friendliness. The benchmark criteria are to ensure that the enviro products conform at least to the Energy and Media Efficiency Environmental Sustainability (EME) standard defined by TÜV SÜD. The enviro management system and the associated testing procedure are regularly certified by TÜV SÜD, an independent verification organisation.

Climate-friendly product development (GRI 302-5)

Sustainable, climate-friendly products start in the design and development stages. Strategic portfolio planning and the continued development of new and existing Krones products and solutions is handled by Research and Development and the respective product areas. Environmental compatibility, with a special focus on greenhouse gas emissions, is one of the key value drivers under

which development projects are initiated and prioritised. The enviro sustainability programme plays an active role in the product development process, purposefully integrating **ecological design aspects** from the EcoDesign framework. To ensure that new developments are guided by the principles of environmental sustainability, ongoing development projects are evaluated on the basis of a checklist and managed by way of milestones that incorporate enviro requirements into the decision-making process.

Investing in low-carbon technologies (GRI 302-5)

Within our product development processes, we invest considerable sums and human resources in low-emission technologies. One example of a positive contribution to mitigating climate change and promoting a circular economy is the Phoenix BMC biomass conversion system developed by our subsidiary Steinecker because it recovers brewery residuals, which can ultimately be used to generate power. Meanwhile, Contiloo AI is an example of a digital solution: the intelligent control system monitors the processes on the stretch blow moulder and adjusts parameters as needed, fully automatically and without interrupting production. When it is fully implemented, the system will be capable of preventing incorrect settings in the machine's operation, thus reducing material rejects and saving energy.

Under Article 8 of the EU Taxonomy Regulation, our enviro product portfolio makes a verifiable substantial contribution to climate change mitigation and is therefore reported as taxonomy-aligned. We run R&D projects as part of the ongoing development of the enviro portfolio. Each such project is assessed, in a standardised procedure, to determine whether it contributes to energy efficiency and thus to our enviro product portfolio. Because the enviro products themselves are taxonomy aligned, the R&D projects can also be reported as taxonomy aligned.



Lifecycle assessments

Besides calculating the environmental performance of packaging by way of recognised tools, Krones also conducts **lifecycle assessments** (LCAs) on its machines. For this, we work with a third-party service provider (University of Parma) that develops the methodology for calculating the lifecycle assessments for us. The current focus is on the greenhouse gas emissions – the carbon footprint – of Krones machines. No other impact categories are assessed at this time. Savings in greenhouse gas emissions over the entire lifecycle are calculated on the basis of ISO 14067:2018 (Product Carbon Footprint). In 2023, two machine types serving as examples were used to calculate the LCAs. The results of the lifecycle assessments show that, because of their high energy and media efficiency, the machines in the enviro product portfolio demonstrate substantial greenhouse gas emissions savings during the machines' use phase compared to the standard portfolio or to predecessor models.

Sustainability consulting (GRI 302-5)

Sustainability consulting is an essential part of our efforts to reduce greenhouse gas emissions at our customers' plants. Whether it's for an existing factory or for planning a new one, the consulting team helps our customers reach their sustainability targets for Scope 1 and Scope 2 – which in turn lowers our own Scope 3 downstream greenhouse gas emissions. Our range of consulting services covers the development of **emissions reduction strategies**, process optimisations for improved energy and media use, utilities audits, production schedule optimisation, material analyses and classification for packaging, integration of an energy management system and consulting on funding options.

Cooperation and collaboration with customers

When it comes to climate change mitigation, we interact with our customers through a variety of channels: We report on our carbon footprint directly to our downstream business partners each year through various individual surveys, standardised tools and established **rating and ranking systems** (such as CDP and EcoVadis). In conversations with customers, we also discuss possibilities for collaboration on climate change mitigation and environmental protection.

Internal training and awareness campaigns

Our **global Sales team** is a major factor for bringing sustainable products and services to our customers. For that reason, team members receive training on the latest sustainable approaches – especially in the run-up to major trade fairs and events. Additionally, we use expert training courses to ensure that our own specialists from our Product Sustainability and Factory Planning teams have the most up-to-date information about energy and emissions.

“Product end-of-life” manual

The principal objective of Krones Lifecycle Service is to extend the service life of our machines and lines at our customers' plants as far as possible – for instance through retrofits, maintenance and other services. Despite our best efforts, though, every product's useful life will ultimately come to an end at some point. Since the end-of-life processing of our products also makes up part of our performance when it comes to downstream greenhouse gas emissions, we offer our customers suitable solutions for that, too.

We have compiled information about the different paths that our machines and lines can take at the end of service in a product end-of-life manual: from resale to disassembly and recycling right through to proper disposal. Krones Lifecycle Service and ecomac, our subsidiary specialising in **used machinery**, offer various end-of-life options. The aim of the manual is to enable proper decommissioning, deinstallation and disposal of the machine in order to conserve resources, **prevent waste** and ultimately reduce emissions.



Public policy

The Krones Group does not directly influence political processes but does act as a supporter and as a source of feedback and input for the political work of the German Engineering Federation (VDMA). As part of our involvement in the Sustainability and Energy working group, we take a stance on draft legislation and political debates. We are also a member of econsense, where we are involved in the “climate and energy” cluster.

https://www.krones.com/media/downloads/Krones_Carbon-TransitionPlan_en.pdf



Public Carbon Transition Plan

A climate transition plan was published in the financial year 2023 which shows how Krones will adapt on the path towards a low-carbon circular economy. The basis will be our internal action plans and the existing confirmation of our climate strategy’s 1.5-degree compatibility through SBTi.

Stakeholder communications

The main medium through which we communicate our climate strategy and emissions performance is the Non-financial Statement, which is published annually as part of the Krones Group Annual Report and is publicly available on our corporate website. In addition, we communicate our main climate-related metrics on our corporate website under the heading “Sustainability”. We use internal communication channels to regularly inform our workforce about the progress of measures and metrics. We use social media, the Krones magazine and press releases to keep our external stakeholders apprised of our climate strategy.

6. Key performance indicators

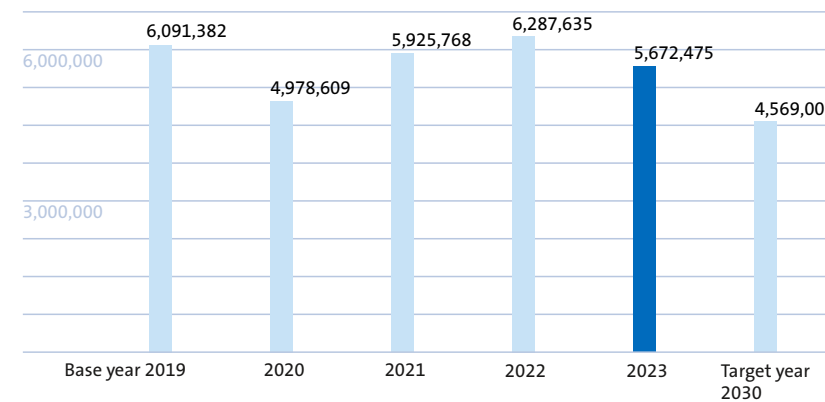
All greenhouse gas emissions figures published in this statement have been measured in accordance with the provisions of the **Greenhouse Gas Protocol**.



<https://ghgprotocol.org/corporate-value-chain-scope-3-standard>

Krones Group – Greenhouse gas emissions, Scope 3, from the use phase of our machines and lines (metric tonnes CO₂e) (Scope 3 category 11 per GHG Protocol)

(GRI 305-3, GRI 305-5)



The greenhouse gas emissions reported here are based on new machinery sales at Krones AG and Steinecker GmbH. For the Krones Group, that is a coverage of over 92%. To calculate the emissions from our machines and lines, we assumed an average useful life of 15 years.



CO₂ emissions in our operations (GRI 305-1, 305-2, 305-5)

1. Impact and materiality

The Krones Group releases greenhouse gas emissions along its entire value chain. The majority of these emissions are indirect – that is, upstream and downstream of our own production. Nevertheless, we do also consume energy for **power, heat and transport** at our production sites, which can only be sustainable if the energy comes from renewable sources. In the materiality analysis, the impact materiality of greenhouse gas emissions in our operations was rated as medium by stakeholders, and the financial materiality was rated as high.



in our supply chain



at Krones



at our customers



at the end consumer

2. Risks and opportunities

In 2023, we commissioned an analysis of 25 production sites based on the relevant science-based **climate scenarios**. The scenario analysis is based on data-driven climate projections of the Intergovernmental Panel on Climate Change (IPCC), using the four IPCC scenarios RCP 2.6, RCP 4.5, RCP 6.0 und RCP 8.5 (worst-case scenario). In the analysis, sites with especially high climate-related risk were given a “red flag” designation. In talks with the site experts, the identified risks were subjected to plausibility checks and validated. The results of the analysis, like the climate and environmental risks reported by our various departments and sites, flow into the existing enterprise risk management system.

3. Governance and resources

Overarching coordination of the climate strategy adopted by the Executive Board is handled by an **interdisciplinary project group**. Once per quarter, the progress of ongoing measures is analysed and further steps are defined. Reporting to the Executive Board is done quarterly.

4. Strategy and targets

The group’s climate strategy defines the following targets for reducing **Scope 1 and Scope 2 greenhouse gas emissions**:

Reduce our absolute Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2019 baseline.

This climate target has been validated by the Science Based Targets initiative (SBTi) and certified as being consistent with the 1.5-degrees target. As stated above, the Krones Group is part of the Business Ambition for 1.5°C campaign and reports annually to the CDP (Score: A-). The Scope 1 and Scope 2 target is a performance metric used to determine Executive Board remuneration.

Page 93

Page 88

5. Policies and actions

Environmental policy and work instruction

An internal work instruction defines the environmental standards, topics of focus, and respective goals, processes and responsibilities within the Krones Group. A group-wide environmental policy is currently being developed. The policy document will establish the strategic alignment of our environmental and climate management and define a clear framework for everyone involved within the Krones Group. The environmental policy and corresponding work instruction serve as internal rules and are based on the Krones Code of Conduct as its underlying policy document.

**ESG assessment within the capital expenditure approval process (GRI 305-5)**

To drive investment in energy-efficiency and climate-protection measures in our operations, a process is in place in which applicants must evaluate capital expenditure requests against ESG criteria within the budgeting and expenditure process. After a review by the central Sustainability Team, relevant ESG-related capital expenditures are given a **green flag** for the subsequent investment application process. The goal is to promote the consideration of more than purely economic return-on-investment calculations in the overall assessment of climate-relevant investments. Since some investments are currently focused on buildings and infrastructure within the Krones Group, the ESG review makes it easy to identify investments that may have a positive impact on reducing Scope 1 and Scope 2 greenhouse gas emissions.

Coordinated action planning (GRI 305-5)

The measures aimed at reducing direct (Scope 1) and indirect (Scope 2) energy-related greenhouse gas emissions can be divided into three main action areas: energy efficiency, own generation and energy procurement. To facilitate the coordination and tracking of measures across the Krones Group, we have developed an **action plan** that includes a timeline and milestones to reduce greenhouse gas emissions. The plan shows the measures, the expected impact in terms of emissions reductions and the associated monetary costs and thus serves the Executive Board as a basis for decision-making.

Energy efficiency measures (GRI 305-5)

In order to further reduce energy consumption, we are implementing various measures in our plants worldwide which can be attributed directly as energy-efficiency optimisations at the machine and business-unit levels. Examples include replacing even more of the hall lighting with efficient LED technology that is equipped with motion and daylight sensors and heat recovery at the air

compressor, with the captured energy being fed into the heating system. In addition, at Krones Inc (USA) for example, when propane-powered material handling vehicles reach the end of their useful lives, they will be replaced with electric ones. Planning and implementation of the measures will be monitored by way of an group-wide action plan.

Own generation of renewable energy (GRI 305-5)

Sustainable energy supply and the expansion of our own renewable power and heat generation capacities – combined with intelligent energy management – are at the heart of our efforts to reduce energy-related greenhouse gas emissions. We have made generating our own electricity from renewable sources a priority in our company climate strategy and are currently running a number of projects in this context. At our most energy-intensive sites, **photovoltaic projects** are in the works or have already been completed. In addition, a geothermal project (heat pump system) was launched at our Krones Hungary plant (Debrecen) in 2023.

Green energy procurement (GRI 305-5)

We buy 100% **green power** with guarantee-of-origin certificates for the Krones AG production sites in Germany. This is a significant lever for reducing our Scope 2 greenhouse gas emissions. At our major international sites, too, we are transitioning to buying only green power.

Going electric with our vehicle fleet (GRI 305-5)

Electric-vehicle charging stations have been installed and brought online at Krones AG headquarters in Neutraubling and at the Rosenheim and Raubling sites. The introduction of an **electric-vehicle charging infrastructure** for additional sites in Germany is still in the planning stage. Numerous projects aimed at transitioning to electric vehicles are underway at international sites as well.



Carbon offsetting

In the Krones Group's [2030 Climate Strategy](#), carbon offset certificates for climate mitigation projects occupy the lowest priority, below energy efficiency, own generation and buying green power. Offsetting does not currently play a role in figuring our emissions performance and will not do so in the near future.

Training and awareness campaigns

One means of reducing energy and heat consumption is to provide regular employee training on the topic. As part of the existing audit and certification processes under ISO 50001 and ISO 14001, we additionally conduct regular employee training on energy and environment topics at our ISO-certified sites. Another way we raise awareness among our workforce is through regular internal reporting on the progress of our climate strategy through the various internal communication platforms.

Audits, certifications and internal reviews

Internal reviews are conducted as part of the process of collecting Scope 1 and Scope 2 greenhouse gas emissions data for our non-financial reporting: A climate expert from the Sustainability Team reviews the metrics and documentation provided by the energy experts at the respective production sites and runs plausibility checks on them, noting any errors or ambiguities. For the future, we plan to sharpen the focus of our internal review process on sustainability topics, specifically climate and environment aspects.

The Krones Group's climate strategy applies to 24 production sites worldwide. Data collection and implementation of measures are the local responsibility of the international sites involved, while data validation and coordination of measures are carried out centrally. Energy management at the German production sites of Krones AG is [ISO 50001](#) certified. At present, Krones AG and the German subsidiaries KIC Krones, Steinecker GmbH, Evoguard GmbH and MHT Mold & Hotrunner Technology AG are [ISO 14001](#) certified, as are the international subsidiaries Krones Machinery (Taicang) Co., Ltd. in China, System Logistics SpA in Italy, Krones do Brasil Ltda, Krones Inc. in the USA and Krones Hungary.

Public Carbon Transition Plan

The carbon transition plan described in the section on CO₂ emissions at our customers, above, also includes climate change mitigation activities relating to our own operations.

Stakeholder communications

As described previously in this statement, we use various communication channels to regularly communicate the progress of measures and metrics relating to our climate strategy.



Page 96



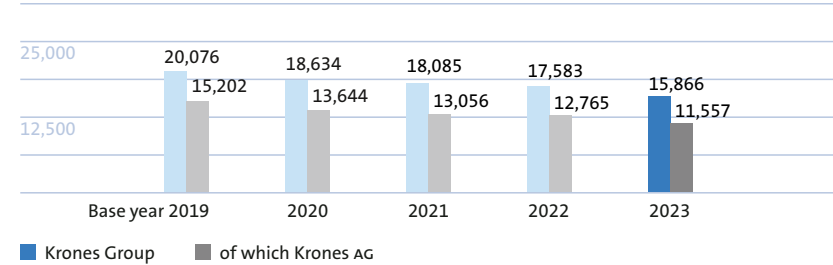
Page 96



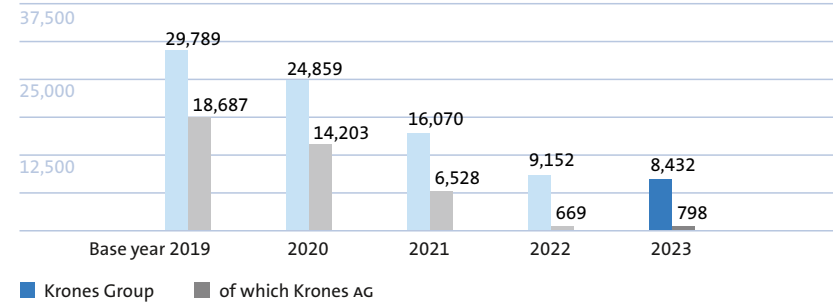
6. Key performance indicators

Data reporting for calculating our key performance indicators is done quarterly. As defined in our 2030 Climate Strategy, the metrics include the data for the Krones Group's 24 production sites and are based on the principles of "materiality" and "impact".

Krones Group – Greenhouse gas emissions, Scope 1 (metric tonnes CO₂e)
(GRI 305-1, GRI 305-5)

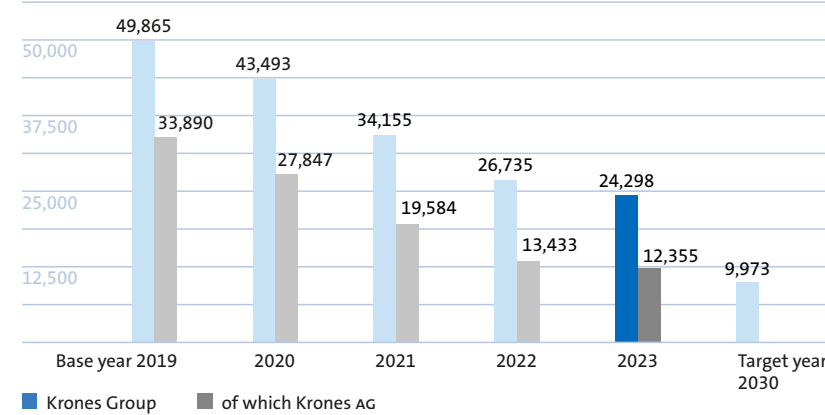


Krones Group – Greenhouse gas emissions, Scope 2 market based (metric tonnes CO₂e)
(GRI 305-2, GRI 305-5)



Greenhouse gas emissions are measured in accordance with the provisions of the Greenhouse Gas Protocol.

Krones Group – Greenhouse gas emissions, Scope 1 and Scope 2 (metric tonnes CO₂e)
(GRI 305-2, GRI 305-5)





in our supply chain



at Krones



at our customers



at the end consumer

CO₂ emissions in our supply chain (GRI 308-1, 308-2, 305-3, 305-5)

1. Impact and materiality

The products of the Krones Group consist primarily of four materials: stainless steel, steel, aluminium and plastic. The extraction, manufacture and processing of these **materials** is energy-intensive. Parts and services that we purchase from our suppliers also generate greenhouse gas emissions in our upstream supply chain. Because these emissions make up a relevant share of our total emissions, the topic of climate change mitigation in the upstream supply chain was given a medium rating under both aspects of the materiality analysis.

2. Risks and opportunities (GRI 308-2)

To assess our risk with respect to greenhouse gas emissions in our upstream supply chain, we use two recognised databases for emission factors to calculate and identify hotspots. With the help of a database-supported tool, we leverage information that is already available within our company – specifically, **monetary and activity-based procurement data** from the respective ERP systems, including country and product group – to identify greenhouse gas emissions hotspots. Additionally, we use primary emissions data from our suppliers where it is made available. This risk analysis also shows us whether and to what extent these direct suppliers' upstream supply chains are likely to release large amounts of greenhouse gas emissions. It likewise serves as a tool for monitoring our Scope 3 upstream metrics.

3. Governance and resources

Strategic responsibility for sourcing lies with the head of Corporate Procurement, who reports directly to the Krones Group COO. Because the Sustainability Team is where our expertise for decarbonisation lies, Procurement and Sustain-

ability work together closely to address the topic of greenhouse gas emissions in the upstream value chain. Additionally, the **Supply Chain Governance Board** – which consists of decision-makers from Corporate Governance, Procurement, Supplier Quality Management and Sustainability – convenes once every six weeks to discuss compliance and sustainability issues in the supply chain.

4. Strategy and targets

Analogously to the target for reducing greenhouse gas emissions from our products, we also want to reduce greenhouse gas emissions in our supply chain:

Reduce our absolute Scope 3 greenhouse gas emissions by 25% by 2030, from a 2019 baseline.

As mentioned above, our climate targets apply to the entire group. They are consistent with the 1.5-degrees pathway according to Science Based Targets initiative (SBTi) criteria and are based on recognised climate scenarios.

As another qualitative target for a more sustainable supply chain, the Krones Group has set the following goal to help reduce upstream greenhouse gas emissions:

Increase the material efficiency and sustainability of the raw materials used in the manufacture of our products.



5. Policies and actions

Climate change mitigation in our Supplier Code of Conduct

The Supplier Code, which applies group-wide, is the policy document for environmental protection and climate change mitigation in the supply chain.

Analogous to the Supplier Code of Conduct, this contains corresponding requirements for suppliers in the section “environmental and climate protection”. If there is documented non-compliance with these rules, we work with the supplier to determine **corrective action**, which may go as far as termination of the business relationship. The Supplier Handbook also defines additional ESG requirements for suppliers.

page 128



Review of environmental offences (GRI 308-2)

To ensure our due diligence in the supply chain, Corporate Governance continuously performs **due diligence checks** on existing and new suppliers. By way of an online tool, existing and new suppliers to the Kronos Group can be checked for non-compliance with environmental and climate-protection rules. The resulting findings are first examined by experts from Corporate Governance and then – after an assessment by the Supply Chain Governance Board – forwarded to the appropriate office within Procurement and Supplier Quality Management.

Supplier surveys with questions on climate matters (GRI 308-1)

Our Supplier Quality Management team systematically uses questionnaires as a tool for vetting suppliers and raising awareness. During the registration process, potential suppliers are first asked to provide general information about their company. Then, **suppliers are vetted** on the basis of specific criteria depending on the product group. Topics relating to environmental sustainability are also made part of this process through a standardised questionnaire in the “Environmental management” section. Suppliers are generally only approved after they have been completely vetted and deemed qualified.

Collaboration with suppliers

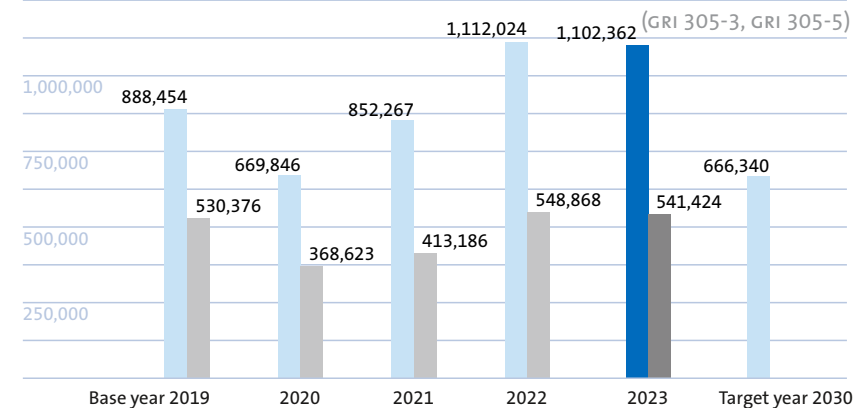
In an effort to present **one face to the supplier**, the Procurement team member responsible for each supplier serves as the primary point of contact. In 2023, alongside individual talks with suppliers, we hosted a supplier day focussing on sustainability topics in China. Additionally, those suppliers that our risk assessment has identified as highest-risk for high greenhouse gas emissions are assessed by third-party experts using a questionnaire-based tool.

Environmental topics in product and system audits

Once a business relationship is established, suppliers are evaluated on a regular basis. For example, selected suppliers’ environmental management is reviewed through risk-based product and system audits.

6. Key performance indicators

Kronos Group – Greenhouse gas emissions, Scope 3 from the upstream supply chain (metric tonnes CO₂e) (Scope 3 category 1 – 6 per GHG Protocol)



Calculation of the emissions is based on product-specific country factors from generally accepted databases. In 2023, changes were made to the method of calculation and the base year. Prior year figures were adjusted accordingly.



in our supply chain



at Krones



at our customers



at the end consumer

Resource use by end consumers (circular economy) (GRI 306-2)

1. Impact and materiality

Our products make up a significant part of the supply chain for packaged beverages and liquid foods – whether they are sold in glass bottles, plastic containers or cans. As part of this supply chain, the Krones Group also bears responsibility for what happens to the containers produced or filled on our equipment after their use by end consumers. The Krones Group uses various products, business activities, research projects and partnerships to contribute to a **circular economy for valuable resources** like PET, glass, tin and aluminium. Here, too, as on the topic of climate change, we enable our customers. Given this context, the financial materiality of resource use by end consumers was rated as high in our materiality analysis whereas stakeholders viewed Krones' impact as low.

2. Risks and opportunities (GRI 306-2)

The circular economy presents both risks and opportunities for the Krones Group. The risk relates to the fact that we have generated a large share of our revenue in recent years from the sale of production lines for non-returnable PET containers. If plastic packaging is banned in certain regions of the world because of the negative effects it has on ecosystems when not disposed of properly, that would have a noticeable impact on our business. On the other hand, we would like to seize the opportunity to serve as an active force driving the transition to a circular economy: One of our areas of focus when it comes to sustainable products is **circular economy solutions**, which is dedicated especially to our products for plastics recycling, our eco-friendly packaging concepts and the ecological design of our machines and lines.

3. Governance and resources

The product areas working on circular economy solutions generally work independently of each other but do collaborate on both a regular and an ad hoc basis.

The **PET initiative** was launched to promote interdisciplinary collaboration. In it, decision-makers from various PET-related product areas meet for discussion in three-week intervals. The head of Plastics Technology coordinates the initiative and reports regularly to the Executive Board member responsible for International Operations and Services.

4. Strategy and targets

We have adopted the following target for our efforts around circular economy in our 2030 sustainability goals:

Contribute to a sustainable packaging economy: Our lines can handle all types of sustainable packaging. Virgin materials – including those from bio-based sources – as well as up to 100% recycled material can be processed without loss of efficiency.

In addition to these general, qualitative goals, the departments involved have also set their own goals against which they measure their contribution towards target attainment.

5. Policies and actions

MetaPure: Recycling solutions

With MetaPure, Krones offers proprietary technologies for recycling plastic packaging materials, making it possible not only to keep PET bottles in a closed loop but also to recycle polyolefin (PO) plastic for high-quality secondary uses. The portfolio includes material-specific modules for washing and decontamination. Depending on the specific needs and application, they can produce different material qualities all the way up to food-grade PET according to the standards of the FDA, EFSA and other certificates.



Beyond that, Krones plans and implements complete **recycling plants** for customers. For technological components like front-end and utilities, which are not part of Krones' own portfolio, we rely on long-standing partnerships with suppliers.

LitePac Top: Plastic-free secondary packaging

Today, packs of cans or PET bottles are often held together with shrink wrap or plastic rings. With LitePac Top, we offer an **environment-friendly alternative** to both of these packaging types. It consists of a cardboard clip for cans and a cardboard clip plus strap for PET bottles. LitePac Top requires less energy and material to manufacture than shrink film and can be made of recycled materials. We offer alternative secondary packaging containing no single-use plastics whatsoever for all common multipack formats.

Support for recyclable packaging design

Krones uses its technological expertise to support clients in designing forms of packaging that are optimally suited for recycling. Besides the technologies for manufacturing and processing recycled material, we also offer a range of supplementary services. For example, we employ a team of specialists to address every issue relating to both design from recycling and design for recycling, to develop material-saving and recyclable packaging. As part of our "enviro Design" programme, we evaluate **packaging innovations** from our own development against environmental performance criteria, which includes not only reducing greenhouse gas emissions but also preserving ecosystems and biodiversity. Already, all new PET filling lines are capable of processing bottles made of up to 100% recycled material.

Lifecycle assessments for product packaging

We would like to give our customers easier access to the multitude of options for achieving sustainable production that promotes a circular economy. We offer our customers science-based advice about which packaging variant is the most sustainable for their applications. The toolset we use includes a software-based solution that allows us to compare the environmental impacts and establish meaningful **environmental performance reports** for individual packaging solutions. Krones also offers its customers comprehensive consultancy services on the topic of lightweighting, which uses simulation to identify the best possible bottle shape and filling temperature.

Switching from linear production to a circular economy

We also help clients achieve optimum results on existing lines when handling recycled or renewable materials. In order to increase the potential for **returnable PET containers**, we ran a research project in collaboration with the company Alpla on the use of refillable PET containers for sensitive beverages. As of this writing, returnable PET containers are considered a niche topic worldwide. A series of tests in our development plant revealed that, with the appropriate combination of parameters, temperatures around 60 °C are sufficient to reliably remove dried protein, fat, and starch contamination from the containers.

Tethered Caps

Under the **EU Single Use Plastics Directive**, tethered caps (i.e., closures permanently attached to the bottle) will be required by law in the European Union from July 2024 onwards. The Krones Group is able to deliver technology solutions for all of the tethered cap variants on the market.



Resource-friendly labelling

For optimised recycling outcomes, Krones has packaging solutions in its portfolio that make it easy to remove labels from empty containers. Our long-term goal is to recycle labels right along with the containers or to eliminate the need for a separate label altogether.

Beyond PET packaging

Beyond conventional PET solutions, Krones is proactively pursuing development projects connected with disruptive technologies that take beverages to the consumer in innovative ways (e.g., packaging-free solutions, [paper bottle](#)). Krones' Innovation Lab is especially engaged with this field.

Member of the European Circular Economy Stakeholder Platform

The Krones Group has been a member of the European Circular Economy Stakeholder Platform since 2020. In joining the platform, Krones has entered into a voluntary commitment to several qualitative targets.

Communications and awareness campaigns

The pros and cons of plastic packaging are a [fiercely](#) debated topic to which Krones contributes its voice. In addition to the comprehensive information from the PET initiative that is available on the Krones website, we regularly publish articles on plastics and the circular economy in the Krones magazine and on social media.

6. Key performance indicators

As part of a sustainability strategy review that is currently ongoing, we are working to define and develop meaningful metrics that can help us to make the progress of our circular-economy efforts measurable.





Resource use in our operations (GRI 303-1, 303-2, 303-4, 303-5, 306-1, 306-2, 306-3, 306-4, 306-5)

1. Impact and materiality (GRI 306-1, GRI 303-1)

The production and manufacture of machines and lines consumes water and generates waste. Besides the impact of our operational activities on energy and emissions, we also view water consumption and **waste generation** as key environmental sustainability topics. The largest share of the waste arising from our production activities is reused or recycled. With respect to our ecological footprint, waste types that are considered “hazardous” under Annex III of the Basel Convention are critical. Therefore, and due to the fact that this topic is rated as medium in the materiality analysis, we have made it a strategic focus. At the same time, we are also striving to conserve water in our manufacturing processes. Our focus here is on protecting the **drinking water** supply, which has become an especially precious resource in times of climate change. Although the topic of water consumption in our operations was given a low priority rating in both aspects of the materiality analysis, we have opted to report on it here nonetheless. Because using our products involves water, we want to likewise mark water in our own production as a strategic resource-conservation topic.

2. Risks and opportunities

Environmental risks with respect to water and waste are reported and handled by the heads of the respective production sites. They flow into the group-wide enterprise risk management system and are assessed based on the maximum loss associated with a risk, the relative financial impact and the likelihood of an event. The Sustainability Team then runs an inside-out assessment to determine the effects of the reported risks on the environment.

3. Governance and resources

Coordination of water and waste management across the group is done by the environmental management organisation of Krones AG. The head of Environmental Management reports directly to the CEO of the Krones Group. Because the requirements will be different due to the unique physical geography and environmental laws applying to each site worldwide, the respective local offices and subsidiaries take the initiative on implementing water-conservation and waste-reduction efforts within their **production processes**. The effectiveness of actions is measured as part of the Krones AG Environmental Management team’s annual process of checking and consolidating data.

4. Strategy and targets

As part of our 2030 sustainability goals, we set and published the following environmental targets in 2020:

Reduce our hazardous waste generation and drinking water consumption by 10% by 2030, from a 2020 baseline.

5. Policies and actions

Environmental policy and work instruction (GRI 303-2)

As already described, a group-wide work instruction establishes fundamental environmental standards. A corresponding policy document is currently in development.



in our supply chain



at Krones



at our customers



at the end consumer





Training and awareness campaigns (GRI 303-1)

Training on environmental protection in our operations is an important part of our efforts to reduce the ecological impact of our production. Krones AG employees complete a mandatory basic training session each year that involves questions on how to conserve natural resources like water. The processes prescribed under ISO 14001 also require regular employee training on environmental topics, including water and waste, at our certified sites.

Audits and certifications (GRI 303-2)

The water and waste targets of the Krones Group apply to the global production sites, a total of 24 entities. Data collection and implementation of measures are the local responsibility of the international sites involved, while **data validation** and coordination of measures are carried out centrally. As described in the section on greenhouse gas emissions in our operations, Krones AG and the German subsidiaries KIC Krones, Steinecker GmbH, Evoguard GmbH and MHT Mold & Hotrunner Technology AG are ISO 14001 certified, as are the production sites in China, Italy, Brazil, the USA and Hungary.

Data collection and consolidation across the group (GRI 306-2)

Water consumption data is collected from meter readings and utility bills.

Mapping of waste flows is done by way of examining the quantities disposed of per type of waste and, in the case of hazardous waste, the documentation procedures as required by law. Analogous to the internal review of Scope 1 and Scope 2 greenhouse gas emissions, we use dual verification in validating the water consumption and waste generation metrics.



Water (GRI 303-1)

Reusing process water

The more water we are able to recycle within our own production and manufacturing processes, the smaller our negative impact on **local ecosystems** will be. Process water is reused multiple times over in the Neutraubling (Krones AG) and Freising (Steinecker GmbH) plants, where cascaded rinsing is used for electroplating processes. Other sites employ ultrasonic baths. Cooling systems, whether for buildings or technical processes, generally operate in a closed loop.

Measures to reduce water consumption

Wherever we use water and cannot recycle it, we want to keep the volumes as low as possible. At our Neutraubling and Nittenau sites, water is treated in evaporators and ultrafiltration systems in order to make possible a longer service life or reuse. Where water-soluble coolants are used, we are converting to minimum quantity lubrication (MQL) and measures aimed at increasing the lubricants' service life through **monitoring**, separation of leakage oil, and constant ventilation. In that way, we reduce the amount of water used in production, both for preparing new cooling lubricants and for cleaning machines in preparation for refilling. The distribution network for mains water is being made progressively smaller so as to reduce the number of regular flushings required to maintain safe drinking-water quality.

Wastewater discharge (GRI 303-4)

Wastewater arising from production is discharged in accordance with the regulations applicable at all of our production plants. Where the local infrastructure allows, the water is fed into public water treatment facilities. Stormwater is primarily directed into the natural subsoil so as to help **replenish groundwater** and offset the negative effects of soil sealing.



Monitoring water quality

Regular testing of wastewater quality from various relevant systems – for instance weekly checks in our electroplating shop – enable us to **track** water quality. The measurements are taken both on-site and off-site, either under contract by laboratories or unannounced by the appropriate authorities.



Waste (GRI 306-2)

Waste handbook

A handbook containing information and instructions on the proper disposal and removal of waste in internal production processes, is in force at the Krones AG sites. Implementation is the respective departments' responsibility. Workplace safety specialists perform spot checks during **workplace inspections**.

Measures for internal waste reduction

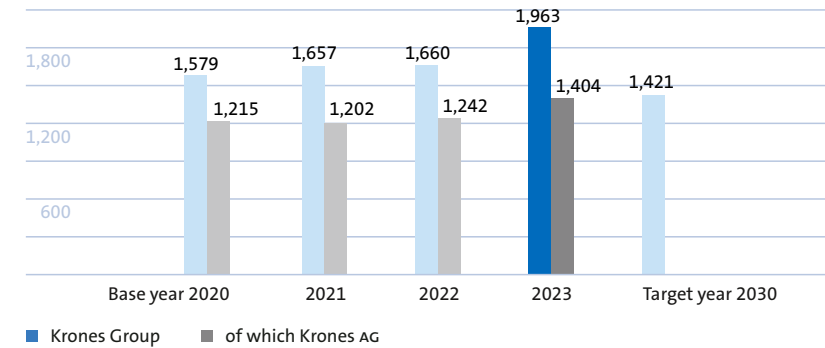
In the production process, we use circular packaging wherever possible. When removing old office equipment, we strive to ensure its **reuse** in a new context: For instance, PC monitors are lent, at no cost, to employees for their home use. Retired telephones are systematically collected and returned to the manufacturer.

Infrastructure for separating waste

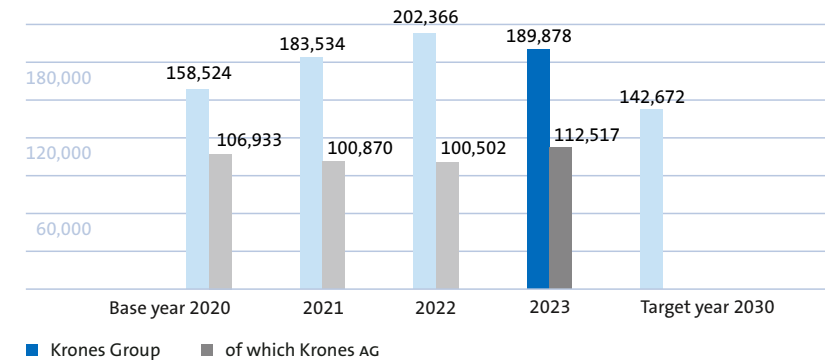
Under our waste policy, labelled bins are set out into which employees are required to properly separate waste fractions. In addition, Krones AG has on-site collection stations that break down assemblies so that their components and materials can best be **separated for disposal** or recycling. We are currently introducing a new policy for waste separation in our offices at headquarters in Neutraubling.

6. Key performance indicators

Krones Group – Hazardous waste (metric tonnes) (GRI 306-3, GRI 306-4, GRI 306-5)



Krones Group – Water consumption in m³ (GRI 303-5)



The figures presented here relate to the operation of machinery and equipment as well as buildings at Krones Group sites. In collecting this data, we have included all consumption by our own buildings. Leased buildings are only partially included since some are leased at a flat rate and these buildings are generally shared with other users.



Water consumption at our customers (GRI 303-1)

1. Impact and materiality (GRI 303-1)

All Krones Group customers use water, whether as a raw material, a consumable or a component in their products. As for climate change mitigation, we act as an enabler of **water-saving** production, filling and packaging processes in the beverage industry, which has considerable influence on the topic of water sustainability. Nearly all Krones Group products have an impact on our customers' water use and consumption. Because of our technical expertise and many years of experience, we know where the greatest gains can be made in reducing water consumption on our process technology equipment, on our filling and packaging machines, and in entire beverage plants. Our goal is to harness this knowledge and use our machines, lines, technologies and services to make a noticeable impact. For these reasons, the topic of water consumption in our customers' operations is among the highest priorities within our materiality analysis – right alongside downstream emissions. The financial materiality is rated as high, the impact materiality as medium.

2. Risks and opportunities (GRI 303-1)

We consider the impact of Krones products on our customers' water consumption not as a risk but rather as an opportunity for our business. Growing **water scarcity** in many regions of the world has meant that the food and beverage industry views water increasingly as a valuable commodity – in both ecological and economic terms. The higher the monetary cost of water, the more our customers are prepared to invest in water-saving products and water-treatment technologies. Therefore, we believe that our offerings, as enablers of building water-friendly beverage and recycling plants, represent an opportunity for future business development.

3. Governance and resources

The central Sustainability Team runs a project group on the topic of water and our products, consisting of representatives from a variety of product areas. Its purpose is to promote deeper dialogue among **water experts** and to pool their knowledge. Within this project group, the Sustainability Team reports to the heads of the respective product groups and the Executive Board.

4. Strategy and targets

Besides existing internal water-reduction targets, we currently do not communicate an external water target for our products. However, we plan to introduce a product-level water target as part of our review of our sustainability goals in 2024.

5. Policies and actions

Water within the enviro sustainability programme (GRI 303-1)

Besides energy efficiency, **reducing media consumption** – and thus also conserving water – is the second topic of focus of the enviro sustainability programme for our machines and lines. Water consumption on the products assessed under enviro criteria is evaluated and prioritised in this order: reduce, treat, reuse. Machines must likewise meet the enviro criteria for water in order to carry the enviro label.

Hydronic water treatment system

Resource-saving Hydronic water treatment technology is a key component of our product solutions for water, with which our customers can treat raw water – the most basic element of their product – to meet their specific needs and requirements.





HydroCircle integrated concept for wastewater recycling

Krones and a collaboration partner developed the HydroCircle concept on the basis of the Hydronomic water treatment system. HydroCircle makes it possible to turn wastewater from all process steps in a beverage or recycling plant into new process water. By considering the entire process chain and establishing a closed loop, we can reduce water consumption on a customer's line by as much as **80%**.

Water consulting at the factory level (GRI 303-1)

The Energy and Sustainability Consulting team not only develops concepts for optimised use and recycling of energy. Water management is also a key component of the consulting portfolio. Our experts develop concepts for beverage and recycling plants that enable efficient use of fresh water by recycling wastewater. For example, they advise our customers on such topics as optimal filling temperature. The goal of warm filling is to save on fresh water and reduce consumption of primary energy so as to ultimately reduce operating costs at our customers' factories.

Lavatec bottle washer

The bottle washer plays an important role in the ecological design of a beverage plant where returnables are involved. In order to minimise consumption of water and cleaners, the technology and processes used in a bottle washer will be individually tailored to the application at hand. For a customer in the dairy industry, we were able to demonstrate that the current Lavatec D4 uses considerably less water and caustic compared to its predecessor model.

Flexible filling for water-saving changeovers

For beverage producers filling multiple different beverages on their Krones lines, changeovers to a different product have until now required complex and water-intensive cleaning procedures. With the new **flexible filling** technologies, it is now possible to minimise both production downtimes and the amount of water used for cleaning. That translates to substantial savings on cleaning water.

6. Key performance indicators

As part of the sustainability strategy reviews that are currently underway, we are working to define and flesh out meaningful indicators that will enable us to make our progress towards reducing our customers' water consumption more transparent.



Labour and human rights in our operations (GRI 403-1, 403-2, 403-5, 403-7, 403-8)

1. Impact and materiality

The Krones Group operates globally. Generally speaking, there are legal standards for labour, pay and workplace safety in the countries where the company operates. Because we are an industrial enterprise with a significant share of **physical labour** involved at our production sites, ensuring safe working conditions is essential. Many of our employees in manufacturing and assembly perform physically strenuous work that entails hazards. In the materiality analysis, the topic of labour and human rights in our operations was rated medium in terms of both impact and financial materiality.

2. Risks and opportunities (GRI 403-2)

We are currently reviewing the susceptibility of our business activities to human rights violations, in three ways: First, we are conducting a compliance risk analysis in which we ask targeted questions about human rights and labour practices. Second, in addition to these compliance risk analyses, we also have a third-party service provider perform a risk analysis on labour standards and human rights in our own operations. And third, focusing on occupational safety, we carry out workplace inspections and **hazard assessments**. Our sites and technical departments, which operate autonomously for the most part, derive their occupational-safety risk assessments and action items directly from these measures. We have intentionally not defined centralised, group-wide processes for hazard assessment, to allow our sites to respond flexibly to local conditions. The results of the labour, human rights and occupational safety analyses, like those of the decentralised hazard assessments, are used in condensed form in Enterprise Risk Management's group-wide risk assessment.

3. Governance and resources (GRI 403-1)

Through its daily activities, Human Resources ensures that labour standards and processes are followed and establishes measures to monitor compliance. The head of the corporate Sustainability Team acts as the **Human Rights Officer** officially appointed by the Executive Board and serves in an advisory and monitoring capacity. At Krones AG, occupational safety management is a dedicated department led by Human Resources and covers both the in-house medical service and occupational health management. At our sites abroad, it is often rooted in a central health, safety and environment role. In addition, the topic of labour and human rights is anchored in our global sites through the sustainability coordinators and through the international human resources network. The Human Rights Officer and head of Corporate Safety and Security report to the Executive Board on an ad hoc basis but at least once per year (Human Rights Officer) or per quarter (head of Corporate Safety and Security).

4. Strategy and targets

As part of our 2030 sustainability goals, we have defined an overarching goal for respect for human rights:

Pursue a zero-tolerance policy for human rights violations and raise awareness across the board through effective human rights management – consisting of policies, risk analyses, measures, remedial action and reporting.



in our supply chain



at Krones



at our customers



at the end consumer



Specifically for occupational safety, we have set two targets against which we measure our performance in terms of occupational safety management across the group:

Reduce both the number of work-related accidents and the number of lost days following workplace accidents per one million hours worked within the Krones Group by 30% by 2030 (compared with the base year 2020).

5. Policies and actions

Code of Conduct

Respect for human rights makes up a central chapter of the Code of Conduct of the Krones Group, which describes and prescribes standards of behaviour. The Code of Conduct includes fictional examples to clarify what a human rights violation might look like. It also obligates all group employees to respect human rights and report any violations. The Code of Conduct is a binding document across the group, and non-compliance may result in **disciplinary action** depending on the type and severity of the offense.

Human rights statement and group-wide guidelines (GRI 403-2)

Besides the overarching Code of Conduct, our human rights statement communicates our human rights strategy and the underlying principles and processes for maintaining human rights due diligence within the group. Krones' human rights statement emphasises the company's commitment to respecting the human rights of all stakeholders along the entire value chain. An internal guideline on human rights and labour standards, which was established in 2020 and has been communicated within the group, firmly anchors those principles in our day-to-day operations and work flows. It defines a **basic set** of rules that apply in every one of the Krones Group's establishments unless other, more

stringent legal or regulatory provisions exist. Both documents have been adopted by the Executive Board of Krones AG and approved by the Works Council of Krones AG but also apply across the group. Both have been communicated internally. We also publish an annual statement on the UK Modern Slavery Act on our website.

Representation and participation

All employees within Krones AG are represented by local site-specific works councils that, together, make up the Central Works Council. Beyond that, the **Group Works Council** covers Krones AG plus the subsidiaries Evoguard and Steinecker. All of the companies named above have recognised the framework collective agreement of the Bavarian metals and electrical industry. The works councils of the subsidiaries Gernepe, HST, Dekron, MHT and Milkron are formally independent but maintain communication with the Group Works Council. Beyond Germany's borders, employees of the international sites formally and legally establish representation of their interests individually. Within the global Krones network, representatives of the Group Works Council maintain contact with the managing directors, plant managers and local unions of the major international manufacturing sites. In individual cases, employees from sites and subsidiaries also turn to the Group Works Council, which then works to resolve conflicts and questions.

Recruiting

No persons younger than age 15 work within the Krones Group. Those individuals working within the group who are under age 18 are doing so as part of their technical, commercial or other vocational training. Our internal rules and requirements provide that these young people are not exposed to production processes that involve high hazard potential. The costs associated with recruiting employees of all types across the Krones Group are borne by the company.

https://www.krones.com/media/downloads/Krones_CoCo_en.pdf



https://www.krones.com/media/downloads/human_rights_statement_en.pdf





Fair pay

Across the group, workers are paid, at a minimum, the local minimum wage. Market benchmarking is done on a regular basis to ensure that our pay rates are attractive and in line with market standards. For Krones AG employees who are covered by collective bargaining, the **framework collective agreement** for the metalworking union IG Metall applies. Information about processes for wage or salary determination, pay-grade assignment and payment within Krones AG can be found through the company intranet or requested from Human Resources. Overtime hours worked by those paid under union-negotiated terms are offset either with additional time off, which is tracked in a working time account, or through monetary compensation. Work performed on Sundays and public holidays is subject to special overtime-pay rules. For employees who are exempt from collective agreements and have no working time account, there are also options for requesting special time off.

Performance bonus scheme

At our subsidiaries, employee bonuses that are based on the company's performance are regulated decentrally by the subsidiaries themselves. Within Krones AG, all employees receive performance bonuses specific to their employee group. These bonuses are linked to the attainment of company goals. In addition, special performance or achievements among exempt employees are incentivised with **spot bonuses**.

Working hours and work location

The basic principles of how working times are structured apply uniformly across the group through a global guideline and the policy on human rights and labour standards. Beyond these fundamental group-wide rules, working times and locations are arranged specifically to the location. In the locations belonging to Krones AG, the guideline for **mobile (remote) working** is currently 50%. In addition, every employee receives a certain number of paid vacation days each year based on the legal and, if applicable, collective-bargaining provisions of the respective country.

Protective measures and equipment (GRI 403-2, 403-7)

The company provides protective gear to all employees within the Krones Group who work in areas where safety is a particular concern. That includes measures and personal equipment to protect against noise as well as instruction on procedures for handling chemicals and hazardous substances. For specific employee groups, a **health check-up** is required in advance of certain activities that involve potential hazards. We use regular workplace inspections and internal safety-specialist reviews to ensure compliance with established standards for protective measures and equipment.

Training and guidelines (GRI 403-2, 403-5)

Aspects relating to human rights and labour topics are covered by various internal training programmes and e-learning courses within the Krones Group. "Compliance basics" is an e-learning course that covers questions about fair working conditions and is mandatory for all employees across the group. "Human rights at Krones" is a training programme that deals exclusively with topics of human rights due diligence and must be completed by employees who are in regular contact with third parties. Employees receive regular training on occupational safety risks and on safe behaviour in the workplace. Within Krones AG, annual **basic instruction** also includes detailed information and guidelines on aspects of occupational safety. At the other locations within the Krones Group, such trainings are held on an as-needed basis and for specific risk groups. Besides our own employees, Krones also trains temporary workers in occupational safety aspects. Service providers and contractors, too, receive appropriate safety instructions.

Channels for reporting and feedback (GRI 403-2)

Krones Integrity is an online portal through which employees, business partners, and third parties can submit tips about human rights or occupational safety violations – either anonymously or with contact information. It can be accessed from the corporate website. There is a separate reporting category within the system for such violations. Employees can also contact the Krones Group



Corporate Sustainability Team or the Human Rights Officer by email or phone and know that their inquiries will be handled with discretion and brought to resolution. The existing reporting channels are communicated internally and are **accessible (barrier-free)**. Moreover, the Group Works Council and the employee representatives elected or appointed within each of our sites also acts as the point of contact for employees in the event of work-related complaints.

Audits, certifications and internal reviews (GRI 403-1, 403-8)

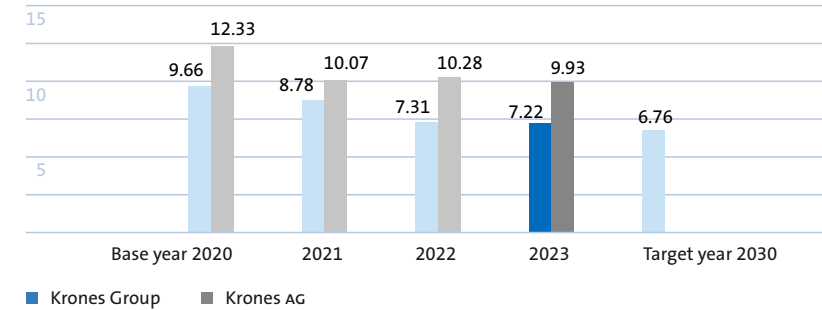
As part of the regular audits conducted across the group, the Internal Audit team reviews the administration and processes relating to wage and salary payment for errors or discrepancies. In order to put our occupational safety management on the same footing across the group, we are working to get all production sites certified under **ISO 45001**. The entirety of Krones AG was certified in 2023. In addition, another 8 Krones Group sites are already ISO 45001 certified.

Procedure in the event of internal violations (GRI 403-2)

In critical human-rights or labour-standards cases, such as violations of the values laid out in the Krones Code of Conduct, the Human Rights Officer will issue a formal statement. That enables us to better document and track critical findings. If there are irregularities within our own workforce, Compliance, Sustainability and Human Resources will work together closely to resolve them.

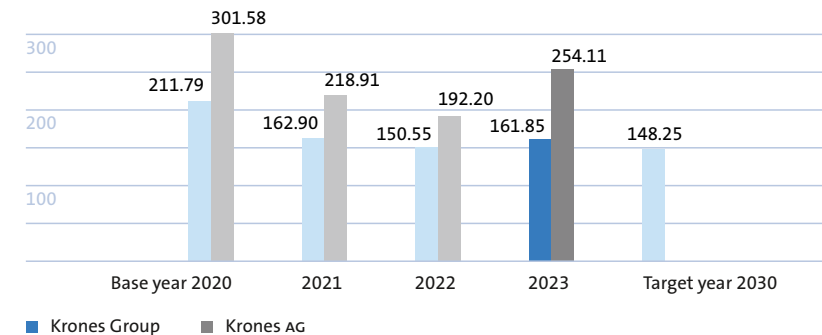
6. Key performance indicators

Krones Group – Workplace accidents per 1 million hours worked



This metric includes workplace accidents that result in one day of lost work. It is based on employees covered by and exempt from collective agreements, apprentices, trainees, interns, and working students at Krones AG and does not include temporary workers or contractors. It only includes the number of workplace accidents (excluding commuting accidents) in the current calendar year.

Krones Group – Lost days following workplace accidents per 1 million hours worked



This metric is based on employees covered by and exempt from collective agreements, apprentices, trainees, interns, and working students at Krones AG and does not include temporary workers or contractors. Lost days from 1 January 2023 to 31 December 2023 are calculated from the first day lost as a result of the accident and are attributed to the accident. Lost days include every full calendar day (including holidays and weekends if these are included in the certification of the person's incapacity for work). Lost days resulting during the calendar year due to earlier workplace accidents are also included in the calculation.



Labour and human rights in our supply chain (GRI 414-1, 414-2)

1. Impact and materiality

As the markets have become increasingly globalised, the Krones Group has steadily grown its global footprint through regional sourcing of materials, components and services. Besides strategic benefits like cost efficiency, closeness to customers and increased use of the expertise of our employees worldwide, this has also resulted in sustainability-related impacts. The relocation of supply chains to the regions brings with it new risks of labour and human rights violations – particularly in countries with less regulation. That is why the Krones Group significantly expanded its internal processes for **human rights due diligence** even before the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) became law. Both the impact and financial materiality of this topic were rated as medium in the materiality analysis.

2. Risks and opportunities (GRI 414-1, 414-2)

To gain greater transparency with respect to sustainability risks in our global supply chain, we conducted a database-supported risk analysis focused on labour and human rights. In it, with the help of an external service provider, the Krones Group's supplier base was evaluated for abstract risk on the basis of purchasing volume, country of origin or production, and the products and services delivered. In a subsequent step, suppliers that were found to have a high abstract risk underwent a concrete risk analysis using a questionnaire. The results help us to identify potential **risk hotspots** for human rights abuses in our upstream supply chain. The new risk assessment serves as the basis for further steps such as audits or development reviews with suppliers.

3. Governance and resources

Corporate Procurement, which reports directly to the COO, is the hub for all aspects of procurement management. The Supply Chain Governance Board, consisting of representatives from Procurement, Supplier Quality Management, Corporate Governance and the Sustainability Team, coordinates human rights management in the supply chain.

4. Strategy and actions

The human rights due diligence goal stated in the section on “Labour and human rights in our operations” also applies along our entire value chain:

Pursue a zero-tolerance policy for human rights violations and raise awareness across the board through effective human rights management – consisting of policies, risk analyses, measures, remedial action and reporting.

Additionally, in the interest of establishing a sustainable supply chain we have set the following goal:

Evaluate 100% of suppliers who account for purchasing volumes of 1,000,000 euros or more against sustainability criteria by 2030.





https://www.krones.com/media/downloads/krones-supplier-code_en.pdf



5. Policies and actions

Respect for human rights in our Supplier Code of Conduct

In the group-wide Supplier Code of Conduct, the section entitled “Respect for human rights” defines the **requirements** on our suppliers. The expectations with respect to human rights due diligence are communicated transparently in the following subcategories: “prohibition of forced labour”, “prohibition of child labour”, “non-discrimination and humane working conditions”, “regulated working conditions”, “freedom of assembly and association”, “health and safety”, and “environment”. Besides the obligations, the Supplier Code of Conduct also addresses possible sanctions, penalties for breach of contract, auditing rights and reporting channels in the event of infringements. In order to begin a business relationship with Krones, all suppliers must actively commit to the Supplier Code of Conduct. For those suppliers with whom the company already has a business relationship, the Supplier Code of Conduct is being rolled out in stages.

Human rights training for Procurement

A dedicated training course on human rights at Krones is available specifically for employees who are in regular **contact with third parties**. One focus group for this training is Procurement. The aim is to build internal knowledge about what human rights due diligence means in the context of doing business. In several modules, labour and human rights topics are discussed, fictional case studies assessed and potential solutions presented.

Due diligence audits on human rights violations (GRI 414-1)

In order to identify any human rights violations in the upstream supply chain, the Compliance team conducts regular due diligence checks. The tool used pulls data from publicly available sources of all kinds. Due diligence findings on labour or human rights violations, legal proceedings or sanctions trigger the

involvement of the Supply Chain Governance Board, which advises on further steps on a **case-by-case** basis and, in severe cases, may directly block a supplier. Information on the further steps is communicated to the respective Procurement team members or the regional Compliance Officer.

Disclosure form with human rights and compliance questions (GRI 414-1)

When new suppliers are onboarded, they are vetted on the basis of **standardised** questionnaires for the respective product group, which they receive from Procurement. The master questionnaire, from which the specific versions for the different supplier groups are developed, contains targeted questions about human rights and compliance. Procurement tracks the individual questionnaires, while Supplier Quality Management evaluates the responses with regard to quality and the Sustainability Team is responsible for evaluating the responses and documentation for human rights and compliance.

Social audits of high-risk suppliers (GRI 414-2)

For several years now, we have also been using social audits to evaluate suppliers for human rights due diligence. These audits are conducted in a digital format by the Sustainability Team. Suppliers are selected for audit on the basis of the human rights risk analysis. The questions asked in the audit cover topics ranging from the wording of employment contracts to the recording of working hours right through to elementary occupational safety processes and matters of employee representation. Critical findings trigger identification of measures and a conversation in which the respective suppliers are also offered suggestions for resolving the issue. Depending on the type and severity of the finding, subsequent processes may involve supplier development, communicating with the supplier or – as a last resort – the immediate blocking of the supplier. In addition to these social audits, we also add questions about human rights due diligence to our traditional product, process and system audits on suppliers.



Channels for reporting human rights violations

All employees along the Krones Group's entire value chain have various means to be heard if there is a violation of human rights or fair working conditions. Besides contacting the Corporate Sustainability Team or the local employee representative directly, the main point of contact is the **reporting system Krones Integrity**. It is publicly accessible through the Krones website, and complaints or tips about the company can be submitted anonymously. As described above, there is a dedicated reporting category for human rights with a description of the topics that fall into the category. Thus, labour and human rights concerns can be clearly marked as such right from the start. The Corporate Sustainability Team of the Krones Group reviews and follows up on reported issues.

Remedial action in critical cases

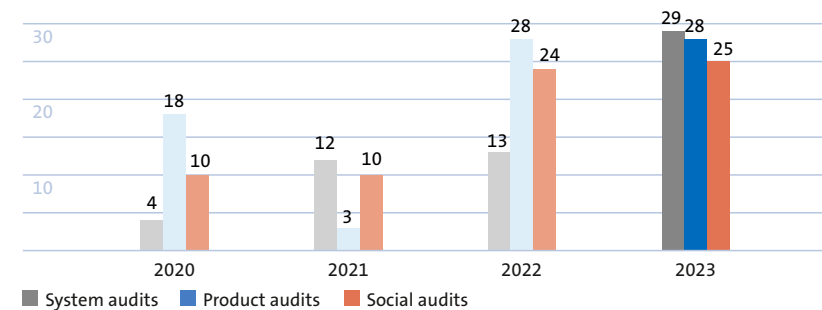
In all instances of non-compliance – whether failure to formally acknowledge the Supplier Code of Conduct, critical due-diligence findings or negative results of a social audit – the Supply Chain Governance Board serves as the decision-making body. Depending on the type, severity and frequency of the offense, subsequent processes may involve supplier development, communicating with the supplier or – as a last resort – the immediate blocking of the supplier. If there is a clear human rights violation, Procurement can block the supplier directly as a precaution, and must then involve the Supply Chain Governance Board.

Industry initiatives and partnerships

Another part of our approach is to collaborate with other companies. In a working group of the German Engineering Federation (VDMA), Krones shares views and experiences with other companies on the topic of human rights and works to develop solutions. In this way, we are able to address certain challenges collectively and have a greater impact on upstream supply chains. We actively promote cooperation within the industry organisation Association of the Beverage Machinery Industry (ABMI) by joining forces to launch an **industry initiative** for sustainable supply chains.

6. Key performance indicators

Krones AG – Number of system, product and social audits on suppliers





Employee well-being in our operations (GRI 401-1, 402-1, 404-2, 404-3, 403-3, 403-4, 403-6)

1. Impact and materiality

Krones Group employees plan, manufacture, install, sell and service technically complex machines and lines featuring sophisticated technology. For this, we need highly skilled workers with deep specialist knowledge. The Krones Group must therefore ensure an **appealing work environment**, to gain and retain their loyalty for the long term. The working conditions that we offer influence our employees' well-being, which in turn has a powerful impact on their motivation and performance in their day-to-day work. In the materiality analysis, the financial materiality of this topic was rated as high while stakeholders rated its impact materiality as medium.

2. Risks and opportunities

Human Resources investigates, records and manages the risks and opportunities relating to the satisfaction and well-being of our employees. Within our **enterprise risk management**, the head of Human Resources for the Krones Group is specified as the risk owner for HR topics.

3. Governance and resources

The head of Human Resources for the Krones Group charts the course for overarching human resources policy across the group. The international sites and subsidiaries enjoy a certain degree of strategic and organisational freedom to design their HR management in keeping with local needs and conditions. Quarterly global HR network meetings address questions that span across regions and discuss the future direction of the **group-wide human resources strategy**. Reporting to the CFO is done by the head of Human Resources for the Krones Group in regular weekly meetings and at Executive Board meetings as needed.

4. Strategy and targets

For the topic of employee well-being and satisfaction, we have formulated the following sustainability goals for 2030:

Motivate our employees to do their best work by offering an attractive working environment that we continually improve, with a focus on working hours and work location as well as on promoting personal development alongside good health and well-being. We enable people at Krones to use their potential and further develop their capabilities – with a view to both current and future responsibilities. Our aim is to promote independent, solution-oriented action that contributes to the company's success and to employees' personal development.

5. Policies and actions

Communication and transparency (GRI 402-1)

The Krones Group maintains regular, open communication with our workforce. Employees can access relevant information through various channels such as company newsletters, postings on a physical or digital bulletin board, intranet and internal social networks. At regular intervals, the Executive Board provides transparent communications about current developments and the state of the company, often in short videos that are streamed and available on the intranet.



in our supply chain



at Krones



at our customers



at the end consumer

**Employee performance and professional development reviews** (GRI 404-3)

Regular performance and professional development reviews are conducted with employees on an annual basis. These reviews are an opportunity for dialogue between permanent employees of Krones AG and their direct supervisor, a space to discuss goals and expectations and for structured feedback. Ten principles that are defined internally as part of Krones' corporate vision form the basis for these conversations.

Training and continuing education (GRI 404-2)

Because of the high expectations the company has of its employees, needs-oriented staff development and training programmes are a high priority across an employee's entire career. The **training portal**, which a majority of employees group-wide can access, serves as the main point of contact for all continuing education programmes. The portal contains career-related training courses in four categories: subject-matter expertise, service training, soft skills and methods, and language acquisition. An established approval process is in place for employees to request and book these courses. In addition, Krones aims to make more easily accessible, modern learning options available and has already done large-scale roll-outs with various providers. It is also possible for employees to pursue broader continuing-education opportunities, for which they can apply for company support in the form of financial assistance or educational leave through a separate approval process. Additionally, Krones offers retraining options for employees to transition from industrial mechanics to industrial electricians. For Krones AG, a company agreement on qualification and continuing education serves as the basis for all measures and also involves the Works Council in the design of continuing education activities.

Professional development for management employees (GRI 404-2)

Good leadership and collaboration are essential to our ability to achieve our ambitious corporate goals and vision. For that reason, all new management-level employees must complete a dedicated **training programme**, which was revised

in 2023 and tailored to the core elements of Krones' corporate vision. We add to that a variety of new courses for experienced managers on diverse topics relating to leadership, including a programme on healthy and sustainable leadership. Managers can also choose from a variety of learning formats such as personal coaching or team development activities.

New work

As a technology company with a claim to innovation leadership, we are also examining closely the various concepts that fall under the heading of **"new work"**. Mobile working, shared-desk models and open office design are just three examples of measures that have become firmly established at Krones.

Team-building and company sports (GRI 403-6)

A positive workplace culture is important for employee well-being. That's why we host regular team-building events depending on the composition, needs and individual interests of the respective team. These events are coordinated by managers and supervisors. Many of our sales and service companies and plants host larger events for employees, including the Regensburger Landkreislaf running race and **Open Day** at our Neutraubling site. Many Krones Group employees participate in company sports, thus enjoying a combination of team-building and athletic activity.

Occupational health management (GRI 403-3, 403-4, 403-6)

Beyond classic occupational safety management, Krones also takes care of employees' physical and emotional well-being. Thorough analyses of incapacity to work and questionnaire-based needs assessments are used to develop and implement targeted health interventions. Preventive measures for promoting good health are currently focused on awareness of ergonomics, resilience, stress prevention, and healthy, balanced nutrition. These are complemented by workplace inspections and adaptations aimed at enhancing and implementing ergonomics as well as an in-house physical therapy service. Communication campaigns and partnerships with external healthcare providers round out the



offerings. Cancer prevention is another important part of our occupational health management, with a different focus each year.

A programme on **collaborating to create a healthy work environment** is aimed at maintaining and improving employee health and fostering their ability to perform at their best. In it, employees have opportunities to take an active role in creating a healthy work environment at Krones. The Occupational Health Management team coordinates interdisciplinary collaboration between Human Resources, the in-house medical service, Counselling, Occupational Safety, Works Council, and the company health insurance fund (Krones BKK). Health management activities are currently still focused on Krones AG sites.

In-house medical service and company health insurance fund (GRI 403-3, 403-6)

The in-house medical service provides care to Krones AG employees, serving as the first point of contact for general medical questions as well as acute emergency situations and participating in workplace inspections. Besides providing acute **care** and work-related health check-ups, the in-house medical service also organises health fairs and campaigns and administers travel-medicine advice and preventive vaccines.

Krones' company health insurance fund (Krones BKK) is available to the employees of Krones AG and the German sites and subsidiaries. It offers Krones employees support in the immediate vicinity of the workplace and also offers a multitude of additional services.

Counselling service (GRI 403-3, 403-6)

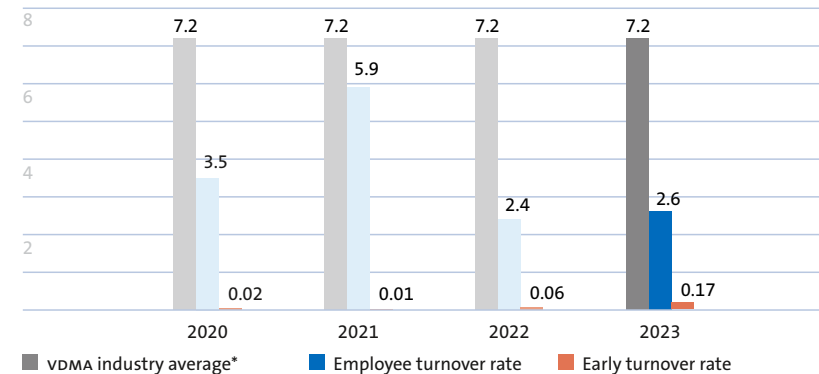
The company counselling service of Krones AG helps with problems in employees' life and work situations. A fundamental principle of the company counselling service is to not only help at-risk individuals or those in crisis but rather to support all of the company's employees. Counselling provides **first-level support** and puts employees in contact with clinics, therapists, external counselling centres, self-help groups and other support services.

6. Key performance indicators

The number of employees is reported elsewhere in this Annual Report.

Page 178

Krones AG – Employee turnover and early turnover
(%, employees covered by and exempt from collective agreements) (GRI 401-1)

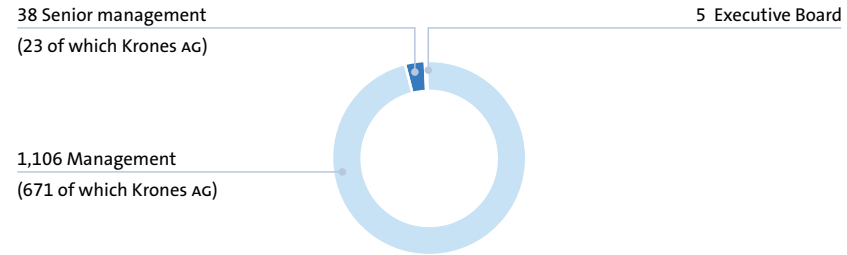


*The German Engineering Federation (VDMA) measures average employee turnover among companies in the machinery sector. The figures above are based on the 2020 measurement.

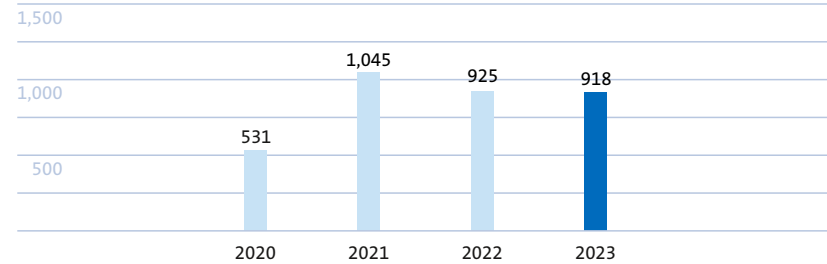
“Early turnover” is the percentage of new employees who, during the calendar year, left the company within the first six months of the start of their employment contract, as a share of the average total workforce during the calendar year.



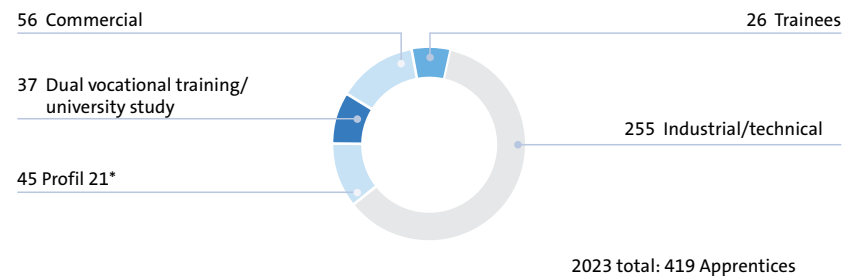
Krones Group – Management structure in 2023



Krones AG – Temporary workers



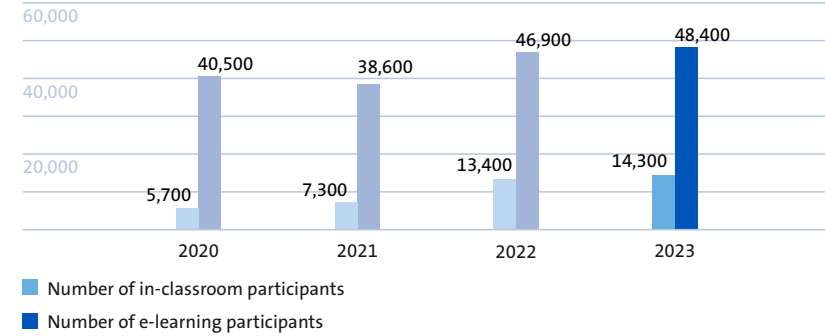
Krones AG – Vocational training participants by field in 2023



* Profil 21 includes both professional and technical training, which gives graduates two separate qualifications at both the journeyman and master craftsman levels.

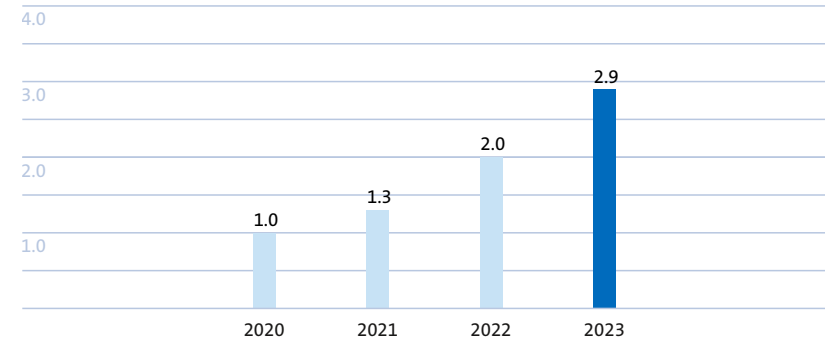
Krones Group – participation in continuing education opportunities (rounded)

(GRI 404-1)



The population of participants in continuing education opportunities reported here was redefined in 2022. Unlike in the previous years, only fully completed training courses are counted for 2022.

Krones AG – Expenditure for training and continuing education (€ million)





Diversity in our operations (GRI 401-3, 404-2, 405-2, 406-1)

1. Impact and materiality

As a technology company that does business globally, we have a workforce that reflects the world's diversity: The Krones Group employs people of various ages and gender identities, many nationalities, religions, political persuasions and other individual characteristics. Diversity is not an end in itself. Rather, it makes our company more efficient, more creative and more flexible. At present, we are finding it challenging to establish **diverse teams** everywhere in the company. Especially in production and management, our aim is to increase gender and international diversity. In the materiality analysis, diversity received a low impact materiality rating and a high financial materiality rating.

2. Risks and opportunities

Human Resources identifies, records and manages risks and opportunities in the area of diversity. Within our enterprise risk management, the head of Human Resources for the Krones Group is specified as the risk owner for HR topics. Any reported diversity-related risks are included in the group-wide risk analysis performed by Enterprise Risk Management. At present, there are no risks related to diversity.

3. Governance and resources

Within its responsibility for overarching HR topics, the CFO of the Krones Group delegates diversity management to the head of Human Resources for the Krones Group, who sets the strategy for increasing diversity. A **Diversity Board** serves as a strategic advisory body for diversity and inclusion matters. Reporting to the Executive Board is done by the head of Human Resources for the Krones Group in regular bi-weekly meetings and at Executive Board meetings as needed.

4. Strategy and targets

As part of our 2030 sustainability goals, we have defined the following overarching goal for diversity:

Promote diversity within our workforce. With targeted programmes, worldwide talent pools, international thematic communities, and measures aimed at establishing balanced age structures, we seek to connect employees of diverse age groups, gender identities, nationalities, and career fields and thus inject more flexibility, creativity, and efficiency into our processes.

Within the Krones Group's corporate vision, that means, among other things: "We value diversity and inclusion. We show appreciation and encourage and inspire all people, without prejudice." Krones signed the **Diversity Charter** in 2010, thus expressing the company's unequivocal commitment to promoting diversity within the group.

As a quantitative goal specifically for promoting women, the Executive Board announced a binding quota for Krones AG in 2021:

We will increase the share of women in the first two levels of management immediately below the Executive Board within Krones AG to 15% by the end of 2024.



in our supply chain



at Krones



at our customers



at the end consumer



5. Policies and actions



Basic premise: Non-discrimination

Preventing and addressing discrimination (GRI 406-1)

The principles for preventing discrimination as well as physical or emotional harassment within the group are laid out transparently for all employees in a dedicated section of the Code of Conduct entitled “Collaborating with one another”. In addition, the policy on human rights and labour standards, the compliance basic and refresher training, and the “Human rights at Krones” training all make it clear what counts as discrimination within the company, how it is to be handled and what **consequences** such behaviour can have. Every employee can report a violation through the Krones Integrity reporting system or by contacting the Human Rights Officer directly. The Sustainability Team processes any reported issues.

Fair and transparent processes for recruiting and professional development (GRI 404-2)

Application and selection processes within the Krones Group are based exclusively on candidates’ qualifications, **regardless** of gender, background, religion or other non-technical attributes or characteristics. Applicants to Krones AG can indicate their gender identity as “male”, “female” or “other”. Job advertisements and recruitment communications to applicants are worded using gender-neutral language. Both the training portal and all promotion processes are open to all employees. Management employees are urged to give all employees the opportunity to participate in training courses based on current needs and personal development goals.

Supporting employees with disabilities

In addition to legally mandated protections that are in place for disabled and severely disabled persons in many countries, Krones AG has four representatives for people with severe disabilities, who advocate for these employees. At other

locations, too, there are point persons serving in either a voluntary or mandated capacity depending on the local laws. The goal is to integrate colleagues with disability into working life in accordance with their individual abilities.



Focus on age

Training young skilled workers (GRI 404-2)

The vocational training options available at Krones AG include business as well as industrial and technical fields plus a dual course of vocational training and university study, trainee programmes, and Profil 21. The latter is designed for young talent with a particular interest in entering the challenging field of global service. We also offer training at our international sites such as Wuhan (China), Nairobi (Kenya) and Debrecen (Hungary).

Continuing education for employees (GRI 404-2)

Our continuing education offerings are available to all Krones Group employees. The programmes enable employees to engage in **lifelong learning** and open up new career prospects within the group. The aim of the programmes is to continuously upgrade the skills and qualifications of all employees and thus enable our staff to continuously grow and develop.

Family friendly programs (GRI 401-3)

Flexible working hours, parental leave and increased use of mobile working as well as – sometimes temporary – part-time employment enable employees to care for children or other family members alongside their careers. At Krones AG, a dedicated company agreement on mobile working specifies the options for supporting **work-life balance** through flexible working hours. At the Neutraubling site, Krones AG provides daycare for employees’ children from 4 months of age in a centre that was initiated by and is financially supported by the company. Similar initiatives also exist at other locations worldwide. Employees can find specific information about care options for children and family members via an online platform.



Partial retirement for older employees

Analogous to demographic change in general, the average age of our workforce, particularly at our European locations, is moving gradually upwards. Krones AG takes that fact into account by offering options designed specifically for older employees. Partial retirement has been an especially popular tool that we will continue to rely on in the future.



Focus on gender

Development and mentoring programmes for women

“**Tandem leadership**” is a programme that enables women to take on challenging leadership roles while working part time. Alongside the development centre, mentoring and specific training courses, the external “Women in Leadership” programme of the Employers’ Associations of the Metalworking and Electrical Industries in Bavaria (Bayerische Unternehmensverband Metall und Elektro e.V. – bayme) rounds out our offerings for women’s professional development at Krones. In addition, the women@krones network organises regular events and keynote speakers. It also seeks to uncover and connect women’s potential.

Pay equality (GRI 405-2)

Krones AG conducts regular **equal-pay analyses** to monitor and prevent pay discrimination. To prevent abuses and ensure equal pay, the Krones job grading system separates the person from the role in defining the pay associated with a position, independent of gender. As an equal opportunity employer, our US office bases all hiring and advancement decisions exclusively on qualifications and performance criteria.

Communications about equality matters

We publish regular contributions on our social media channels and in our employee newsletter and the online customer magazine that counter gender stereotypes, for example, with portraits of female employees following a variety of training and career paths. A guide to gender-neutral language encourages employees to be open-minded and self-critical as they reflect on their own language habits.

Networking for the advancement of women

Besides supporting the Diversity Charter, Krones AG is also a member of the “Frauen führen” **women’s leadership** network, through which we maintain active dialog with partner companies. Through it, we not only gain important insights into how we can specifically promote women in the company but also gladly share a view into our own working environment. In 2023, we hosted this year’s network meeting, with a focus on discussing the programmes that promote women in various companies. In addition to our active engagement in the networks, we are also represented on the herCAREER career and discussion platform, to make women aware of Krones as an attractive employer and to advocate for women and equal treatment.



Focus on culture

Postings abroad

International assignments make knowledge sharing possible. They are part of the professional development programme for specialist technical and management employees and they promote **cultural diversity** within the Krones Group. All process steps, from the initial consultation of all stakeholders to advertising the position abroad, calculating the relocation package, drafting legally valid contracts and providing organisational support right through to the employee's return to their home company, are coordinated centrally through Global Assignment.

Global exchange programme

The internal international exchange programme **Across Borders** is a special type of assignment abroad. It gives employees worldwide the opportunity to spend five to six months working in a host company within the Krones Group. The goal of the programme is to develop technical expertise at an international level, grow intercultural skills and build an international network within the group.

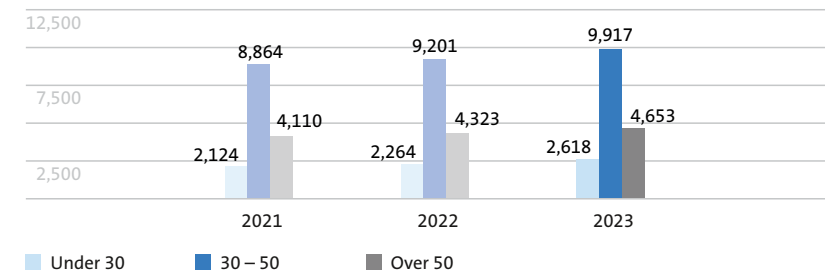
Intercultural training

Krones **Global Assignment** offers country and region-specific e-learning and live training courses on a variety of target cultures. These courses can be booked directly through the training portal or adapted to specific departmental needs. For employees assuming management roles abroad, we offer coaching through the Intercultural Leadership Program (ILP). A course on managing international teams is geared towards addressing the increasingly international nature and composition of teams within the company.

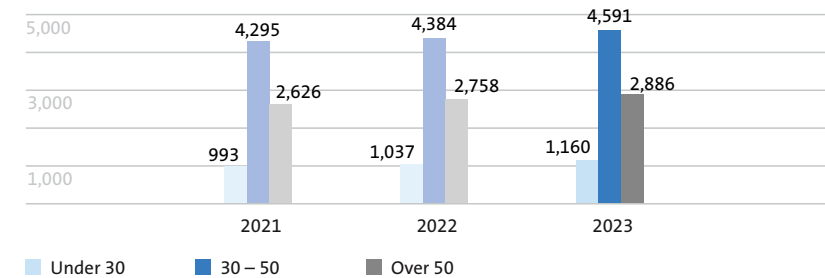
6. Key performance indicators

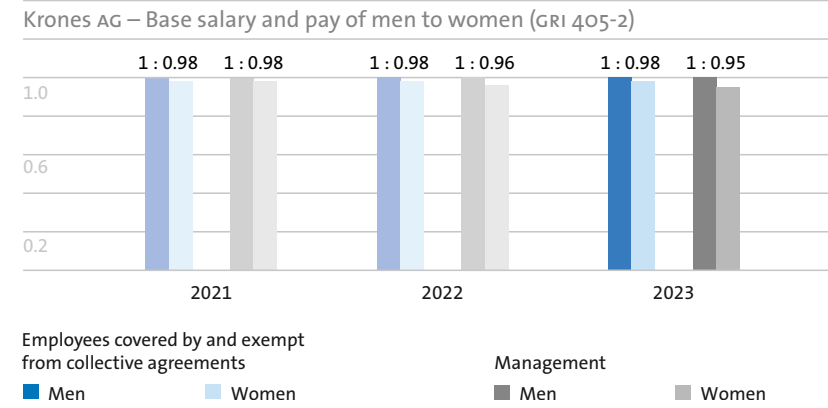
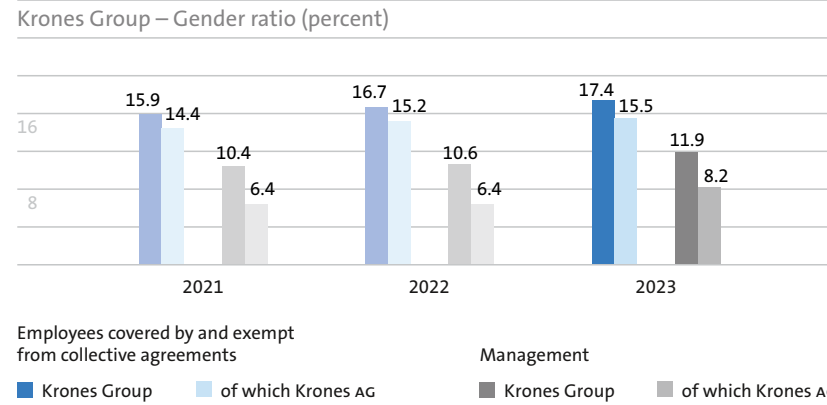
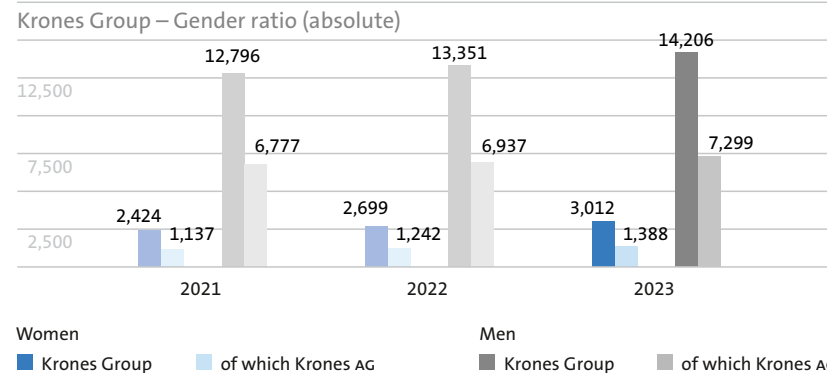
Krones Group – Age structure

Page 207



Krones AG – Age structure







Ethical business conduct in our operations and towards customers (GRI 205-1, 205-2, 205-3, 206-1)

1. Impact and materiality

Ethical and moral integrity underlie everything we do within the Krones Group – and that extends all the way through our sales and service companies, international subsidiaries and the companies controlled through our subsidiaries as well. Across the group, our management of ethical business conduct falls under the heading of **compliance** – an overarching concept that means we play by the rules. Except that the rules we follow within the company go above and beyond the statutory requirements. They also include the group's own internal guidelines and regulations and embody the moral values and standards that match Krones' own ethical principles and are laid out in Krones' Code of Conduct. In the materiality analysis, business conduct with respect to our customers was rated with high financial materiality and low impact materiality. Compliance at Krones was rated medium in both regards. Because the two topics, business conduct and compliance, are closely interconnected and because the processes involved with both are similar, we have combined our reporting on them here.

2. Risks and opportunities (GRI 205-1)

Our compliance risk analysis covers the following risk areas: Governance; active and passive corruption; cartels; health, safety, security and environment; money laundering and fraud. The group's compliance risk analyses are conducted and evaluated within a software environment. In addition, the managing directors of Krones subsidiaries and their subsidiaries are required to conduct their own compliance risk analyses through annual **self-assessments**. The results of this risk analysis are aggregated at the level of the regions and visualised on a risk overview developed specifically for each region. The results are also bundled into our group-wide risk analysis.

3. Governance and resources

Strategic and operational responsibility for **compliance management** rests with the head of Corporate Governance at Krones AG, who holds an administrative position of the same name at the group level and reports directly to the CFO of Krones AG if disciplinary action is necessary but to the Executive Board as a whole for all other matters. In addition, the different regions in which the Krones Group sites are located and all subsidiaries with more than 300 employees have their own Governance Officers. These officers know the group's central compliance and governance requirements as well as the laws and regulations of their respective regions. For employees on site, they are the direct contact person for all compliance matters. The Governance Committee, consisting of members of all Executive Board areas, also serves the head of Corporate Governance in an advisory capacity, supporting prevention efforts.

4. Strategy and targets

As part of our 2030 sustainability goals, we set and published the following overarching compliance target:

Pursue a zero-tolerance policy for compliance violations and raise awareness across the board through effective compliance management – consisting of guidelines, risk analyses, measures, remedial action, training and reporting.

In general, Krones' compliance management system aims to create a culture of integrity throughout the entire group and thus minimise compliance risks as much as possible.



in our supply chain



at Krones



at our customers



at the end consumer



5. Policies and actions

Code of Conduct

The Kronos Code of Conduct serves as the basis of the compliance management system. It was revised in 2023 to align with the corporate vision, “Solutions beyond tomorrow”. It was developed with the clear goal of ensuring compliance with laws, standards, policies and guidelines company-wide and thus creating a working environment characterised by integrity, respect and fair and responsible conduct. At the same time, the Code of Conduct establishes a reliable compliance culture and encourages employees to report irregularities. It **applies and is binding** for all bodies and every employee within the company. In the interest of all employees, violations are systematically investigated and disciplinary action taken. The Code uses concrete scenarios to illustrate how individuals can implement the principles of conduct within the group. Complementing the Code of Conduct, the Kronos Supplier Code of Conduct covers the company’s central compliance rules for service providers and suppliers.

Compliance guidelines (GRI 205-2)

Supplementary compliance guidelines, which also apply across the group, flesh out the fundamental, normative **principles** of the Code of Conduct for specific applications. Group-wide policies are currently in place for the following compliance topics: Combating money laundering; handling gifts; charitable donations and sponsoring; working with sales-related business partners; fair and proper competition; what to do in situations with corruption risk; handling information; standards and documents; authorisation to represent and sign; and whistleblowing. Because the Kronos Group is not actively involved in politics or lobbying outside its association work, there is no company policy on this topic. The policies are reviewed at least once per year to ensure they are up-to-date and revised as needed.

Compliance training programme (GRI 205-2)

We provide mandatory training programmes for all employees to establish a culture of compliance throughout the entire company. For employees with a PC workstation, this training consists of comprehensive basic e-learning on the reasons, scope, and specific content of Kronos’ compliance culture. Employees must also complete a refresher e-learning course every two years. For employees without a PC workstation, instruction is the responsibility of the respective managers, who are supplied with appropriate instruction materials. Two further training series are dedicated to the topics of **anti-corruption** and fair and proper competition. These programmes are designed especially for employees in Sales and Procurement and are likewise e-learning courses. Participation in and completion of all training courses are the responsibility of the respective managers and are documented accordingly.

Due diligence audits

In order to meet a number of national and international regulatory requirements, due diligence audits are conducted on customers, agents, suppliers and third-party payers. They give the group a tool for process-integrated monitoring of business partners in countries where the risk of non-compliance is high, provided that the necessary data is publicly accessible. Any findings trigger an in-depth due diligence audit by Corporate Governance, in which additional sources of information are tapped in order to plausibility check and assess the finding.

Spot checks

Besides regular standard audits, the head of Corporate Governance initiates spot checks – particularly of processes with increased compliance risk such as the reporting of travel expenses – to verify the effectiveness of our compliance culture. If a suspected or actual compliance incident is detected, **actions** such as case management and disciplinary action are initiated. Knowledge gained through this process is used to develop and implement new actions as necessary and reasonable.



Help desk and Krones Integrity (GRI 205-3, GRI 206-1)

Group employees seeking information about compliance-related matters or wishing to report possible violations can speak with their immediate superior or use any of three additional channels: first, contact the Compliance Officer, the Head of Corporate Governance or the associated team directly; second, e-mail a centralised helpdesk; or third, submit a report through the Krones Integrity online system.

The digital **reporting system**, which can be accessed through the corporate website, can be used by group employees and third parties alike who identify gaps in compliance with laws or rules relating to Krones or its business partners. To ensure the highest levels of access and data protection, content encryption and a secure connection, the system is operated by an independent third-party provider. Whistleblowers can decide whether to submit tips anonymously or with contact information as long as the local laws where the whistleblower is based allow. All compliance-related matters and tips that are brought to the help desk or Krones Integrity are documented for further processing and evaluation.

In 2023, 39 compliance investigations were conducted within the Krones Group. None of them found evidence of corruption or anti-trust violations. During the reporting period, no disciplinary actions were taken against the Krones Group due to anti-trust, money laundering or anti-corruption violations.

Internal reporting

Clear lines of reporting apply to compliance aspects. The Governance Officers in the regions report to the head of Corporate Governance, who in turn reports to the Supervisory Board's Audit and Risk Committee once a year. The head of Corporate Governance also regularly reports to the Executive Board and the Governance Committee in the latter's quarterly meetings, presenting developments in the past quarter and further plans. The committee offers opinions in an advisory capacity.

Approval process for sensitive transactions

The group-wide **gifts and gratuity policy** uses a traffic-light system to clearly identify which benefits in the form of gifts and invitations are acceptable, questionable or prohibited. Due to the risks involved, the reporting of travel expenses is subject to an internal control process for benefits, which triggers an automated notification to Corporate Governance if the receipts submitted exceed a certain limit.

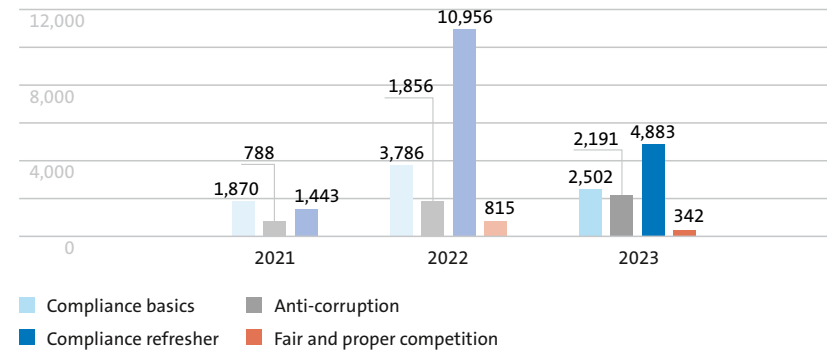
Charitable giving and sponsorship strategy

The cities and counties in and near which our plants and sales offices are located are the lifeblood of our business. That is why we support clubs, organizations, events, and initiatives that pursue **charitable purposes** local to one of our sites in Germany. Our sites and subsidiaries outside Germany also have the freedom to actively support their local communities. Our charitable giving and sponsorship strategy is laid out in our group-wide charitable giving and sponsorship policy. Its aim is to ensure that contributed funds achieve the greatest possible benefit to the respective beneficiaries and that the projects supported are aligned with the company's values and interests.



6. Key performance indicators

Krones Group – Compliance training (in-person and e-learning) (GRI 205-2)

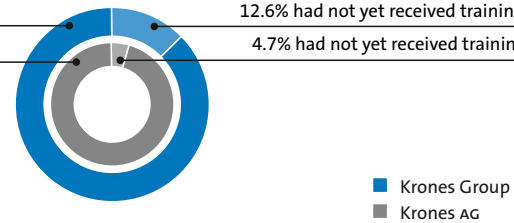


The compliance basics course is mandatory for all new employees and every new manager within the Krones Group. It must be completed within the first three months of employment and may be taken as an e-learning course, instruction from a manager, or an in-classroom course. The anti-corruption training is relevant for employees who have regular third-party contact with customers, suppliers and government offices. The refresher training was implemented throughout Krones AG in 2019 and will be successively rolled out worldwide. It serves as a reminder of the basic content every two to three years. All employees participating in trade fairs are required to complete the e-learning on fair and proper competition on a regular basis prior to trade fairs.

Krones Group – Participation in compliance basics course 2023

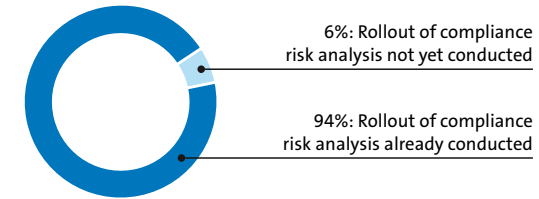
87.4% had received training
12.6% had not yet received training
95.3% had received training
4.7% had not yet received training

Percentage of employees within the Krones Group and Krones AG who have received compliance training at least once as of the end of 2023



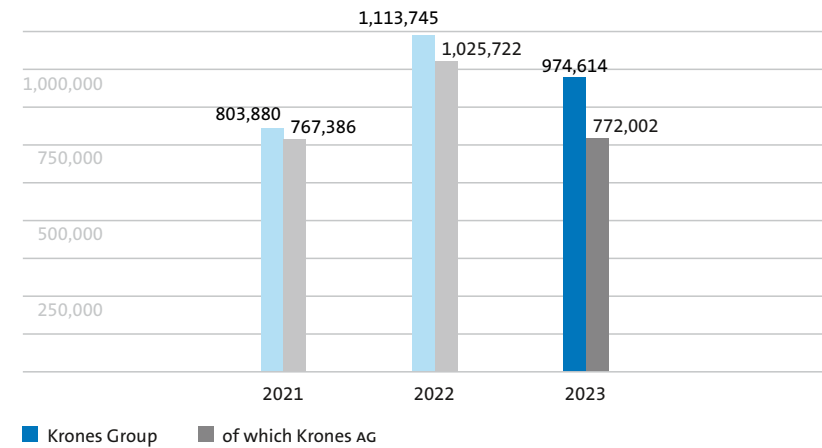
Krones Group – Compliance risk analyses in 2023

Percentage of group covered by compliance risk analyses, based on the number of employees in the Krones Group



In all, 12 tips were received through Krones Integrity, while 32 tips were received through other channels. Every tip is followed up and plausibility tested and then, if applicable, put to a deeper investigation with possible disciplinary action taken.

Krones Group – Expenditure for charitable donations and sponsoring (€)



Our goal is to give between 0.01% and 0.02% of our prior-year consolidated revenue back to stakeholders each year in the form of charitable donations and sponsoring. In 2023 we reached that goal with a total value of 0.02%.



in our supply chain



at Krones



at our customers



at the end consumer

Digital responsibility in our operations and our products (GRI 418-1)

1. Impact and materiality

Protecting personal data as well as information and information-processing systems is a key concern for Krones. We strive to maintain seamless information security that is in keeping with the latest state of the art across our entire organisation – for internal data and systems and for the products and services we deliver to our customers. That is essential to the uninterrupted operation of our own IT and the trust of our business partners. In the materiality analysis, digital responsibility for our products and services was rated high for financial materiality and low for social impact materiality. Because the information security of our products relies on high **cybersecurity** standards within our own operations, we have opted to report on this topic voluntarily here.

2. Risks and opportunities

A continuous process for systematically improving information security within the group is an integral part of the **information security management system (ISMS)**. It includes regular penetration and vulnerability testing as well as risk analyses that are updated regularly and annual internal and external audits of the Cybersecurity Coordinator. The latter are performed by TÜV SÜD and are necessary in order to maintain ISO 27001 certification. The analyses and audits cover actual incidents as well as potential risk events. Besides the periodic audits, a group-wide whistleblowing system serves as an important means to identify and counteract potential security risks on an ongoing basis.

3. Governance and resources

Strategic and operational responsibility for cybersecurity rests with a management support unit within the office of the CEO, which safeguards digital responsibility across the Krones Group and along the entire value chain. In regions where additional Data Protection Officers are required by law, that role has been established in the respective subsidiaries. These officers know the group's core data protection requirements as well as the laws and regulations of their respective regions. In addition, all departments within Krones AG that regularly handle personal data and all subsidiaries have their own data protection coordinators. A network of local cybersecurity coordinators in the individual regions and companies coordinates all information security matters. To enable effective exchange among them, we have launched a cybersecurity conference that convenes at least once per quarter.

4. Strategy and targets

As part of our 2030 sustainability goals, we set and published the following overarching product-related cybersecurity target:

Establish a modern IT security architecture for all Krones products that conforms to current and future regulations, represents the current state of the art, and meets customers' requirements.



The IT security of our products is closely linked to our operational goals with respect to information security and data protection:

Ensure the confidentiality, availability, and integrity of our employees' and business partners' data by installing centralised management systems for information security and data protection that are aligned with international standards and assigned local responsibility.

5. Policies and actions

Guidelines for data protection and information security

The EU's General Data Protection Regulation (GDPR) serves as the main regulatory basis for our data protection efforts. The provisions of the GDPR are reflected in the Krones Group's corporate data protection policy and complemented by additional local rules and regulations for the individual countries. Data sharing within the Krones Group is governed by a contract system that applies across the group. The group-wide **cybersecurity policy** establishes the framework for information security within the Krones Group, defining the basic principles and assigning accountability. It builds on ISO 27001 and serves as the foundation for the company's efforts to protect all information, especially our own business secrets and sensitive information from and about our business partners. Both policies are subject to regular review and updated as needed. For information with possible security implications, retention requirements are laid out in the "Secure operation of IT systems" policy, which applies across the group.

Cybersecurity principles for products

In order to increase information security relating to products in a targeted, systematic manner, the centralised, interdisciplinary Product Security Incident Response Team (PSIRT) has formulated a set of cybersecurity principles, which are applied to new Krones products and services. In addition, the PSIRT publishes the latest security advisories on a dedicated landing page within the corporate website. These advisories provide information about possible security gaps that affect products, solutions or services from Krones and offer guidance for remedying them. Customers can also request that the **security advisories** be sent to them directly by email.

Internal IT security providers

A **security operation centre (soc)** was established in 2021 and serves as both an internal and external IT security service provider, detecting and analysing anomalies and ensuring timely action on verified threats. With the 24/7 monitoring the soc provides, risks arising from data leaks or identity theft can be detected and eliminated at an early stage. As part of our technical security audits, penetration testing is carried out continuously on selected internal systems and systems that are accessible from outside. An action plan is being developed to address the identified vulnerabilities. The measures are being coordinated and implemented with the relevant units.



External certification under ISO 27001

Krones' information security management system (ISMS) is ISO 27001 certified for all IT services that are provided **centrally** for the group. The certification and associated audits are being expanded in stages. Besides the entire Krones AG organisation and Steinecker GmbH in Germany, the two companies in Franklin, Wisconsin (USA), and Bangalore, India, the Krones offices in Bangkok, Thailand, and the Centers in Brazil and Dubai are also certified locations.

Training, awareness and reporting channels

Employee awareness is a key element of our cybersecurity strategy. The cybersecurity policy prescribes annual training for all employees with respect to data protection and cybersecurity topics. Beginning this year, all employees must complete an annual training in the form of a mandatory e-learning. Additional training is given to **specific** target groups. Moreover, an emergency card that is published internally serves as an additional tool to help employees identify and report security incidents. Regular contributions and awareness campaigns are disseminated through the company's internal communication channels. Any violations can be reported anonymously by way of the Krones Integrity whistleblower portal or to a central e-mail address. Guidelines for disclosing weaknesses are published on the Krones Group website.

Procedure for handling critical incidents (GRI 418-1)

As part of our ISO 27001-certified information security management system, we have defined processes for handling findings and breaches. Security incidents and weaknesses are investigated, processed and resolved by the Product Security Incident Response Team (PSIRT) or the Information Security Incident Response Team (ISIRT). The security operation centre (SOC) is responsible for **pro-active anomaly detection**. In addition, our internal experts work with external providers of digital forensic and incident-response services to respond quickly to complex security incidents. No substantiated complaints about violations of customers' privacy or loss of customer data were found.

Cybersecurity in our contacts with third parties

The topic of cybersecurity is addressed in the Supplier Code of the Krones Group and in a dedicated cybersecurity document for suppliers. In the supplier selection process and upon inception of a contract, **minimum requirements** for cybersecurity are implemented, with the help of security checklists and decision trees. Procedures for classifying and labelling data; identity and access management; approval processes for critical access rights; and non-disclosure agreements all serve to protect the company's own data from unauthorised access and illegal disclosure.

6. Key performance indicators

We are developing quantitative key performance indicators for digital responsibility as part of a sustainability strategy review that is currently underway.



EU Taxonomy

Objective and overview of requirements

With the EU Taxonomy Regulation [Regulation (EU) 2020/852] and the associated delegated acts, the European Union seeks to promote the transition to a sustainable economy. In order to fulfil these new transparency requirements, the Krones Group has established processes that make it possible to determine what proportion of **revenue, capex and opex** (capital expenditure and operating expenditure) come from taxonomy-aligned and therefore sustainable economic activities under the EU Taxonomy. Following adoption of Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 on the four additional environmental objectives, analysis of the activities now relates to all six environmental objectives of the climate and environmental delegated acts:

- (1) Climate change mitigation;
- (2) Climate change adaptation;
- (3) Sustainable use and protection of water and marine resources;
- (4) Transition to a circular economy;
- (5) Pollution prevention and control;
- (6) Protection and restoration of biodiversity and ecosystems.

For the financial year 2023, both **taxonomy eligibility** and **taxonomy-alignment** of the Krones Group's economic activities will be reported.* Taxonomy-eligible activities are those that fit an EU Taxonomy activity description. In order to be reported as taxonomy-aligned, the activities must additionally comply with the technical screening criteria and minimum social safeguards. Only activities under the environmental objectives climate change mitigation and transition to a circular economy could be classified as taxonomy-eligible. Due to possible

* As disclosures on taxonomy alignment for environmental objectives 3-6 are not yet required for the financial year 2023, this information is being published voluntarily and a year early.

changes in the application of the EU Taxonomy, it must be noted that it may not be possible to collect the data continuously.

Organisation

The analysis of taxonomy-eligibility was expanded to include the new activities relating to the four additional environmental objectives. Then, in collaboration with the relevant experts, the taxonomy-eligible activities were analysed for fulfilment of the “substantial contribution” to the environmental objectives and “Do No Significant Harm (DNSH)” criteria. In addition, the existing Human Resources, Compliance and Human Rights management processes within the Krones Group were reviewed for meeting the minimum social safeguards.

Relevant activities for the environmental objective of climate change mitigation

enviro product portfolio

Part of the Krones Group's product portfolio falls within the definition of EU Taxonomy activity 3.6 “Manufacture of other low carbon technologies”, as economic activities that contribute substantially to the objective of climate change mitigation. Because of their **high energy and media efficiency** compared to the company's own standard product portfolio or to predecessor technologies, the technologies within the sustainable “enviro” product line enable the Krones Group's customers to reduce their greenhouse gas emissions and are therefore taxonomy-eligible. The enviro sustainability programme for machines and lines within the Krones Group was developed in collaboration with TÜV SÜD. The Krones Group assesses its technologies against a benchmark defined by TÜV SÜD to identify the most energy and media-efficient products in its portfolio, which represent the best available technology. As of 2023, the Krones Group conducts **lifecycle assessments** (LCAs) for enviro machines. Conducting an LCA using ISO 14067:2018 and having the results verified by an independent third



party is a criterion for reporting taxonomy-alignment under activity 3.6. The Krones Group works with a third-party service provider that verifies the methodology used in calculating the lifecycle assessments. As a manufacturer of specialty machinery, the Krones Group cannot compare its technologies with other technologies available on the market. Because the Krones Group holds a market-leading position with the product portfolio for filling and packaging technology, the non-enviro portfolio and the respective predecessor models are taken as the point of reference for the “best performing alternative technology available on the market”. The results of the LCAs show that, because of their high energy and media efficiency, the machines in the enviro product portfolio demonstrate **substantial lifecycle greenhouse gas emissions savings** compared to the standard portfolio and therefore contribute substantially to climate change mitigation. Having conducted the LCAs in the financial year 2023 enables the Krones Group to meet the “substantial contribution” criteria under activity 3.6 and therefore to report 2023 revenue, capex and opex for the enviro product portfolio as taxonomy-aligned.*

The solutions explored in the R&D projects for the enviro product portfolio (Activity 3.6) contribute fundamentally to the reduction or avoidance of greenhouse gas emissions. Therefore, the Krones Group is able to report the expenditures associated with its R&D projects relating to energy efficiency (within the context of Activity 3.6) as taxonomy-aligned.

** The enviro product portfolio is reported retroactively as taxonomy-aligned for 2022 on the basis of the lifecycle assessment.*

Non-core activities

Moreover, the Krones Group was able to determine the relevance of the non-core activities listed in the Annex. These activities generate no revenue and instead represent **individual measures** taken by the Krones Group to enable a reduction in greenhouse gas emissions. As such, the activities are classified as taxonomy-eligible for the environmental objective of **climate change mitigation**. By way of analysis by the respective departments, the Krones Group can report its energy efficiency measures, photovoltaic systems and electric-vehicle charging stations as taxonomy-aligned.

Relevant activities for the environmental objective of transition to a circular economy

Sales of used machinery – ecomac GmbH

The company ecomac Gebrauchtmaschinen GmbH is a subsidiary of Krones AG that sells used machines for the food and beverage industry on the second-hand market, either with or without an overhaul. The activities of ecomac GmbH therefore fall within the definition of EU Taxonomy activity “5.4 Sale of second-hand goods” of the environmental objective of transition to a circular economy since this activity encompasses the “sale of second-hand goods that have been used for their intended purpose before by a customer, possibly after repair, refurbishment or remanufacturing”. The company offers a take-back programme for the **refurbishment** of used machines with original spare parts. After a machine is taken offline, deinstalled and refurbished, it can either be returned to the customer or sold to a new customer. Besides refurbishing machines, ecomac GmbH also buys used machines and resells them directly on the second-hand market, without refurbishing them. A deeper analysis shows that ecomac’s activities meet the criteria for substantial contribution and therefore can be reported as taxonomy-aligned.



Sale of spare parts – System Logistics Group

The subsidiary System Logistics Group sells spare parts for material handling equipment, which falls within the definition of EU Taxonomy activity “5.2 Sale of spare parts” of the environmental objective of transition to a **circular economy** and can therefore be identified as taxonomy-eligible. The criteria for substantial contribution cannot be fully met for 2023 reporting because information on packaging materials is not yet available. The processes for procuring information are to be revised for future reporting.

Do No Significant Harm (DNSH)

An assessment was also done as to whether attainment of any of the other environmental objectives would be significantly harmed by the respective economic activities. To this end, the Krones Group conducted production site analyses as well as a product-specific analysis within the scope of Activity 3.6., in which those sites were deemed relevant that were linked to taxonomy-eligible activities. The results of the **production site and product analysis** show that none of the Krones Group’s taxonomy-eligible activities cause significant harm to attainment of the other environmental objectives.

Minimum social safeguards

To meet the minimum social safeguards, the Krones Group aligns all of its economic activities with internationally recognised agreements and objectives. The Krones Group commits to consistently uphold human rights and labour standards along its entire value chain. Human rights, labour practices and social standards serve as the normative foundation of the company’s daily work and are therefore to be fully respected and upheld in all processes and projects worldwide. An analysis of the requirements of minimum social safeguards shows that the Krones Group meets them.

Further disclosures on compliance with minimum social safeguards and **due diligence mechanisms** implemented on the topics of “Respect for human rights,” “Anti-corruption and bribery matters,” “Taxation” and “Free competition” are contained in the respective sections on “Diversity in our operations,” “Labour and human rights in our operations,” “Labour and human rights in our supply chain” and “Ethical business conduct”.

Calculation and development of the KPIs

Calculating KPIs

The definition of the key performance indicator “revenue” used in the EU Taxonomy corresponds to the revenue reported in Krones’ consolidated financial statements. The associated information can be found in the consolidated statement of profit and loss in this Annual Report. Capex includes additions to property, plant and equipment, intangible assets, and right-of-use assets. Information on the Krones Group’s overall capital expenditure can be found in the following Notes to the consolidated financial statements: “Intangible assets”, “Research and development expenditure” and “Property, plant and equipment and right-of-use assets”. Direct costs associated with research and development, building modernisation measures and maintenance, which cannot be capitalised, are included in the opex KPI.

The disclosures on revenue, capital expenditure and operating expenses have been prepared in compliance with the delegated regulation on disclosure obligations and in accordance with the International Financial Reporting Standards (IFRS). Data collection with respect to the EU Taxonomy is done on the basis of revenue, capex and opex from the financial accounting and, if necessary, of a corresponding designation of EU Taxonomy-relevant activities. Calculation of

 Page 218 Page 226



capex and opex is based in part on an allocation of revenue from taxonomy-eligible and taxonomy-aligned activities. The economic activities of the Krones Group have always been clearly classified under only one EU Taxonomy activity in order to avoid double counting of revenue, capex and opex. The KPIs presented here must be viewed with the fact in mind that the EU Taxonomy does not yet fully apply to the Krones Group because material economic activities of the Krones Group are not in the current catalogue of EU Taxonomy activities.

KPI development

Taxonomy-eligible revenue increased from 7.3% in 2022 to 15.5%. The improvement is the result of increased enviro portfolio revenue (Activity 3.6) and the addition of further environmental objectives. Taxonomy-aligned revenue amounts to 15.2% and includes the enviro portfolio as well as the sale of second-hand machines.

Taxonomy-eligible capex increased from 12.4% in 2022 to 22.6%. That is primarily the result of the purchase of property for the Recycling Solutions expansion and increased capital expenditure related to the enviro portfolio. Taxonomy-aligned capex comes to 22.6% and includes primarily investment in a sustainable vehicle fleet, renewable energy and our enviro portfolio.

Taxonomy-eligible opex decreased from 3.7% in 2022 to 3.0%. This figure consists of expenditure for energy efficiency measures and for research and development. Taxonomy-aligned opex comes to 2.1 percent and includes the above expenditures.

Economic activities	Revenue 2023	Revenue 2022	Capex 2023	Capex 2022	Opex 2023	Opex 2022
	%	%	%	%	%	%
Taxonomy-eligible activities	15.5	7.3	22.6	12.4	3.0	3.7
Taxonomy-aligned activities	15.2	7.3*	22.6	12.4*	2.1	2.0
Taxonomy-non-eligible activities	84.5	92.7	77.4	87.6	97.0	96.3
Total	100.0	100.0	100.0	100.0	100.0	100.0

* The enviro product portfolio can be reported retroactively as taxonomy-aligned for 2022 on the basis of the lifecycle assessment.



EU Taxonomy – Capex/1

Financial year 2023	2023		Substantial contribution criteria							DNSH criteria ("Do No Significant Harm")						Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) capex, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
	Code (2)	CapEx (3)	Proportion of capex, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)					
Economic activities (1)			Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
		€ million	%																	

A. Taxonomy-eligible activities

A.1. Environmentally sustainable activities (taxonomy-aligned)

Manufacture of other low carbon technologies	CCM 3.6	49.1	21.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	11.7%	E	
Installation and maintenance of charging stations for electric vehicles	CCM 7.4	0.3	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.4%	E	
Installation, maintenance and repair of renewable energy technologies on site	CCM 7.6	3.1	1.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%	E	
Capex of environmentally sustainable activities (taxonomy-aligned) (A.1)		52.5	22.6%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	12.4%		
Of which enabling		52.5	22.6%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	12.4%	E	
Of which transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T



EU Taxonomy – Capex/2

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")						Proportion of taxonomy- aligned (A.1.) or taxonomy- eligible (A.2.) capex, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
Economic activities (1)	Code (2)	Capex (3)	Proportion of capex, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				Minimum safeguards (17)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A.2. Taxonomy-eligible but non environmentally sustainable activities (not taxonomy-aligned activities)

	CCM 4.30	Capex (3)	Proportion of capex, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of taxonomy- aligned (A.1.) or taxonomy- eligible (A.2.) capex, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
High-efficiency co-generation of heat/cool and power from fossil gaseous fuels		0.03	0.01%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n.a.		
Capex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		0.03	0.01%	0%	0%	0%	0%	100%	0%								0%		
A. Capex of taxonomy-eligible activities (A.1+A.2)		52.5	22.6%	0%	0%	0%	0%	100%	0%								12.4%		

B. Taxonomy-non-eligible activities

Capex of taxonomy-non-eligible activities	179.4	77.4%
Total	231.9	100%



EU Taxonomy – Opex/1

Financial year 2023	2023		Substantial contribution criteria							DNSH criteria ("Do No Significant Harm")						Minimum safeguards (17)	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) opex, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Code (2)	Opex (3)	Proportion of opex, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
Economic activities (1)		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A. Taxonomy-eligible activities

A.1. Environmentally sustainable activities (taxonomy-aligned)

Manufacture of other low carbon technologies	CCM 3.6	2.5	1.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.7%	E	
Installation, maintenance and repair of energy efficient equipment	CCM 7.3	0.4	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3%	E	
Opex of environmentally sustainable activities (taxonomy-aligned) (A.1)		2.8	2.1%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	2.0%		
Of which enabling		2.8	2.1%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	2.0%	E	
Of which transitional		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T



EU Taxonomy – Opex/2

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")						Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) opex, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)	
Economic activities (1)	Code (2)	Opex (3)	Proportion of opex, 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				Minimum safeguards (17)
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T

A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
8.1 Data processing, hosting and related activities	CCM 8.1	1.1	0.9%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1.4%		
4.30 High-efficiency cogeneration of heat/cool and power from fossil gaseous fuels	CCM 4.30	0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.3%		
Opex of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		1.1	0.9%	100%	0%	0%	0%	0%	0%								1.7%		
A. Opex of taxonomy-eligible activities (A.1+A.2)		4.0	3.0%	100%	0%	0%	0%	0%	0%								3.7%		

B. Taxonomy-non-eligible activities

Opex of taxonomy-non-eligible activities	127.8	97.0%
Total	131.8	100%



Extent of eligibility and alignment per environmental objective

Proportion of revenue/Total revenue		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	15.0%	15.0%
CCA	0	0
WTR	0	0
CE	0.2%	0.5%
PPC	0	0
BIO	0	0

Proportion of capex/Total capex		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	22.6%	22.6%
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

Proportion of opex/Total opex		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	2.1%	3.0%
CCA	0	0
WTR	0	0
CE	0	0
PPC	0	0
BIO	0	0

- CCM (climate change mitigation)
- CCA (climate change adaptation)
- WTR (water and marine resources)
- CE (circular economy)
- PPC (pollution prevention and control)



Nuclear and fossil gas-related activities

Row	Nuclear energy-related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Row	Fossil gas-related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

**Taxonomy-eligible, but not taxonomy-aligned activities**

(These figures relate only to capex KPI).

Row	Economic activities	Proportion (in monetary amounts and in percent)					
		(CCM + CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
1.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the capex KPI	0/0		–		–	
2.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the capex KPI	0/0		–		–	
3.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the capex KPI	0/0		–		–	
4.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the capex KPI	0/0		–		–	
5.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the capex KPI	€m 0.03 / 0.01 %		€m 0.03 / 100 %		0/0	
6.	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the capex KPI	0/0		–		–	
7.	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the capex KPI	0/0		0 / 0		0/0	
8.	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the capex KPI	€m 0.03 / 0.01 %		€m 0.03 / 100 %		0/0	



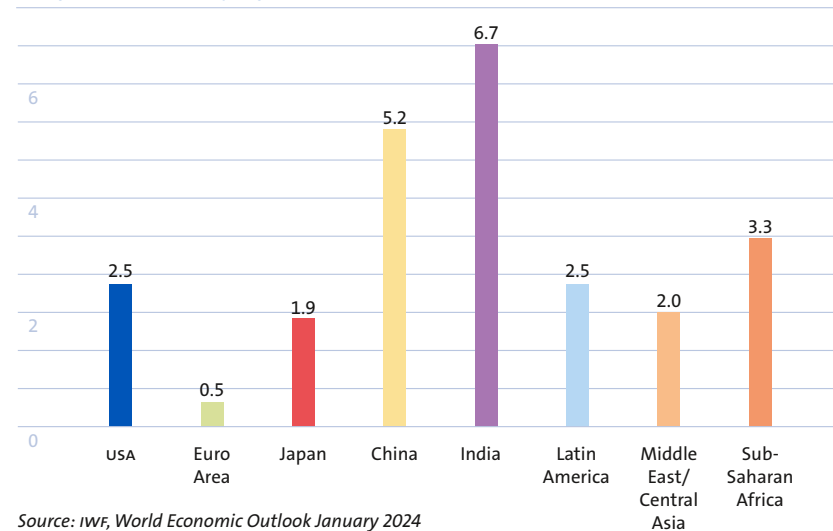
Economic environment

- The global economy grew 3.1% in 2023
- German mechanical engineering production 1% down on previous year
- Stable growth in global demand for packaged beverages

Global economy grew 3.1% in 2023

The pace of world economic growth slowed in 2023. According to figures from the International Monetary Fund (IMF), global economic output rose by 3.1% in 2023 (2022: +3.5%). This slightly exceeded the 2.9% growth forecast issued by the IMF in January 2023. The main reason for this according to the IMF was the surprisingly robust growth in key economies. The economy in the USA and those of several large emerging and developing countries thus performed better than expected in the second half of 2023. This growth was driven by government spending and falling inflation rates, which supported private consumption.

GDP growth rate 2023 by region (%)



Source: IWF, World Economic Outlook January 2024

According to the IMF, the economy in emerging and developing economies grew by a total of 4.1% in 2023 (2022: +4.1%). The growth rate of China's gross domestic product (GDP) increased compared with the very weak previous year to 5.2% (2022: +3.0%). This is still down on previous growth rates, however, and is mainly due to the problems in the Chinese property sector. The Indian economy continued to grow dynamically in the reporting year. GDP there went up by 6.7% in 2023 (2022: +7.2%). According to the IMF, the Middle East and Central Asia region suffered from oil production cuts and regional conflicts in 2023. GDP growth in the region consequently fell significantly to 2.0% (2022: +5.5%). The economic upturn also lost momentum during the reporting year in Latin America and the Sub-Saharan Africa region. GDP increased in 2023 by 2.5% in Latin America (2022: +4.2%), and by 3.3% in Sub-Saharan Africa (2022: +4.0%).

Among the industrialised nations, the US economy performed better in 2023 and the eurozone economy performed worse than forecast by the IMF at the beginning of the year. In total, GDP in mature industrialised economies rose by 1.6% (2022: +2.6%). GDP in the USA improved by 2.5% (2022: +1.9%). The world's largest economy benefited from relatively robust private consumption. In the euro area, the economy made only slow progress due to rising interest rates and weak demand from key international trading partners. Overall, GDP in the euro area increased by just 0.5% in 2023 (2022: +3.4%). In Japan, the economy picked up significantly in the reporting year with GDP growth of 1.9% (2022: +1.0%).

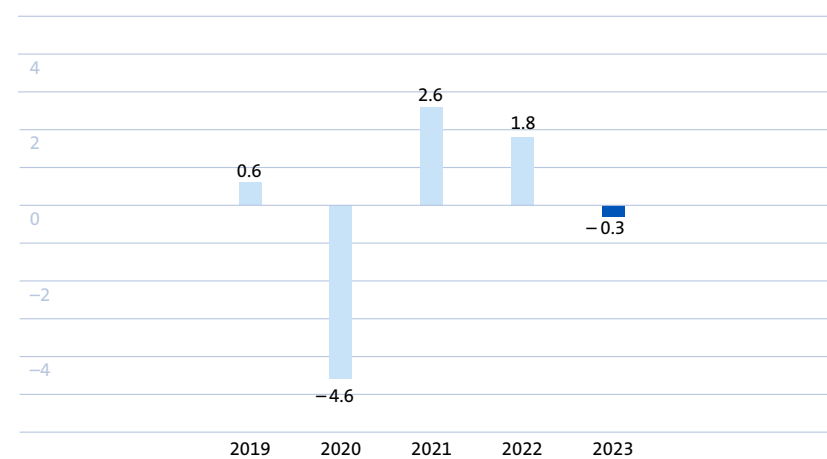


The German economy slipped into recession in 2023

The German economy performed significantly worse in the reporting year than the euro area as a whole. According to preliminary figures from the Federal Statistical Office, Germany's gross domestic product (GDP) fell by 0.3% in 2023 relative to 2022. This means that, after GDP growth of 1.8% in the previous year, the German economy slipped into recession in 2023.

The main reasons for this were the decline in consumer and government spending. Private consumption suffered from the loss of purchasing power as a result of higher energy and food prices. The discontinuation of COVID assistance noticeably reduced government spending. Construction investment was also down in 2023. Only machinery and equipment investment and the external balance of goods and services (the difference between exports and imports) made a positive contribution to GDP growth in 2023.

Growth in the gross domestic product (GDP) in Germany (%)

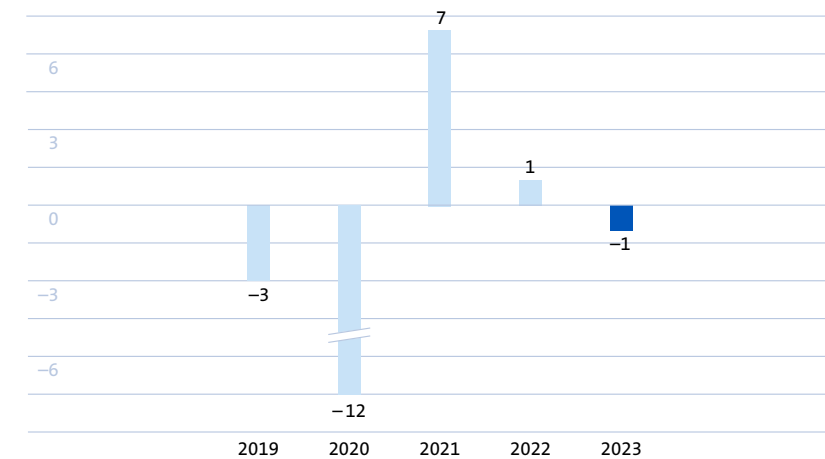


Source: Germany's Federal Statistical Office, press release from 15 January 2024

Production of German machinery and industrial equipment manufacturers slightly down in 2023

Large order backlogs at Germany's machinery and industrial equipment manufacturers at the beginning of 2023 meant that the sector's production output continued to rise in the first half of the year. In the third and fourth quarters, however, production fell short of the previous year. For the full year 2023, the Mechanical Engineering Industry Association (VDMA) reported a 1% fall in output. This means that the sector shrank less than predicted. Due to problems in global supply chains, impacts of the Russia-Ukraine conflict and the overall economy suffering from rising interest rates, the VDMA originally expected production to fall by 2% in 2023.

Mechanical engineering production: real year-on-year change (%)



Sources: Statistisches Bundesamt, VDMA. "Lage und Ausblick im Maschinen- und Anlagenbau", VDMA December 2023.



Megatrends drive growth in Krones' markets

Krones operates in markets with stable growth. Key growth drivers include several megatrends that will lead to increased demand for our products and services in the medium and long term:



The increasing global population, urbanisation, growth of the middle class and sustainability are megatrends that support the growth of Krones' markets.

Global population continues to grow

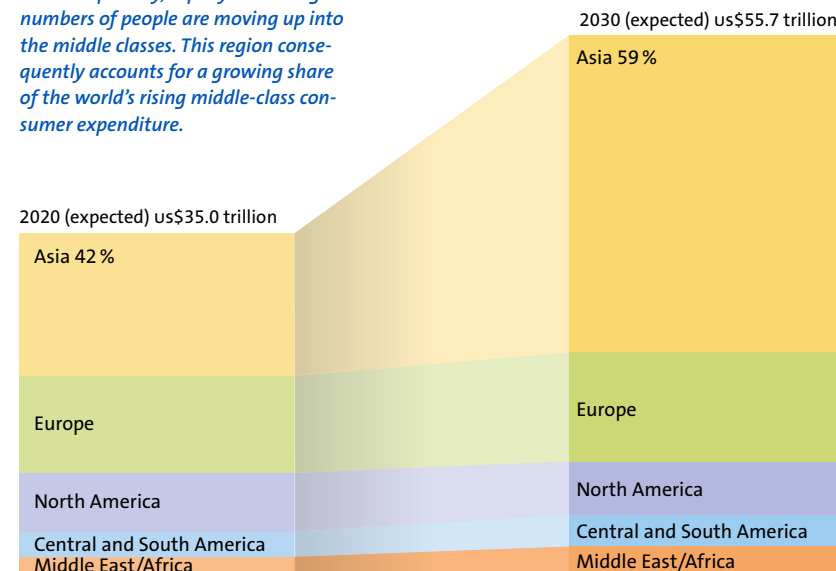
The main, overarching megatrend is global population growth. According to United Nations (UN) data, the world population passed the eight billion mark on 15 November 2022. The UN estimates that the planet's human population will grow more slowly in the future than in recent decades, with annual growth of less than 1% or 60 million people. Nevertheless, the global population is already expected to reach around 8.5 billion in 2030, some 400 million more than at the end of 2023. All those people need to eat and drink. At the same time, the number of people consuming packaged beverages is expected to increase at a higher rate. This is supported by two other megatrends, which are the growing middle class and increasing urbanisation.

Middle classes growing and increasing consumer spending

In an unbroken long-term trend, more and more people in emerging and developing economies are escaping poverty and rising into the middle class. According to OECD forecasts, this means that the middle classes worldwide will grow from 3.2 billion people to 4.9 billion between 2020 and 2030. As incomes rise, so too does consumer spending – and that includes spending for packaged beverages and foods. Asia accounts for a large share of the growth of the middle class and the corresponding increase in buying power worldwide. The OECD puts the Asian share of total middle-class consumer spending worldwide at 42% in 2020. By 2030, that figure is expected to rise to 59%. According to the OECD, total consumer spending by the global middle classes is likely to increase from us\$35 trillion to us\$55.7 trillion.

Asia's share of global middle class consumption is growing rapidly

In Asia especially, rapidly increasing numbers of people are moving up into the middle classes. This region consequently accounts for a growing share of the world's rising middle-class consumer expenditure.



Source: OECD Development Centre, Working Paper No. 285, January 2010



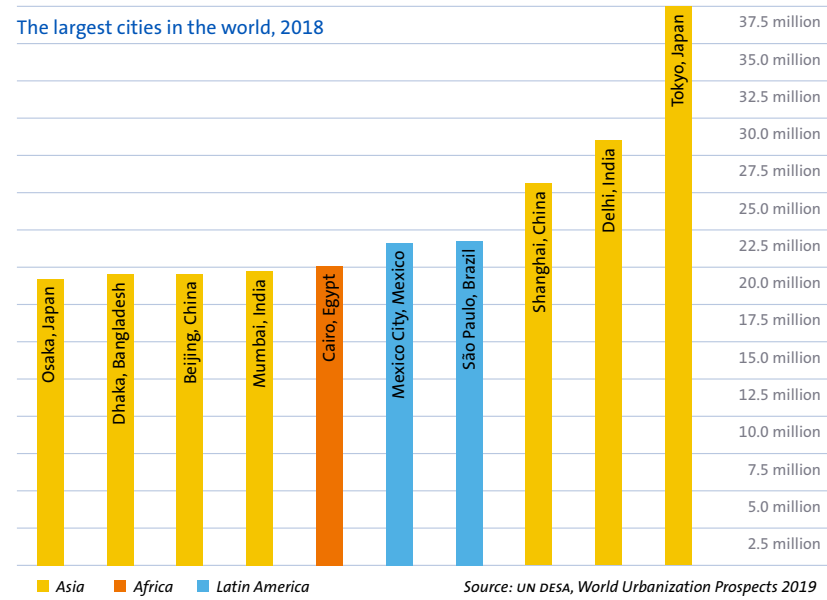
Urbanisation boosts sales of packaged beverages and foods

The trend towards urbanisation – the migration of people rural areas to cities – is strongest in Asia and Africa.

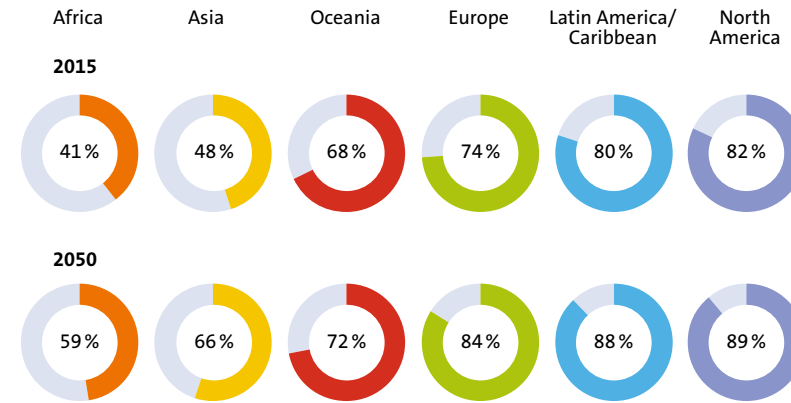
Increasing urbanisation – the migration of people from rural areas to cities – likewise promotes demand for packaged food and beverages. That is because city dwellers consume more packaged products on average than people who live in the countryside.

The United Nations forecasts that two-thirds of the earth’s inhabitants will live in cities by 2050. At present, only about half of the world’s population lives in cities. The strongest influx of people into cities is in the developing and emerging market countries of Africa and Asia.

The largest cities in the world, 2018



Urban population in 2015 and 2050 (% of total)



Source: United Nations (World Urbanization Prospects, The 2018 Revision)

Sustainability in business is a new megatrend

Sustainability is a megatrend that is also a major focus for Krones’ customers. Many international beverage and food companies place increased emphasis on conserving resources in production and shrinking their carbon footprint. This drives demand for resource-efficient filling and packaging machines. With the enviro sustainability program, Krones has focused on the eco-efficiency of its products and services for many years. We have been developing enviro dynamically since 2008 and have a long track record of providing our customers with innovative and sustainable filling and packaging technologies. This means we benefit as a pioneer from the sustainability trend.

Krones has long taken care to ensure that machines and lines are resource-efficient. Sustainability is now established as a new megatrend.



Stable growth in global demand for packaged beverages

Krones generates a large proportion of its consolidated revenue with customers in the international beverage industry. Their willingness to invest is strongly influenced by consumer demand for packaged beverages. This means that global beverage consumption is also a key factor for Krones.

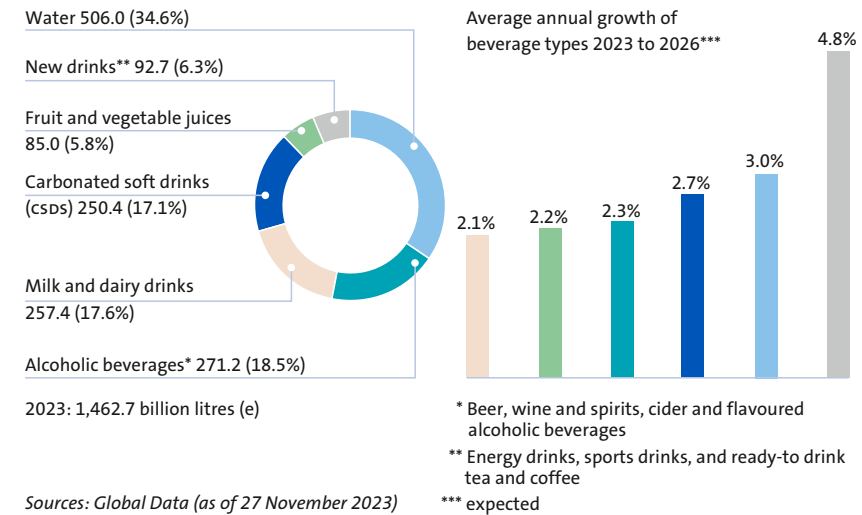
Worldwide consumption of packaged beverages is steadily increasing. Demand is driven by the megatrends of population growth, the growing middle class and urbanisation. Consumption patterns are hardly affected by economic cycles. After all, eating and drinking are basic human needs. The only time consumption showed a year-on-year decrease in recent years was in 2020. Due to the coronavirus pandemic, bars and restaurants around the world were hit by lockdowns, which had a major impact on out-of-home beverage consumption. After the brief setback in 2020, the market regained its stable growth path from 2021. According to preliminary figures from Global Data, global consumption of packaged beverages, at a total of 1,463 billion litres in 2023, was 4.0% higher than a year earlier (2022: 1,406 billion litres). By way of comparison, in 2019, the year before the coronavirus crisis, global beverage consumption was 1,366 billion litres.

In the coming years, above-average demand growth is expected for bottled water, “new drinks” (sport and energy drinks) and ready-to-drink coffee and tea.

Driven by the megatrends, consumption of packaged beverages is expected to continue growing steadily. According to Global Data figures, it will grow at average annual rates of 2.8% from 2023 to 2026.

The largest segment of the global beverage market, **bottled water** (share of the global beverage market in 2023: 34.6%) is likely to see above-average consumption growth. The average annual growth forecast for the period 2023 to 2026 is 3.0%. Key growth drivers are rising demand for clean bottled drinking water in emerging and developing countries and the trend to healthy nutrition in industrialised countries.

Worldwide consumption of packaged beverages (billion litres), 2023



In the second-largest segment of the packaged beverages market, **alcoholic beverages** (2023 share: 18.5%), growth expectations are below the forecast for the market as a whole. According to figures from Global Data, the consumption of packaged alcoholic beverages is expected to grow at an average annual rate of 2.3% from 2023 to 2026. The main reason for the below-average growth is the fact that demand for alcoholic beverages is close to saturation in industrialised countries.

Among **milk and dairy drinks** (2023 share: 17.6%), alternative milks such as oat, soy and almond milk show the strongest growth. So far, however, these remain niche products within the milk market. The share of “traditional” milk, whose consumption is growing at a below-average rate compared to the global beverage market, is many times larger. In the entire milk and dairy drinks segment, demand is expected to grow on average by 2.1% a year from 2023 to 2026.



The consumption of **carbonated soft drinks** (CSDs) (2023 share: 17.1%) is likely to increase at a slightly slower rate in the coming years than global beverage consumption. In industrialised countries, consumers are increasingly turning away from sugary soft drinks. According to figures from Global Data, the average annual growth rate in demand for CSDs is expected to be 2.7% over the period 2023 to 2026.

In the two smaller segments of the beverage market, **new drinks** (share of global beverage consumption in 2023: 6.3%) and **fruit and vegetable juices** (5.8%), new drinks (sports and energy drinks plus ready-to-drink coffee and tea) stand out with strong growth in demand. New drinks are expected to see average growth rates of 4.8% a year between 2023 and 2026. In contrast, the consumption of packaged fruit and vegetable juices is expected to increase by only 2.2% annually over the same period.

Megatrends driving demand for packaged beverages in emerging markets

The megatrends of population growth, the burgeoning middle class and urbanisation mainly play out in emerging and developing countries. As a result, demand for packaged beverages will grow significantly faster in the coming years in the emerging and developing markets than in the industrialised nations.

Demand growth for packaged beverages is strongest in the Asia/Pacific region. According to figures from Global Data, consumption there is expected to rise by an annual average of 4.4% between 2023 and 2026. As Asia/Pacific is the largest regional market for packaged beverages, this adds up to huge quantities in absolute terms (see chart on p. 152 and 153). China is another very large market where consumption is also growing strongly. Demand in China is expected to increase by an average of 3.8% per year from 2023 to 2026. For the Africa/Middle East region, the market researchers forecast above-average annual growth

of 3.1% for the same period. Demand for packaged beverages is expected to grow more slowly than the global average between 2023 and 2026 in the Eastern World region, with an average annual growth rate of 2.5%) and in South America (annual average growth rate of 1.9%).

In the developed industrialised countries, beverage consumption is slower across the board than the global average. The average growth rate from 2023 to 2026 is projected to be 1.7% for Western Europe and 1.3% for North and Central America. In the relatively small Central Europe sales region, demand for packaged beverages is expected to fall during this period by an average of 0.2% per year. While beverage consumption in the mature industrialised countries is growing at a below-average rate overall, there is growth in the variety of beverages and in demand for sustainable, resource-efficient filling and packaging equipment. This means that Krones also has attractive growth opportunities in developed economic regions.

Worldwide consumption of packaged beverages by region*

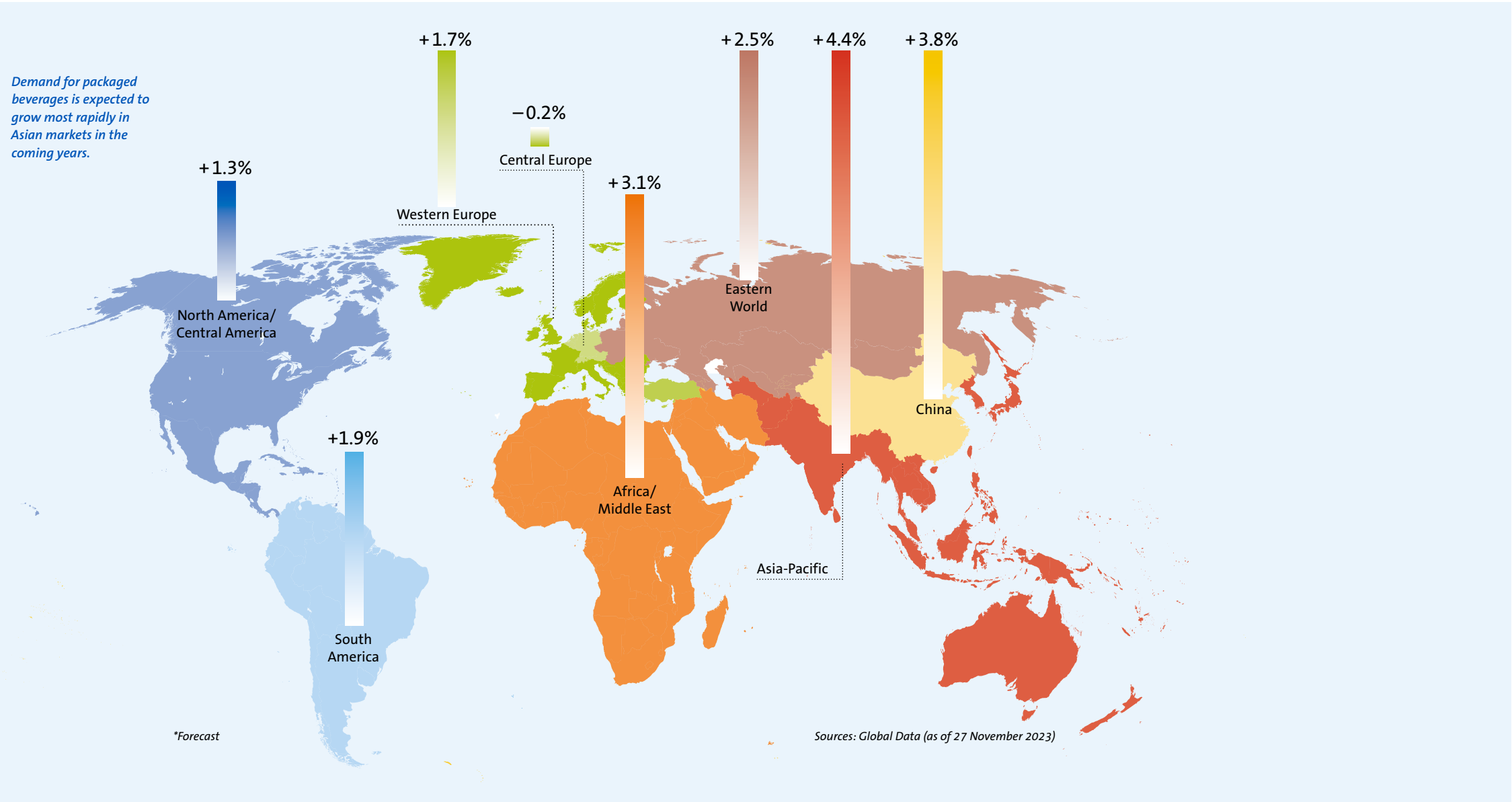
	2023 (e)		2026 (e)		Average annual growth (%) 2023–2026
	Billion litres	%**	Billion litres	%**	
Asia-Pacific	305.9	20.9	347.8	21.9	4.4
China	273.9	18.7	306.3	19.3	3.8
North America/Central America	229.0	15.7	237.9	15.0	1.3
South America	196.3	13.4	207.8	13.1	1.9
Western Europe	159.7	10.9	168.1	10.6	1.7
Africa/Middle East	139.7	9.6	153.0	9.6	3.1
Eastern World	105.6	7.2	113.7	7.2	2.5
Central Europe	52.3	3.6	52.0	3.3	-0.2
Worldwide	1,462.4	100.0	1,586.5	100.0	2.8

*Rounding differences possible **Share of global consumption | (e) = expected
Sources: Global Data (as of 27 November 2023)



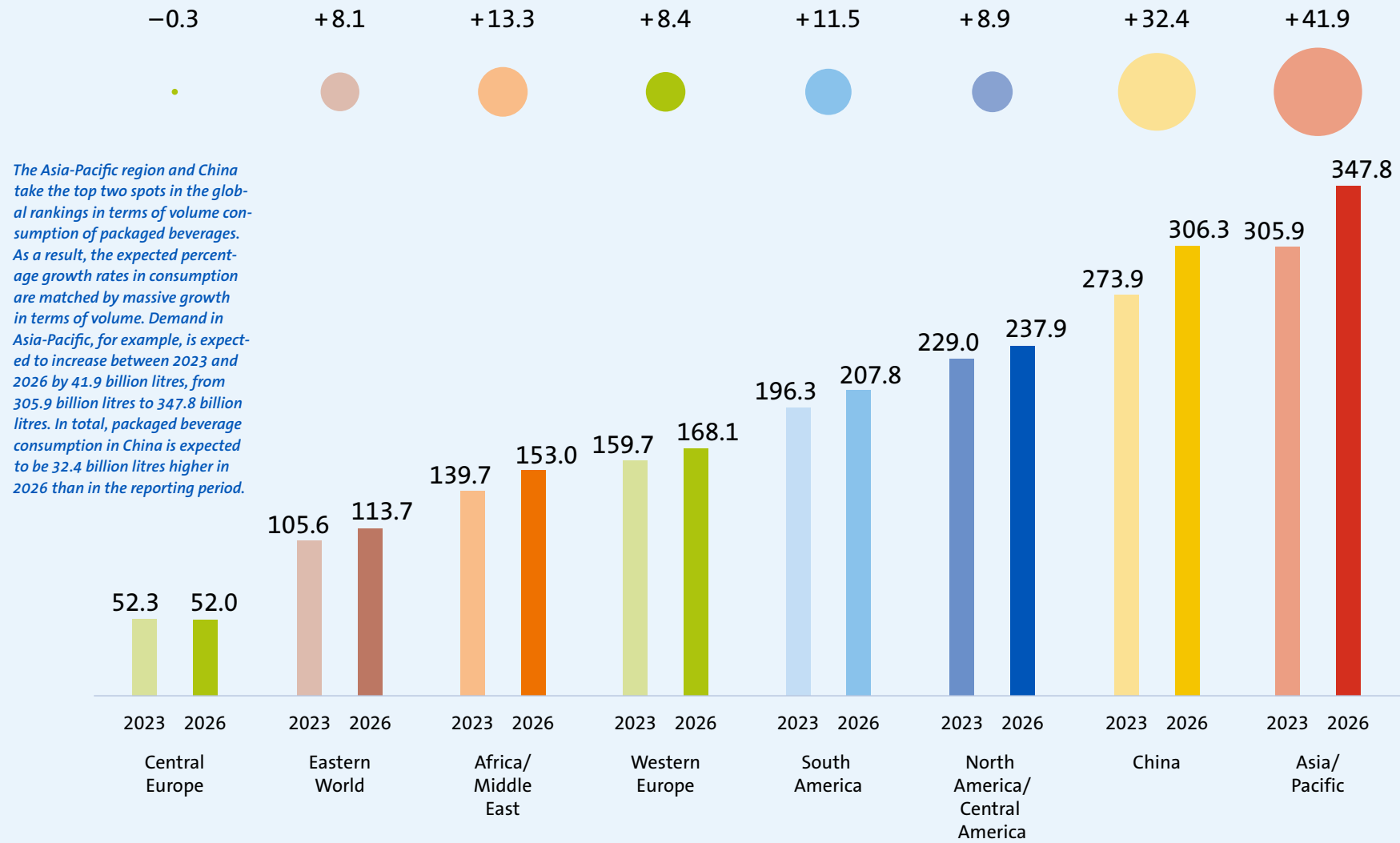


Global consumption of packaged beverages by region: annual growth 2023–2026*





Global consumption of packaged beverages by region: **billion litres***



*Forecast

● = Growth between 2023 and 2026 (billion litres)

Sources: Global Data (as of 27 November 2023)

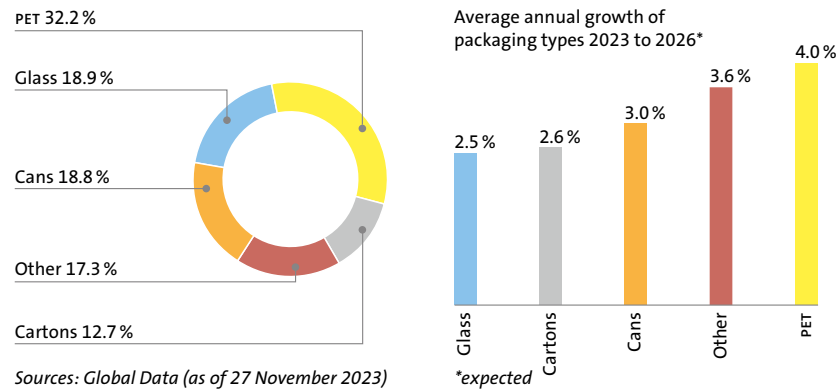


Strong growth trend in PET beverage containers continues

Global demand from the beverage industry for PET containers is expected to grow at a faster rate than for any other major type of beverage packaging over the next few years.

Another important indicator for Kronen alongside beverage consumption by volume is the number of units filled. Most beverage packaging is made of plastic, glass, metal (cans) or cartons. According to preliminary figures from Global Data, some 1,988 billion containers were filled worldwide in 2023. That was 4.2% more than in the previous year (1,908 billion). By 2026, the number of units filled is expected to rise by a further 200 million to 2,189 billion. This corresponds to an annual average growth rate of 3.3%.

Global beverage market by packaging material in 2023 (based on units filled)



The vast majority of beverage containers filled worldwide are made from polyethylene terephthalate (PET) plastic. According to Global Data figures, 641 billion or 32.2% of all bottled-beverage containers were made of PET in 2023. For bottled water, the most widely consumed beverage in the world, the proportion of PET bottles was as high as 80%. The use of PET bottles is also expected to increase significantly in the coming years due to the projected above-average

growth in water consumption. Annual growth averaging 4.0% is forecast for the years 2023 to 2026.

The second most commonly used material for beverage packaging in 2023 was **glass** (market share: 18.9%). Glass bottles are mainly used for beer, spirits, carbonated soft drinks (CSDs) and wine. As the demand for alcoholic beverages is expected to grow relatively slowly in the coming years, the use of glass beverage packaging will increase at a below-average low rate. According to Global Data figures, the projected average annual growth rate for glass beverage packaging between 2023 and 2026 is 2.5%.

At 18.8%, the share of metal beverage containers, i.e. **cans**, was almost at the same level as glass in 2023. Cans are mainly used for beer, carbonated soft drinks (CSDs) and new drinks (sport and energy drinks together with ready-to-drink coffee and tea). The number of cans used for beverage packaging is expected to increase by an average of 3.0% per year from 2023 to 2026.

Paper-based cartons accounted for 12.7% of global beverage packaging last year. They are mostly used to package milk, dairy drinks, fruit juices and vegetable juices. These are beverages whose consumption is expected to grow at a below-average rate. For this reason, volume growth in beverage cartons is expected to average just 2.6% in the period through to 2026.

Pouches made of plastic and aluminium foil accounted for a significant share of the **other packaging** category in 2023. They are mainly filled with milk, water and fruit juices. In total, other packaging accounted for a 17.3% share last year. Global Data forecasts an average annual growth rate of 3.6% from 2023 to 2026.

As one of the leading providers of machines and lines for the production, filling and packaging of PET containers, Kronen benefits from the above-average growth in PET packaging. The company also has a strong market position in lines for filling and packaging beverages in glass bottles and cans. Kronen does not provide solutions for carton packaging.



Krones in figures

- Krones continued its profitable growth in 2023. Revenue increased by 12.2% year on year to €4,720.7 million.
- Profitability improved significantly with an EBITDA margin of 9.7% (previous year: 8.9%).
- As per the proposal for appropriation of earnings available for distribution, shareholders will receive a dividend of €2.20 for the 2023 financial year (previous year: €1.75).

	Guidance for 2023*	Revised guidance for 2023**	2023 actual
Revenue growth	8 – 11%	11 – 13%	12.2%
EBITDA margin	9 – 10%	9 – 10%	9.7%
ROCE***	15 – 17%	15 – 17%	16.3%

* From the report on expected developments in the 2022 management report, March 2023

** As per ad-hoc disclosure of 17 July 2023

Krones increased revenue in 2023 by 12.2% to €4.72 billion

Krones met the upgraded full-year growth target of 11% to 13% published in July 2023.

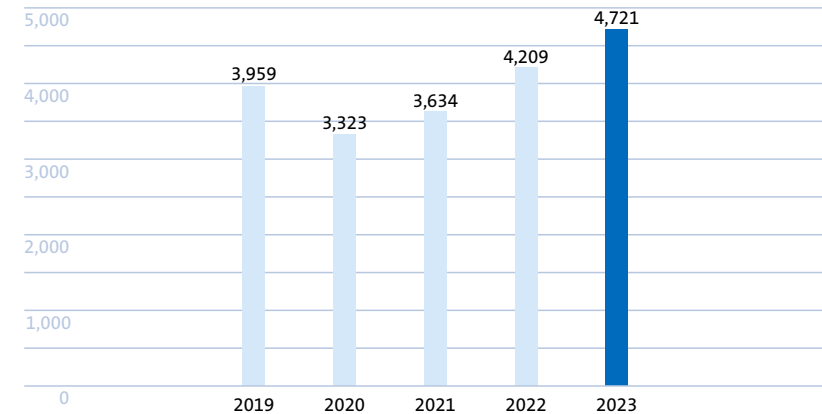
Krones continued its profitable growth path in 2023 under challenging conditions. The tight situation in the procurement markets, especially for electrical components, meant that it was not possible to make optimum use of production capacity for much of the reporting period. Supplies of electrical components improved in the fourth quarter of 2023. This will only have an effect on output after a delay.

Thanks to the high flexibility and creativity of the employees, production output still developed well in 2023 despite the overall short supply of parts. Revenue went up by 12.2% year on year, from €4,209.3 million to €4,720.7 million. The company thus met its full-year 2023 growth target, which was raised in July 2023 to between 11% and 13% (previously 8% to 11%). Revenue growth was

mainly driven by volume effects, but also by price increases for our products. Exchange rates, acquisitions and divestments did not materially affect revenue in 2023.

Revenue from both new machinery and services in 2023 exceeded the previous year's figures, with the new machinery business growing disproportionately strongly. This reflects the very high demand for individual machines and complete filling and packaging lines from Krones in recent quarters.

Krones Group revenue (€ million)





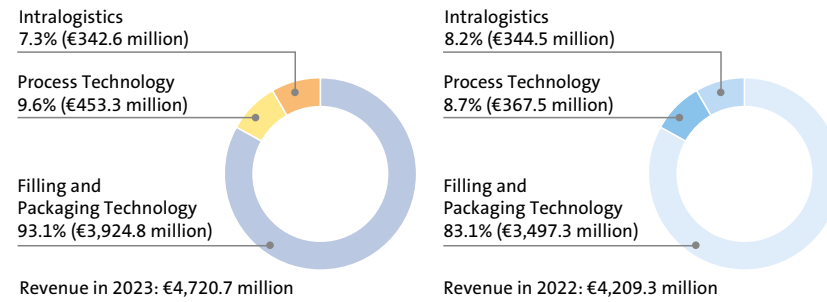
Revenue by segment

The Process Technology segment showed the strongest growth in 2023 with an increase of 23.4%.

The segment's share of consolidated revenue, at 83.1%, remained stable at the previous year's level (83.1%).

In the core segment, Filling and Packaging Technology, revenue increased in 2023 by 12.2% year on year, from €3,497.3 million to €3,924.8 million.

Share of Krones consolidated revenue



Revenue in the Process Technology segment increased by a disproportionately large 23.4%, from €367.5 million in the previous year to €453.3 million. The share of consolidated revenue accounted for by the segment consequently went up from 8.7% to 9.6%.

In Intralogistics, Krones' third segment, revenue was slightly down in the reporting period, falling from €344.5 million in the previous year to €342.6 million. This corresponds to a 7.3% share of consolidated revenue (previous year: 8.2%).

Further information can be found under "Report from the segments" beginning on page 171 and under "Segment reporting" in the notes to the consolidated financial statements on page 225.

Revenue by region

Revenue in Germany did not grow quite as strongly as in the Group as a whole in 2023. At €452.4 million, it was 6.7% higher than the €424.0 million recorded in the previous year. The share of consolidated revenue thus decreased to 9.6% (previous year: 10.1%).

Krones generated some 90% of consolidated revenue internationally in 2023. The company recorded strong growth on non-European markets.

Following very strong revenue growth in the previous year (+28%), business in the large Western Europe sales region was calmer in 2023. Revenue went down by 6.9% to €617.1 million (previous year: €662.5 million). In the Central Europe region (Austria, Switzerland and the Netherlands), the revenue of €265.1 million in the reporting period was 14.5% below the high level of the previous year (€310.0 million). Eastern Europe saw the upward trend continue in 2023 following the strong revenue increase in the previous year (+32%). Revenue there increased by 5.9% to €196.5 million (previous year: €185.6 million). In all, Krones' revenue in

Share of consolidated revenue	2023		2022		Change
	€ million	%*	€ million	%*	
Germany	452.4	9.6	424.0	10.1	+6.7
Central Europe (excluding Germany)	265.1	5.6	310.0	7.4	-14.5
Western Europe	617.1	13.1	662.5	15.7	-6.9
Eastern Europe	196.5	4.2	185.6	4.4	+5.9
Central Asia (cis)	43.1	0.9	50.2	1.2	-14.2
Middle East/Africa	445.9	9.4	486.1	11.5	-8.3
Asia-Pacific	682.0	14.4	467.4	11.1	+45.9
China	349.8	7.4	344.9	8.2	+1.4
North and Central America	1,193.7	25.3	920.1	21.9	+29.7
South America/Mexico	475.2	10.1	358.5	8.5	+32.6
Total	4,720.7	100.0	4,209.3	100.0	+12.2

* Share of total revenue

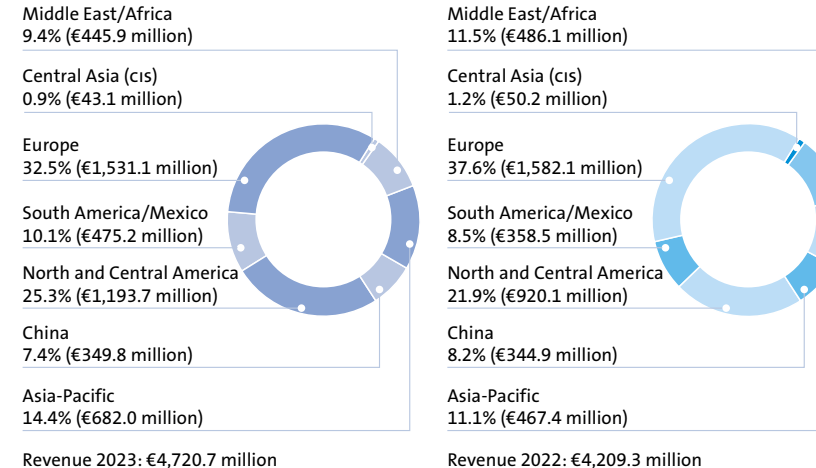
In the Asia/Pacific, South America/Mexico and North and Central America regions, revenue rose sharply in 2023.

Europe (excluding Germany) decreased 6.9% year on year to €1,078.7 million in 2023 (previous year: €1,158.1 million). The share of consolidated revenue in the reporting period thus declined to 22.9% (previous year: 27.5%).

The Central Asia/CIS region now has only a marginal influence on the Krones Group's revenue. Revenue went down by 14.2% in the reporting period, from €50.2 million in 2022 to €43.1 million. The share of Group revenue was consequently just 0.9% (previous year: 1.2%).

In the remaining non-European markets, Krones' revenue increased by a substantial 22.1% in 2023 to €3,146.6 million (previous year: €2,577.0 million). Our business in the Asia/Pacific region grew very dynamically. There, revenue climbed by 45.9%, from €467.4 million in the previous year to €682.0 million. The markets in the region continued to recover from the effects of the coronavirus pandemic, with strong investment. Krones is also able to benefit from the catch-up effects thanks to its strong market presence. The company continued its strong growth in North and Central America in 2023. Compared to the already very high level of the previous year (€920.1 million), revenue increased by 29.7% to €1,193.7 million. Krones is benefiting from continuing high levels of investment, especially in aseptic filling and packaging lines, in what is now our largest sales region. Our business in South America/Mexico also grew disproportionately strongly in the reporting period. Revenue there climbed by 32.6%, from €358.5 million to €475.2 million.

Share of consolidated revenue



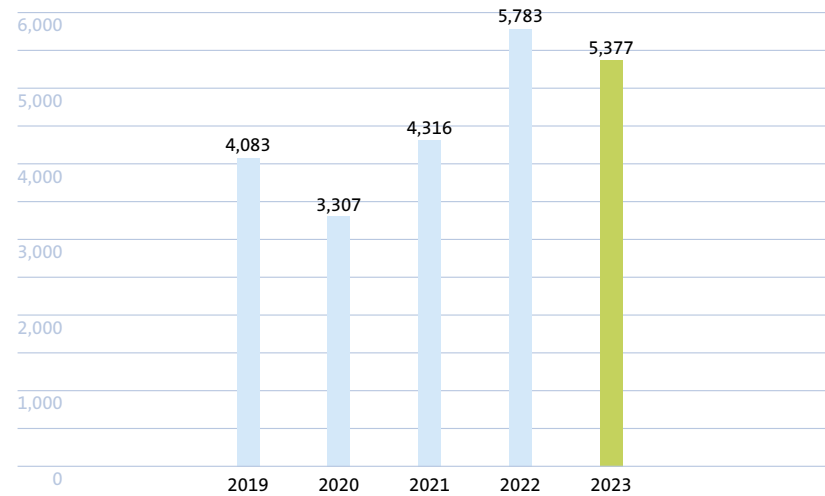
In China, revenue increased slightly compared to the previous year (€ 344.9 million), rising by 1.4% to €349.8 million in 2023. The Middle East/Africa region was hit in 2023 by macroeconomic problems and social unrest and in parts of the region by currency issues. Krones' business nevertheless remained relatively stable. Relative to the good level of the previous year (€486.1 million), revenue fell by 8.3% to €445.9 million.

Krones' internationally balanced customer and revenue mix is one of its strategic strengths. In 2023, the company generated 46.4% (previous year: 44.9%) of Group revenue in emerging and developing markets. The share of revenue generated in mature industrialised countries was 53.6% (previous year: 55.1%).



Order intake

Krones Group order intake (€ million)



Order intake remains at very high level

Demand for the company's products and services remained very high in 2023. At €5,376.6 million, the contract value of orders was only 7.0% below the extremely high record figure from the previous year.

Following extremely strong ordering activity from our customers in the previous year, which was partly influenced by catch-up effects, order intake continued to develop very well in 2023. Despite the subdued overall economic outlook, our international customers in the food and beverage industry continue to show strong willingness to invest and

high levels of market activity. This underscores the low cyclical sensitivity of Krones' customer sectors. At €1,263.0 million, fourth-quarter order intake in 2023 was within the planned range of €1.2 billion to €1.3 billion per quarter and 6.8% higher than in the final quarter of the previous year. In total, Krones received orders worth €5,376.6 million in 2023 (previous year: €5,782.8 million). Order intake remained at a high level in all three segments in 2023. Exchange rates, acquisitions and divestments did not have a material impact on order intake in the reporting period.

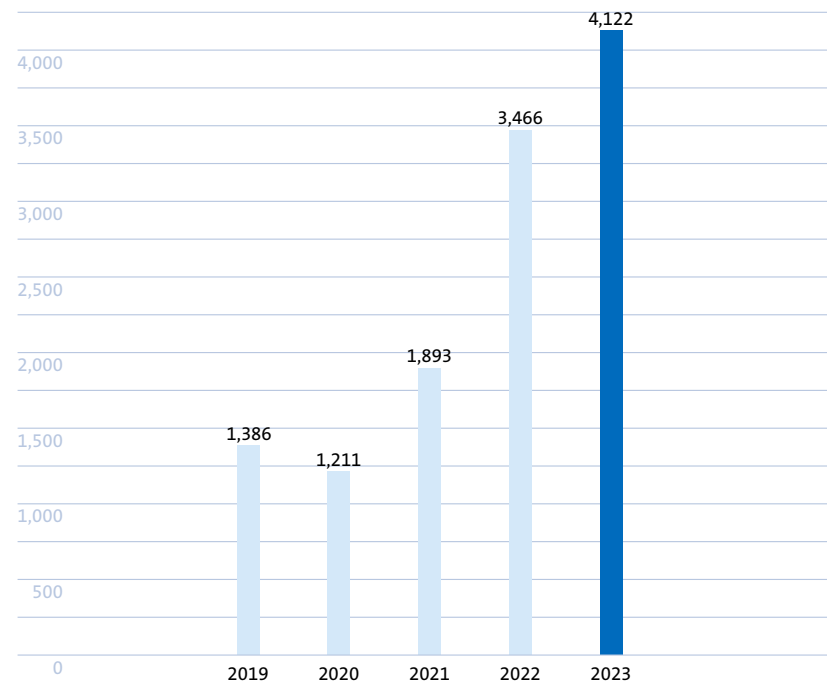
Krones benefited in the reporting period from its broad and innovative range of products and services and from its internationally balanced customer base. Our customers value us as a reliable partner for delivering projects around the globe. This is another reason why our price increases did not influence customer ordering behaviour in 2023.

In North America, Asia/Pacific and Western Europe, order intake outperformed the Group in 2023. Order intake in Central Europe (including Germany) and China was similar to that for the company as a whole. In the Eastern Europe, Middle East/Africa and South America regions, order intake developed below the level of the Krones Group in the reporting period.



Order backlog

Krones Group order backlog (€ million) at 31 December



Krones order backlog increased to €4.12 billion in 2023

Due to the high customer demand, the book-to-bill ratio was 1.14 in 2023. Despite the strong revenue growth, the order backlog thus increased further in the reporting year, surpassing the €4 billion mark in the third quarter.

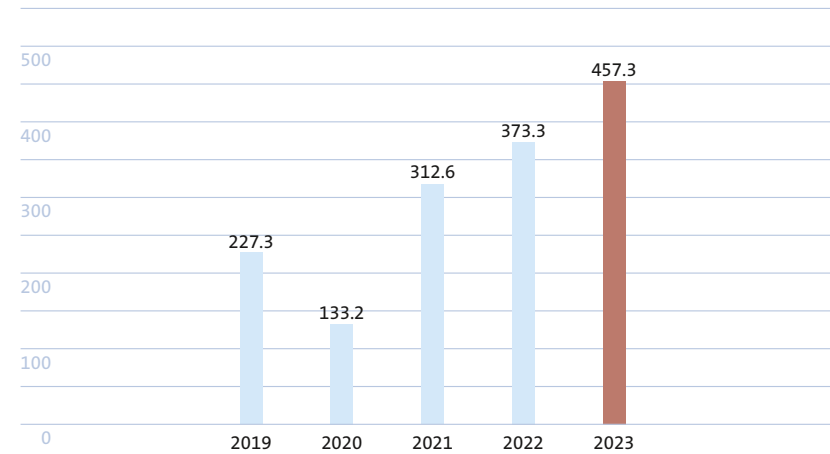
Krones had orders on hand totalling €4,122.3 million at the end of December 2023. The order backlog was therefore €655.9 million or 18.9% higher than the previous year's figure of €3,466.4 million. It should be noted here that the order backlog already increased by 83% in 2022.

The very high order backlog enhances Krones' planning certainty and ensures production capacity utilisation in the lines and project business through to mid-2025.

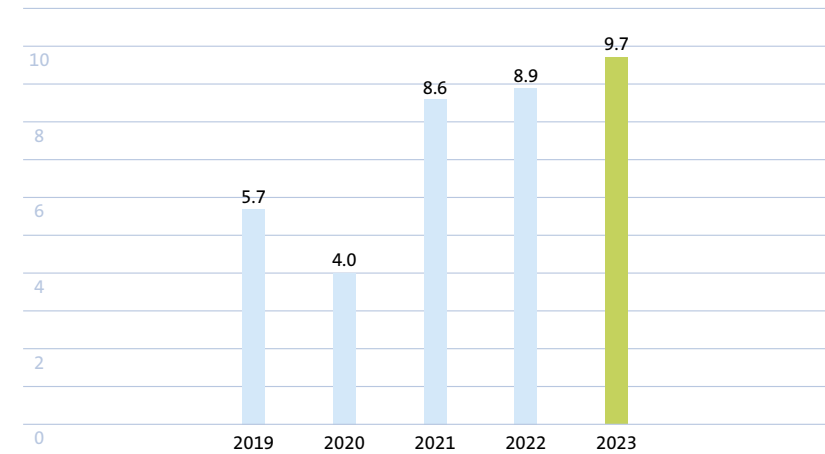


Krones Group earnings

Krones Group EBITDA (€ million)



Krones Group EBITDA margin (%)



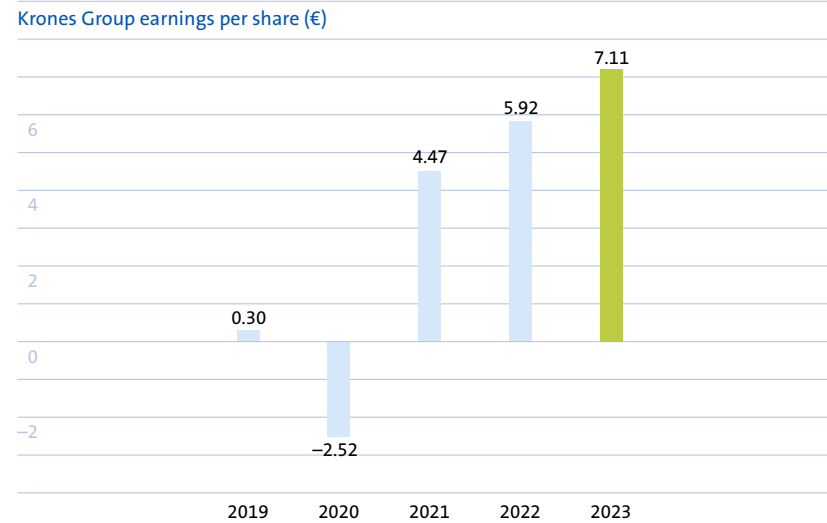
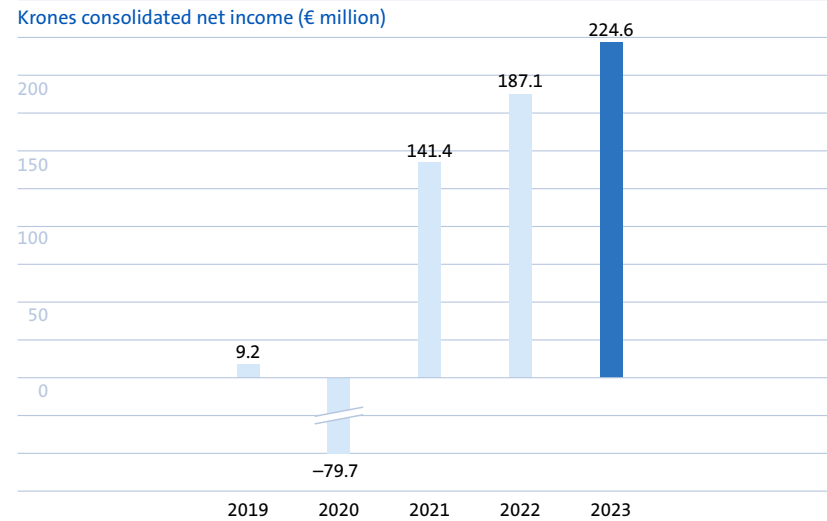
Krones significantly improves profitability

Krones operated highly profitably in 2023. The EBITDA margin improved from 8.9% in the previous year to 9.7%.

Krones managed well overall with the difficult business environment in 2023 and generated profitable growth. This is attributable to the consistent implementation of the strategic measures and the company's high flexibility. Profitability improved significantly despite increased procurement prices and a change in the product mix. We were able to offset increased costs with price increases for our products.

All key earnings figures increased significantly in 2023. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose by 22.5% year on year, from €373.3 million to €457.3 million. The EBITDA margin improved from 8.9% in the previous year to 9.7%. Krones thus achieved its EBITDA margin forecast of 9% to 10% for the full year 2023.

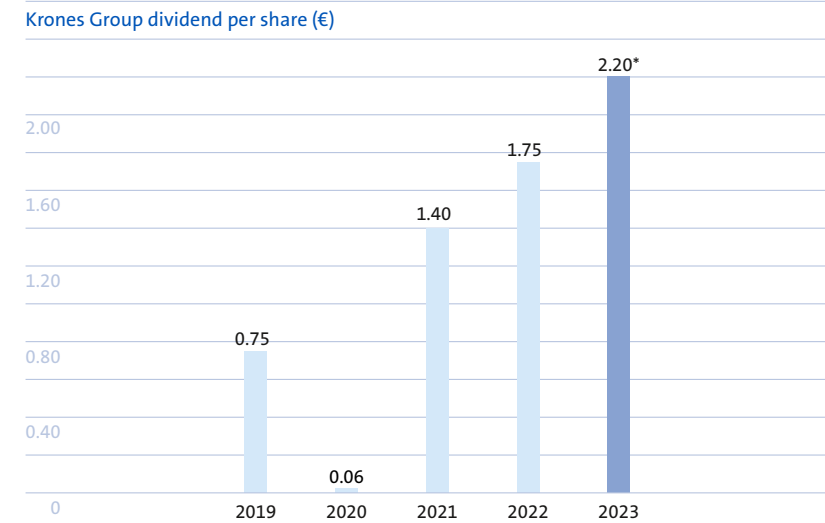
Due to the higher financial income, earnings before taxes (EBT) grew more strongly than EBITDA. EBT climbed by 28.3%, from €242.1 million in the previous year to €310.5 million. This corresponds to an EBT margin of 6.6% (previous



year: 5.8%). Due to the higher tax rate, consolidated net income for 2023 did not increase quite as strongly as EBT. At €224.6 million, consolidated net income was 20.0% higher than the €187.1 million recorded in the previous year. This equates to earnings per share of €7.11 in 2023 (previous year: €5.92). Earnings in 2023 were not materially affected in the reporting period by exchange rates, acquisitions or divestments.

Krones increases dividend to €2.20 per share

At the Annual General Meeting on 4 June 2024, in line with the long-term dividend policy, the Executive Board and Supervisory Board will be proposing the distribution of a dividend of €2.20 per share for the 2023 financial year. Krones will thus increase its dividend by €0.45 or 25.7% compared with the previous year (€1.75), allowing the company's owners to share commensurately in its success.



*As per proposal for the appropriation of earnings available for distribution



Krones Group earnings structure

€ million	2023	2022	Change
Revenue	4,720.7	4,209.3	+12.2%
Changes in inventories of finished goods and work in progress	+1.1	+48.4	-97.8%
Total operating performance	4,721.7	4,257.7	+10.9%
Other own work capitalised	+44.8	+43.4	+3.2%
Other operating income	+186.8	+165.0	+13.2%
Goods and services purchased	-2,381.9	-2,113.8	+12.7%
Personnel expenses	-1,391.1	-1,269.7	+9.6%
Other operating expenses	-723.0	-709.3	+1.9%
EBITDA	457.3	373.3	+22.5%
Depreciation and amortisation on fixed assets	-166.3	-142.9	+16.4%
EBIT	291.0	230.4	+26.3%
Financial income/expense	+19.5	+11.7	+66.7%
EBT	310.5	242.1	+28.3%
Income tax	-85.9	-55.0	+56.2%
Consolidated net income	224.6	187.1	+20.0%



For further information, please see the full statement of profit and loss on p. 218.

Krones significantly increased revenue and total operating performance in the 2023 financial year, despite the continued tight situation on procurement markets, especially for electrical components. Thanks to the great flexibility and creativity of our employees, the company increased revenue by 12.2% to €4,720.7 million compared to the previous year, which was still slightly affected by the Covid pandemic. Higher sales prices also contributed to the growth in revenue. Total operating performance increased by a slightly smaller rate than revenue, rising by 10.9% to €4,721.7 million. This is due to lower additions to finished goods and work in progress. These grew by €1.1 million in the reporting period, compared to €48.4 million in the prior-year period.

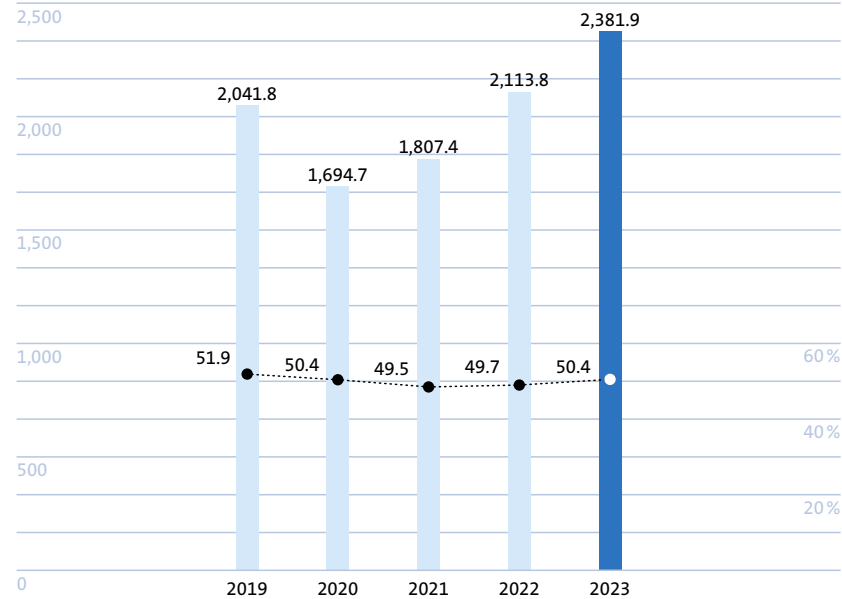
Krones also significantly improved profitability in the reporting period. The main contributing factors here were the consistent implementation of the cost-cutting and efficiency improvement measures initiated in past years, good procurement and production management, and Krones' high degree of flexibility.

Krones improved the EBITDA margin from 8.9% to 9.7% in the reporting period. This was contributed to by a lower personnel expense ratio and a disproportionately small increase in other operating expenses.

Krones' statement of profit and loss was not materially affected by exchange rates, acquisition or divestments in 2023.



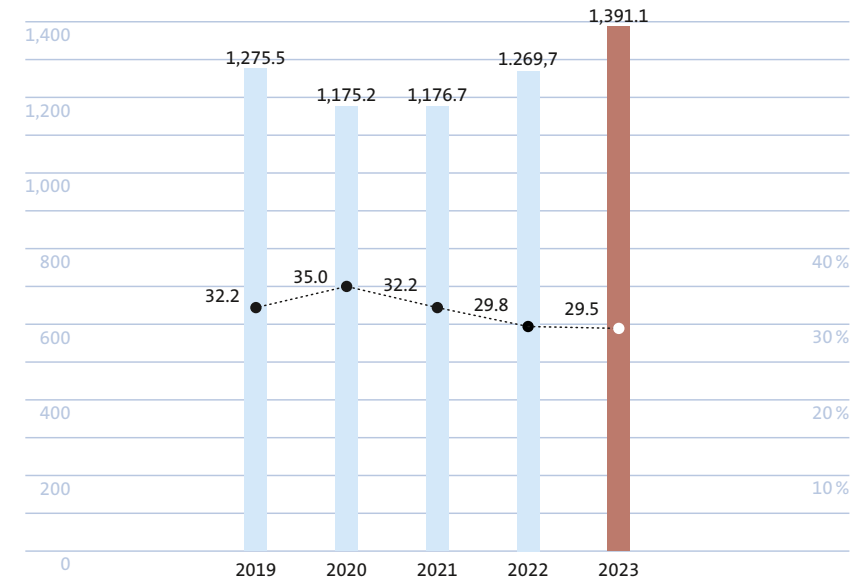
Krones Group goods and services purchased (€ million) and material expense ratio (%)



Cost of goods and services purchased increased by 12.7% to €2,381.9 million in the reporting period, more than the rise in total operating performance. This was mainly due to the increased share of revenue accounted for by the new machinery business, which is significantly more material-intensive than the service business. Krones was able to offset higher material procurement prices in the reporting period through intelligent production and procurement management and through price increases. The material expense ratio – the ratio of goods and services purchased to total operating performance – climbed to 50.4% in 2023 (previous year: 49.7%).

Personnel expenses rose less strongly than total operating performance, increasing by 9.6% to €1,391.1 million in the reporting period. As a result, the personnel expense ratio – the ratio of personnel expenses to total operating

Krones Group personnel expenses (€ million) and personnel expense ratio (%)

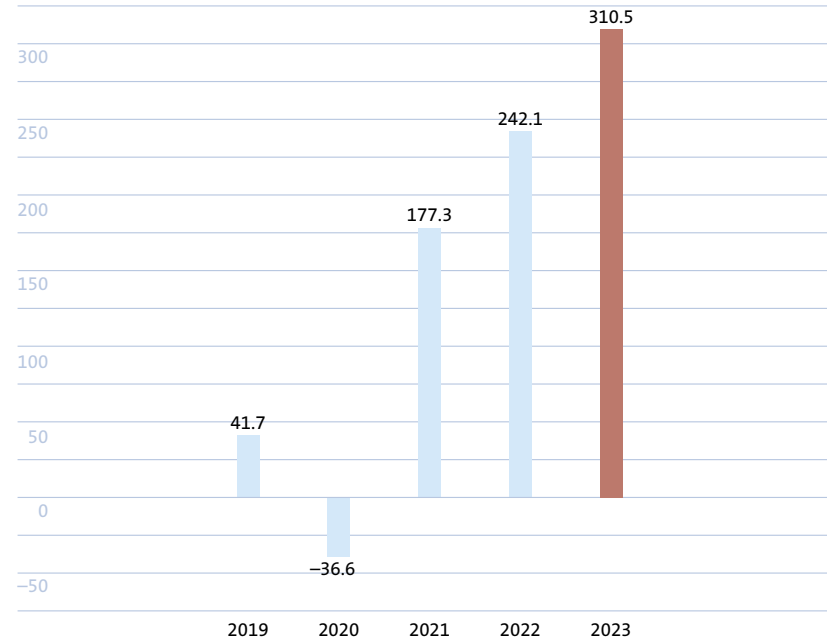


performance – showed a further slight decrease from 29.8% in the previous year to 29.5%. The improvement in the personnel expense ratio was mainly due to the company's high levels of efficiency and flexibility.

At €723.0 million, other operating expenses were only €13.7 million or 1.9% higher in the reporting period than in the previous year. Other operating income went up by 13.2% to €186.8 million. Both other operating expenses and other operating income were influenced by currency effects, although these almost cancelled each other out. Own work capitalised was virtually stable at €44.8 million (previous year: €43.4 million). The net balance of other operating income and expenses and own work capitalised changed from –€500.9 million in the prior-year period to –€491.4 million in the reporting period. As a percentage of total operating performance, this represents a reduction from 11.8% to 10.4%.



Krones Group EBT (€ million)



Krones' EBITDA (earnings before interest, taxes, depreciation and amortisation) consequently amounted to €457.3 million in the 2023 financial year, marking a year-on-year increase of 22.5%. The EBITDA margin improved from 8.9% to 9.7%. After deducting depreciation and amortisation of fixed assets of €166.3 million (previous year: €142.9 million), earnings before interest and taxes (EBIT) increased by 26.3% to €291.0 million in the reporting period. Depreciation and amortisation of fixed assets includes the effect of measurement adjustments on intangible assets that is almost offset by gains from adjustments of contingent purchase price payments. These gains are reflected in financial income, which increased significantly to €19.5 million (previous year: €11.7 million). The

Krones Group EBT margin (%)



investment income of €3.7 million included in financial income was up slightly on the previous year (€3.1 million).

The measurement adjustments had virtually no overall effect on earnings before taxes (EBT) or on EBITDA. EBT increased in the 2023 financial year by 28.3% to €310.5 million. The EBT margin increased from 5.8% in the previous year to 6.6%. As the company's tax rate of 27.7% for the reporting period was higher than in the previous year (22.7%), consolidated net income improved somewhat less strongly than EBT, increasing by 20.0% to €224.6 million (previous year: €187.1 million).



Statement of cash flows

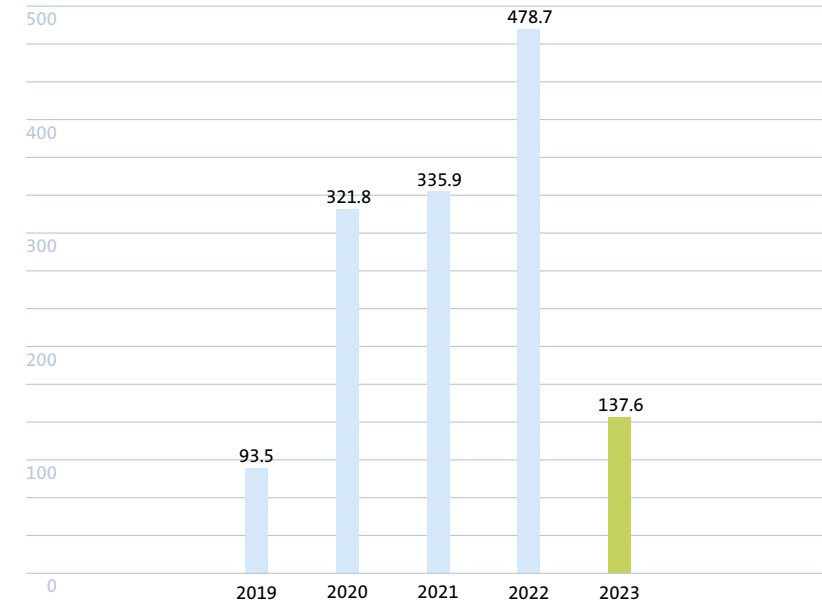
€ million	2023	2022
Earnings before taxes	310.5	242.1
Non-cash changes	+129.9	+189.8
Changes in working capital	-172.3	+136.0
Changes in other assets and liabilities	-130.5	-89.2
Cash flow from operating activities	137.6	478.7
Capital expenditure for intangible assets and property, plant and equipment	-162.7	-118.2
Other	+38.3	+37.7
Free cash flow excluding M&A	13.2	398.2
M&A activities	-114.5	-27.2
Free cash flow (reported)	-101.3	371.0
Cash flow from financing activities	-94.1	-79.8
Other	-30.7	-0.1
Net change in cash and cash equivalents	-226.1	291.1
Cash and cash equivalents at the end of the period	448.4	674.5

For further information, please see the full statement of cash flows on page 222.

As expected, the sharp increase in working capital due to the high volume of business led to a decline in cash flow from operating activities and free cash flow in the 2023 financial year.

As expected, Krones' cash flow from operating activities fell from the high figure of €478.7 million in the previous year to €137.6 million in the reporting period. The main reason for the decline of €341.1 million was the expected increase in working capital by €172.3 million. In the previous year, a €136.0 million decrease in working capital had a positive

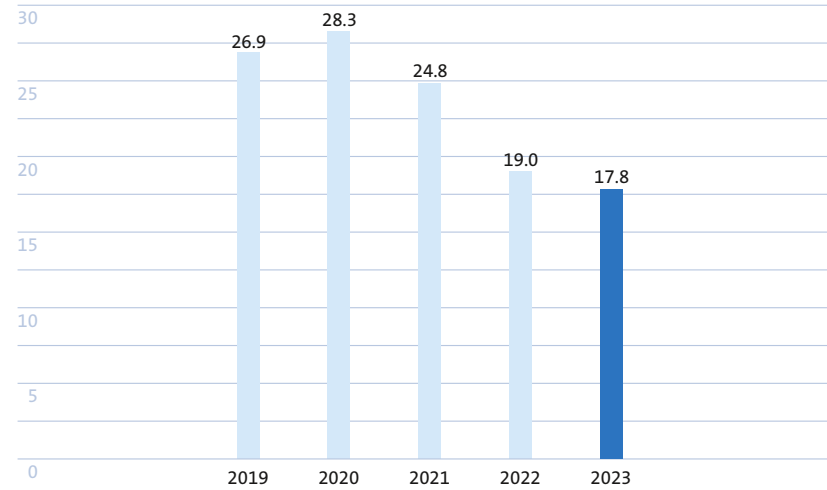
Krones Group cash flow from operating activities (€ million)



impact on cash flow from operating activities. Other assets and liabilities had a €130.5 million negative impact on cash flow from operating activities (previous year: €89.2 million). This mainly relates to tax payments. In addition to the €68.4 million increase in earnings before taxes, non-cash changes – mainly depreciation and amortization and changes in provisions – also made a positive contribution to cash flow from operating activities. At €129.9 million, however, this was smaller in the reporting period than the €189.8 million recorded in the previous year.



Krones Group working capital to revenue (% average over four quarters)

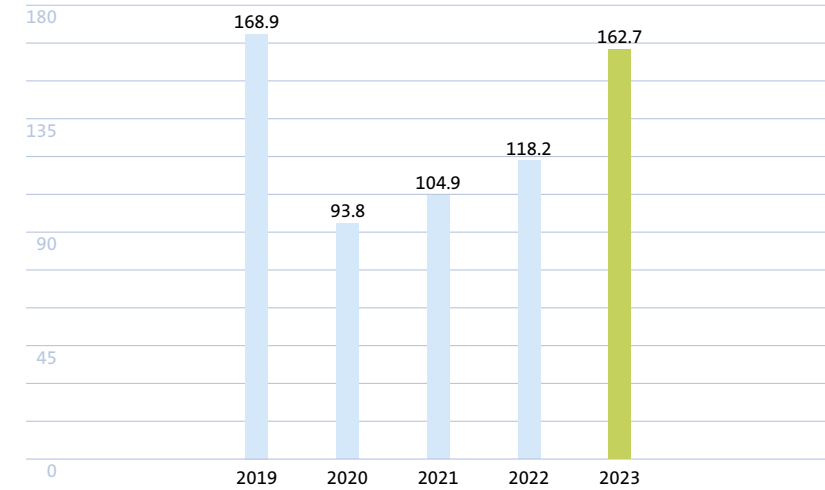


Working capital as a percentage of revenue improved from 19.0% to 17.8%

Despite the sharp increase in working capital in the reporting period, Krones once again significantly improved average working capital over the past four quarters as a percentage of revenue. This fell from 19.0% in the previous year to 17.8%.

Krones built up working capital by €172.3 million in the reporting period. The increased business volume resulted in a rise in contract assets, trade receivables and inventories, which was not matched by the higher contract liabilities (mainly advance payments from customers) and trade payables. Krones nevertheless improved average working capital over the past four quarters as a percentage of revenue to 17.8% (previous year: 19.0%). The working capital to revenue ratio was 16.3% as of the reporting date (previous year: 14.1%).

Krones Group capital expenditure for PP&E and intangible assets (€ million)



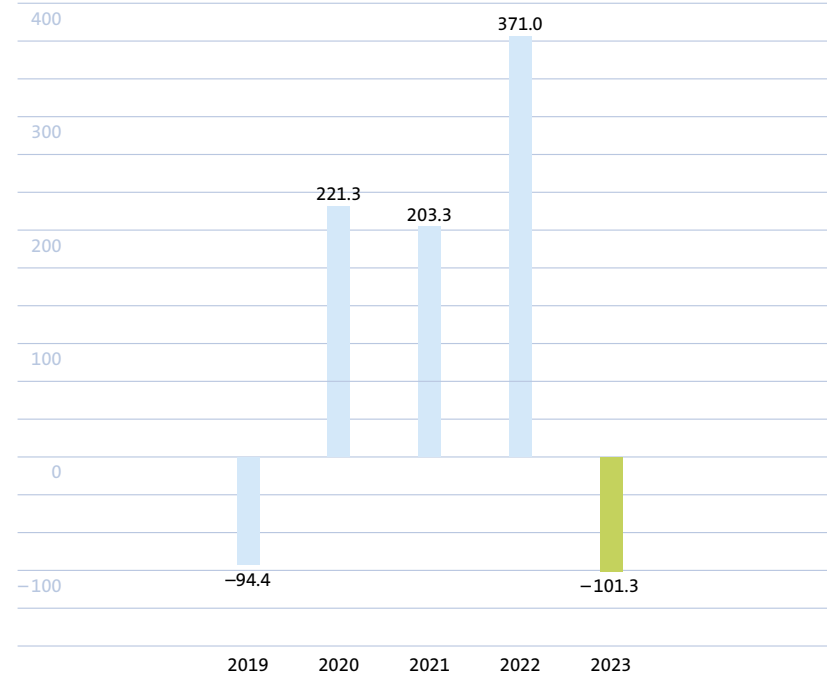
The supplier finance programme used by Krones is accounted for under trade payables as it does not significantly alter the contractual terms of the payables. Correspondingly, the cash outflow is included in cash flow from operating activities.

Free cash flow as expected below the very high level of the previous year

As planned, Krones increased capital expenditure on property, plant and equipment and intangible assets to €162.7 million in the reporting period (previous year: €118.2 million). Relative to revenue, the capital expenditure ratio was 3.4% in 2023 (previous year: 2.8%) and thus in line with planning. The ratio of capital expenditure to depreciation and amortisation increased from 0.83 in the previous year to 0.98.



Krones Group free cash flow (€ million)

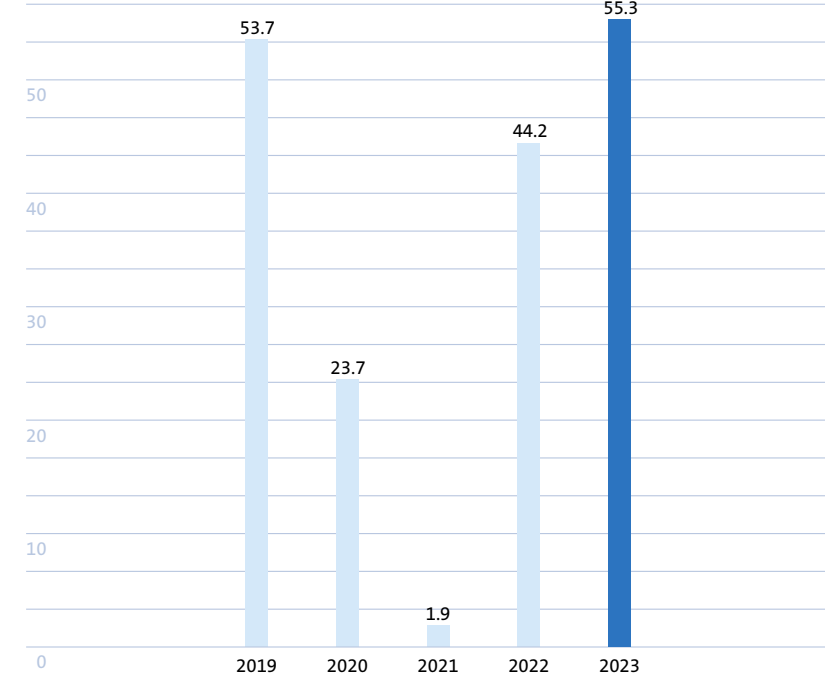


As planned, the company increased capital expenditure in the 2023 financial year to €162.7 million (previous year: €118.2 million). The ratio of capital expenditure to depreciation and amortisation was 0.98 (previous year: 0.83).

Including M&A, free cash flow went down by €472.3 million to –€101.3 million (previous year: +€371.0 million). The main reason for the expected significant decline in free cash flow in the reporting period was the sharp increase in working capital due to the high business volume.

Due to the acquisition of Ampco Pumps, the company incurred an additional €114.5 million cash outflow from M&A activities in the period from January to December (previous year: €27.2 million). Adjusted for M&A activities, free cash flow (the net cash inflow generated from operating activities) was positive at €13.2 million (previous year: €398.2 million). Including

Krones Group dividend payout (€ million)




The cash outflow from financing activities, at €94.1 million, increased in the 2023 financial year relative to the previous year (€79.8 million). In the reporting period, this item included the cash outflow from the dividend payout of €55.3 million (previous year: €44.2 million), the repayment of lease liabilities in the amount of €37.6 million (previous year: €35.5 million) and the repayment of bank debt in the amount of €1.2 million (previous year: €0.1 million). Changes in exchange rates and in the consolidated group decreased liquidity by €30.7 million, after a €0.1 million decrease in the previous year. In total, Krones had cash and cash equivalents totalling €448.4 million at 31 December 2023 (previous year: €674.5 million). Net cash (cash less bank debt) stood at €444.6 million (previous year: €669.5 million).



Assets and capital structure

€ million at 31 December	2023	2022	2021
Non-current assets	1,327	1,164	1,133
of which fixed assets	1,241	1,064	1,001
Current assets	3,150	3,007	2,362
of which cash and equivalents	448	675	383
Equity	1,715	1,598	1,392
Total debt	2,762	2,573	2,103
Non-current liabilities	410	375	434
Current liabilities	2,352	2,198	1,669
Total	4,477	4,171	3,495

 For further information, please see the full statement of financial position on page 220 and 221.

Krones' total assets increased by 7.3% in the reporting period, a smaller increase than the rise in total operating performance (10.9%).

Krones' total assets increased by 7.3% in the reporting period and thus by less than the 10.9% rise in total operating performance. Total assets came to €4,477.1 million as of 31 December 2023 (31 December 2022: €4,171.2 million). The increase was mainly due to the planned increase in working capital and higher fixed assets.

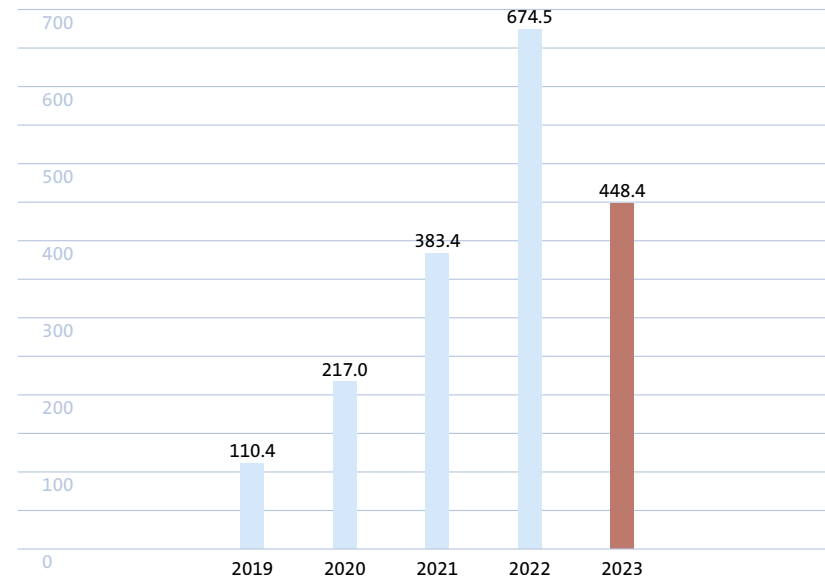
There were no material exchange rate or divestment effects in the reporting period on any assets side or equity and liabilities side items of the statement of financial position. The acquisition of Ampco Pumps mainly affected non-current assets and cash and cash equivalents.

Non-current assets rose in the financial year to €1,327.4 million (31 December 2022: €1,164.2 million), as fixed assets increased to €1,241.0 million (31 December 2022: €1,064.0 million). The increase in fixed assets related to intangible assets. These climbed from €349.3 million at the end of 2022 to €460.7 million. This was mainly due to the acquisition and initial consolidation of the US company Ampco Pumps as of 1 June 2023. At €762.6 million, property, plant and equipment and right-of-use assets were at a similar level at 31 December to the 2022 year-end (€693.7 million).

Krones' current assets rose in 2023 due to the further growth in business volume. Current assets came to €3,149.7 million as of the reporting date, which is 4.7% or €142.7 million higher than the figure as of 31 December 2022. The main contributing factor was the significant increase in contract assets by €328.8 million to €1,056.3 million. Inventories also increased due to the strong revenue growth, with an inventory build-up of €51.9 million to €641.4 million in the 2023 financial year due to the continued tight situation on the procurement markets, particularly in the first half of 2023. In contrast, Krones was able to reduce trade receivables from €820.2 million in the previous year to €778.7 million. There was a significant decrease in cash and cash equivalents during the reporting period. These decreased from €674.5 million to €448.4 million, mainly due to the negative free cash flow and the payment of the purchase price for Ampco Pumps.



Krones Group cash and cash equivalents at 31 December (€ million)



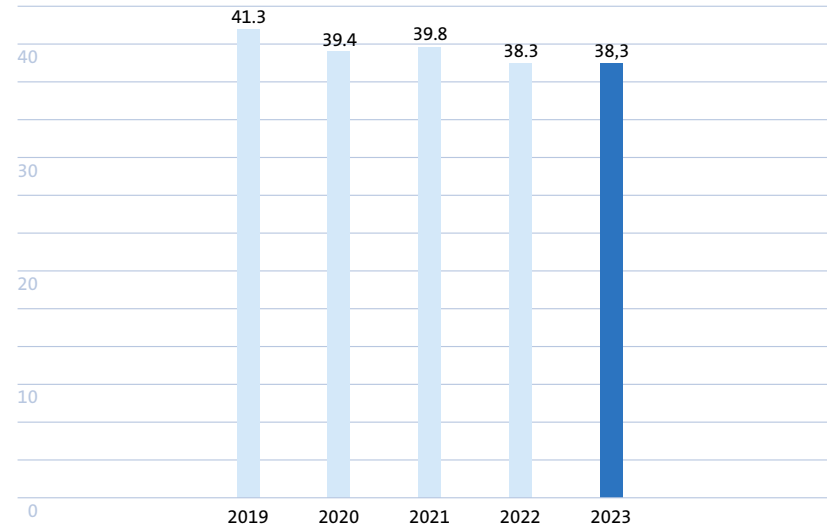
On the equity and liabilities side of the statement of financial position, Krones increased current liabilities between January and December 2023. These went up by 7.0% or €153.8 million to €2,352.0 million. This was mostly due to a €139.5 million increase in contract liabilities to €1,041.0 million. That increase mainly reflected the higher prepayments from customers. Due to the increased business volume, trade payables rose to €723.2 million (31 December 2022: €684.2

million). This includes supplier finance liabilities of €141.4 million (previous year: €123.1 million). These outstanding liabilities are settled with suppliers by a bank before they are due. The original liabilities to the suppliers are unaffected in substance because the acknowledgement of the liability is unaltered and therefore continue to be presented as liabilities in the statement of financial position. Other liabilities and provisions decreased in the reporting period by €40.9 million to €351.0 million. The company had current bank debt of €1.2 million at the reporting date (previous year: €0.0 million).

Non-current liabilities also increased as of 31 December 2023. These were up €35.4 million to €410.2 million. This was partly due to an increase in other financial liabilities and lease liabilities by €20.5 million to €129.5 million. These mainly went up due to contingent purchase price adjustments from the acquisition of Ampco Pumps. Provisions for pensions also rose, increasing due to changes in actuarial assumptions from €166.6 million to €178.4 million. At the end of the 2023 financial year, the company had non-current bank debt totalling €2.5 million (31 December 2022: €5.0 million).



Krones Group equity ratio (%)

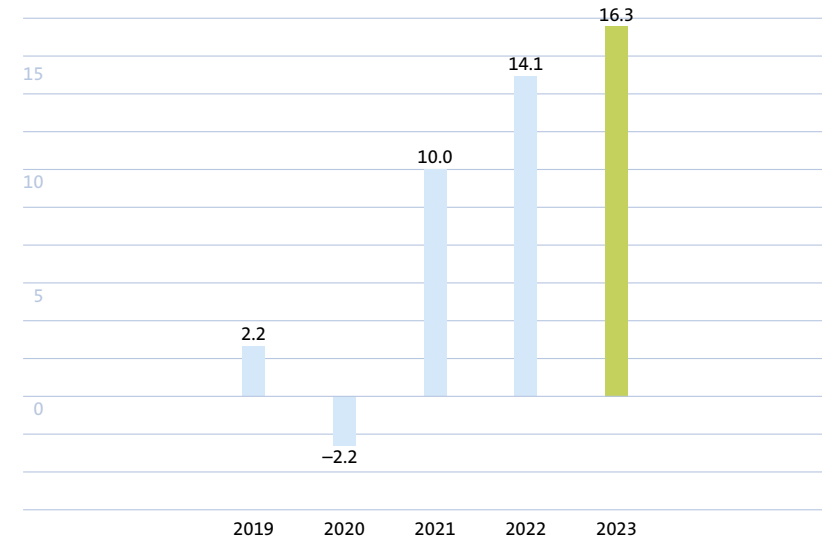


Significant increases in equity and ROCE – continued high level of net cash

The solid 38.3% equity ratio and €444.6 million in net cash provide a stable foundation for investment in the future and sustained profitable growth at Krones.

Mainly due to the positive consolidated net income, equity increased relative to the 2022 reporting date by €116.8 million or 7.3% to €1,714.9 million. The equity ratio was stable at 38.3% as of December 31, 2023 (December 31, 2022: 38.3%). With net cash (cash and cash equivalents less bank debt) of €444.6 million at

Krones Group ROCE (%)



the end of the reporting period (31 December 2022: €669.5 million), Krones continues to have a very stable and solid financial and capital structure. In addition, Krones had available around €0.9 billion in unused lines of credit as of 31 December 2023.

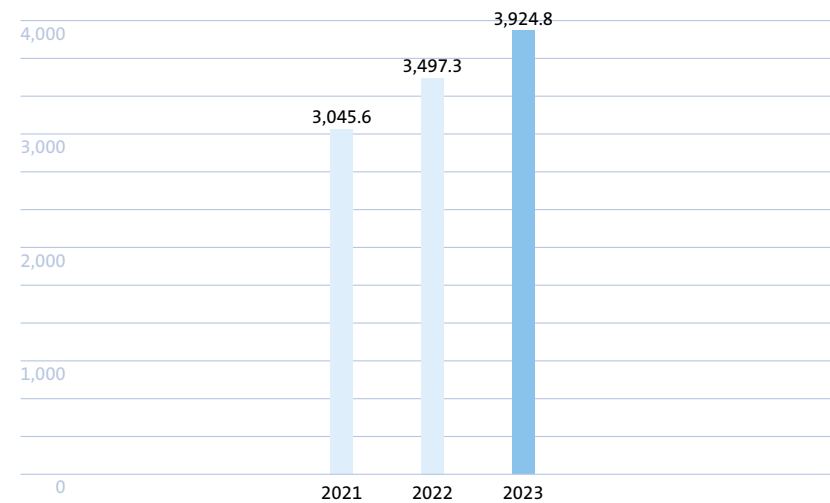
Krones significantly improved return on capital employed (ROCE) – the ratio of EBIT to average net capital employed over the last four quarters – from 14.1% to 16.3% in the reporting period, mainly as a result of the higher EBIT.



Report from the segments

Filling and Packaging Technology segment

Segment revenue (€ million)

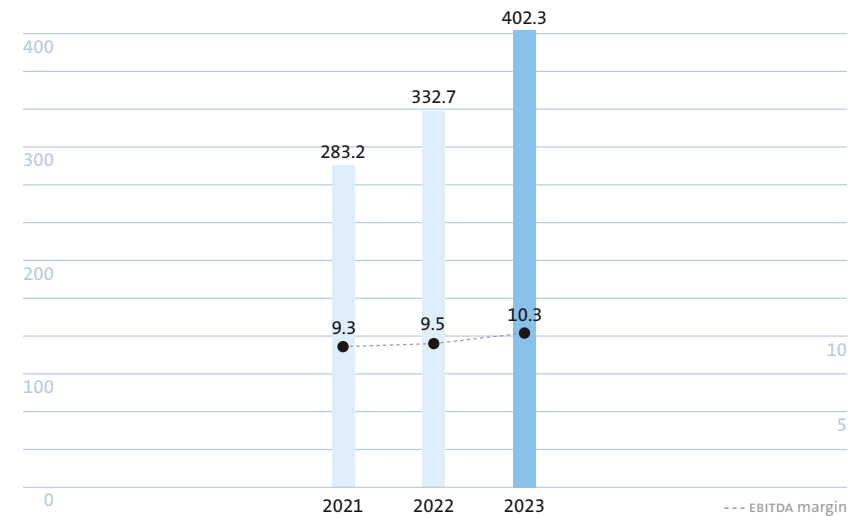


Segment revenue

Revenue in the core segment increased by 12.2% to €3,924.8 million in 2023, under challenging production conditions. The growth target was 10% to 12%.

Through successful production and procurement management and the creativity of the employees, the core Filling and Packaging Technology segment grew strongly in 2023 despite the short supply of electrical components. Revenue rose by 12.2% year on year, from €3,497.3 million to €3,924.8 million. Krones thus achieved the upper end of the segment's already increased growth target range of 10% to 12% for the full year 2023. The new machinery business showed disproportionately large revenue growth. Revenue growth in the reporting year was supported by price increases for our products. Krones generated 83.1% of consolidated revenue in the core segment in 2023 (previous year: 83.1%).

Segment EBITDA (€ million) and EBITDA margin (%)



Segment earnings

The profitability of the Filling and Packaging Technology segment benefited in 2023 from the high flexibility of Krones and its employees. In addition, we were able to offset increases in the costs of materials with price increases for our products. Although the new machinery business accounted for an increased share of revenue, profitability nevertheless improved as forecast. Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose in 2023 by 20.9% year on year, from €332.7 million to €402.3 million. As a result, the EBITDA margin increased to 10.3% (previous year: 9.5%). The EBITDA margin target for the full year 2023 was 9% to 11%.

In the core segment, the EBITDA margin improved from 9.5% in the previous year to 10.3% in 2023.



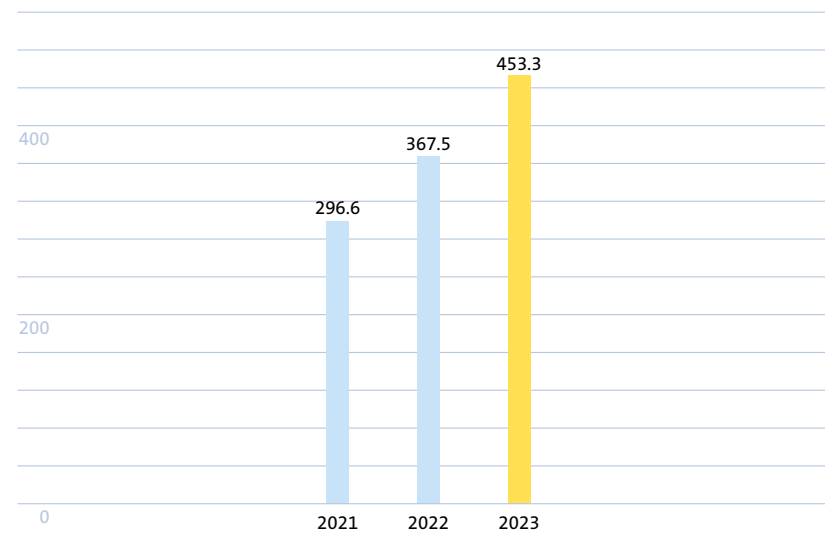
Filling and Packaging Technology segment





Process Technology segment

Segment revenue (€ million)

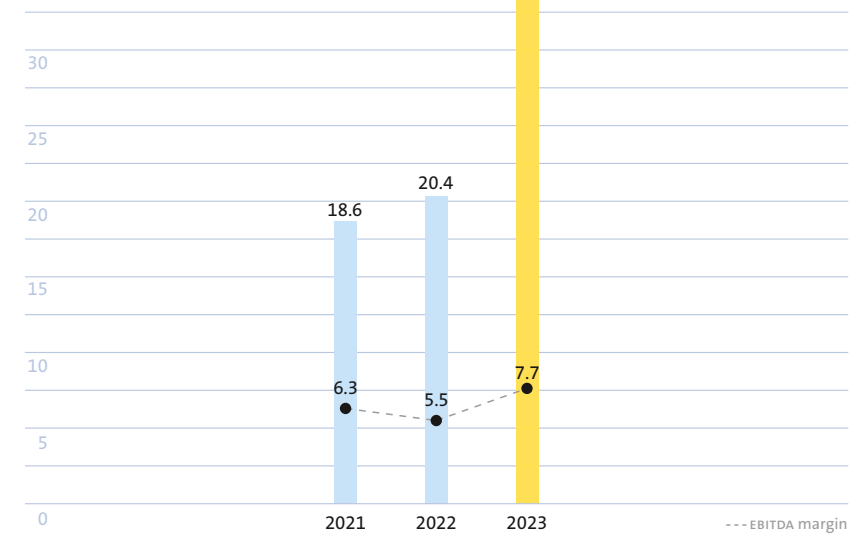


Segment revenue

The Process Technology segment grew strongly in 2023. At €453.3 million, revenue was 23.4% higher than in the previous year.

As expected, the Process Technology segment grew disproportionately strongly in 2023. Revenue went up by 23.4% year on year, from €367.5 million to €453.3 million. The segment thus reached the upper end of the upgraded growth forecast of 20% to 25%. The revenue growth is mainly an outcome of the focus on smaller projects, stronger sales of individual machines and increased demand for components such as valves and pumps. The acquisition of Ampco Pumps as of 1 June 2023 contributed only marginally to revenue in the Process Technology segment. This segment's share of consolidated revenue increased from 8.7% in the previous year to 9.6% in 2023.

Segment EBITDA (€ million) and EBITDA margin (%)



Segment earnings

Due to a strong fourth quarter, the profitability of the Process Technology segment developed better than planned in 2023 overall. EBITDA (earnings before interest, taxes, depreciation and amortisation)

climbed 70.0% in the reporting period, from €20.4 million to €34.7 million.

The EBITDA margin rose from 5.5% in the previous year to 7.7%, which is above the full-year margin target of 6% to 7%. It benefited in the reporting period from the high level of production capacity utilisation. The spin-off of the brewery business into a separate company in 2022 while adapting the processes to the project business have also had a sustained positive impact on profitability. The acquisition of Ampco Pumps, which Kronen included in the consolidated financial statements for the first time as of 1 June 2023, did not materially affect segment earnings in 2023.

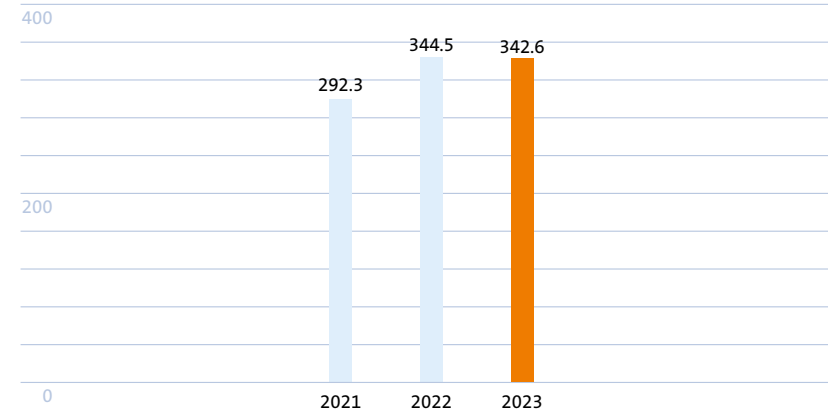
Profitability in the Process Technology segment developed very well in 2023. The EBITDA margin rose to 7.7% (previous year: 5.5%).





Intralogistics segment

Segment revenue (€ million)

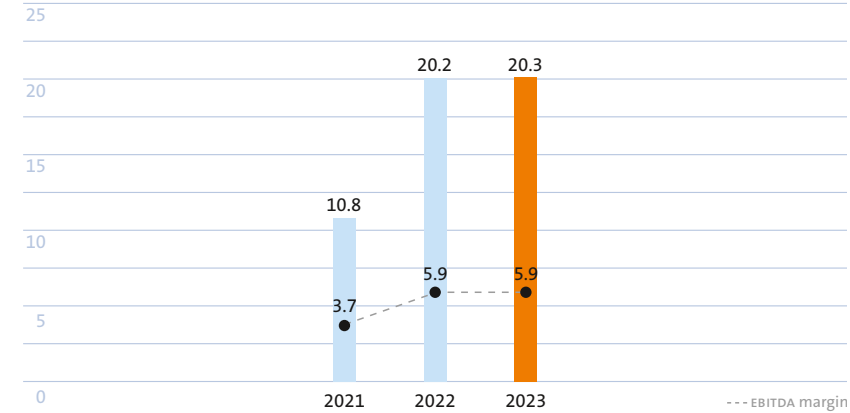


Segment revenue

Revenue in the Intralogistics segment remained stable in 2023. The forecast was for growth of 10% to 15%.

Business momentum in the Intralogistics segment slowed over the course of the reporting period. In total, the segment did not achieve the growth target of 10% to 15% forecast for the full year 2023. The revenue of €342.6 million from January to December 2023 was slightly down on the previous year's figure of €344.5 million. In a highly competitive market environment, the segment focused on projects with smaller order sizes but above-average margins, particularly in the fourth quarter. Krones Intralogistics has good growth prospects for the medium to long term. The segment benefits from growing demand for innovative automation solutions. The segment's share of consolidated revenue decreased to 7.3% in 2023 (previous year: 8.2%).

Segment EBITDA (€ million) and EBITDA margin (%)



Segment earnings

In line with the stable revenue, earnings before interest, taxes, depreciation and amortisation (EBITDA) also changed only slightly year on year in 2023, from €20.2 million to €20.3 million. This results in an EBITDA margin of 5.9% (previous year: 5.9%). The full year forecast for 2023 was 6% to 7%. In the fourth quarter of the reporting period, despite lower revenue than a year earlier, the segment generated a higher EBITDA margin than in the preceding quarters and the prior-year quarter.

The EBITDA margin in the Intralogistics segment remained stable at 5.9% in 2023.





Overall assessment of **economic position**

The pace of world economic growth slowed in 2023. Global economic output nevertheless grew slightly more strongly than the International Monetary Fund (IMF) predicted at the start of the year, with an increase of 3.1% (2022: 3.5%).

Demand for packaged beverages is steadily rising worldwide. As a result, Krones' markets are less affected by cyclical fluctuations and continued to develop well in 2023. This benefited the company as a leading full-service supplier to the international filling and packaging industry. In the reporting period, Krones continued its profitable growth path, improved profitability and met the Group financial targets for the full year 2023.

Revenue went up by 12.2% year on year, from €4,209.3 million to €4,720.7 million. Krones thus achieved the upgraded growth target of 11% to 13% published in July 2023 (previously: 8% to 11%).

Following the extremely strong ordering activity in 2022, Krones' customers continued to show strong willingness to invest during the reporting period. The company generated an order intake of €5,376.6 million (previous year: €5,782.8 million). Due to the strong demand, Krones' order backlog increased in 2023 despite the revenue growth. Krones had orders on hand totalling €4,122.3 million at the end of the reporting period. The order backlog was thus 18.9% up on the previous year (€3,466.4 million).

Thanks to the high flexibility of the workforce, Krones managed well in 2023 with the challenging conditions and improved profitability in the reporting period. Earnings before interest, taxes, depreciation and amortisation (EBITDA) went up by 22.5%, from €373.3 million in the previous year to €457.3 million. The EBITDA margin improved to 9.7% (previous year: 8.9%). Krones thus achieved its EBITDA margin target for 2023 of 9% to 10%. In total, the company generated

consolidated net income of €224.6 million in the reporting period, up 20.0% on 2022 (€187.1 million).

Before acquisitions, Krones' free cash flow amounted to a positive €13.2 million in the reporting period (previous year: €398.2 million). Including acquisitions, Krones generated free cash flow of –€101.3 million in 2023 (previous year: +€371.0 million). The ratio of average working capital for the past four quarters to revenue improved to 17.8% (previous year: 19.0%). Due to the higher earnings before interest and taxes (EBIT), Krones significantly improved return on capital employed (ROCE) – the third financial target alongside revenue growth and the EBITDA margin – to 16.3% in 2023 (previous year: 14.1%). It therefore met the ROCE target for 2023 of 15% to 17%.

The company's net cash (cash and cash equivalents less bank debt) amounted to €444.6 million at the end of 2023 (previous year: €669.5 million). The equity ratio was 38.3% (previous year: 38.3%). Overall, Krones continues to possess a very robust financial and capital structure.

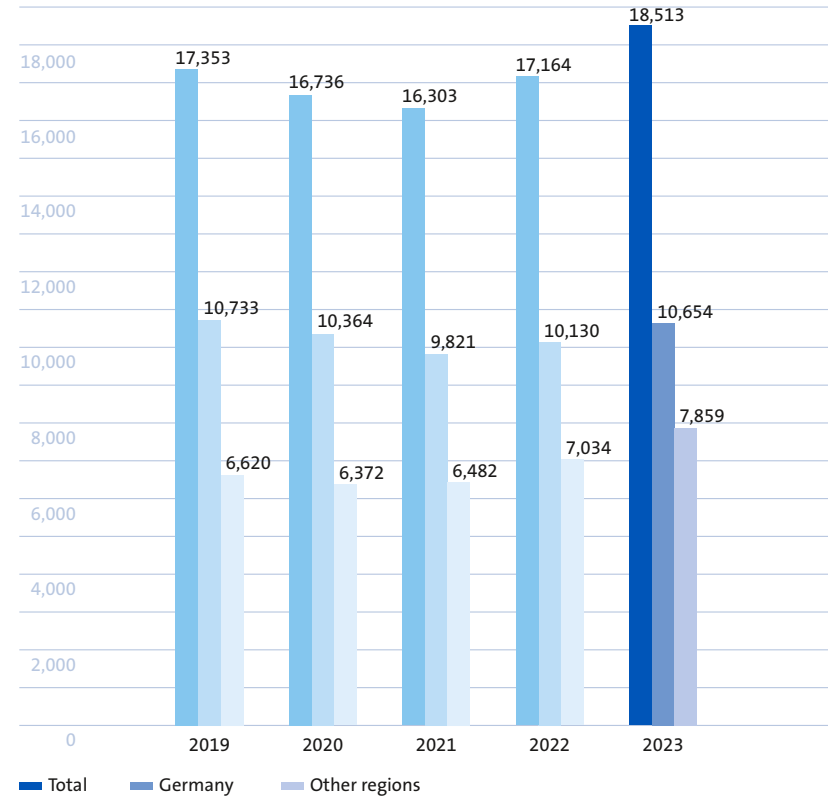
Krones started the 2024 financial year with an extremely large order backlog and is optimistic for the year as a whole. However, there are a number of uncertainties. These include geopolitical risks in Europe, the Middle East and other parts of the world.

Based on the prevailing macroeconomic outlook and the current expected development of the markets relevant to Krones, the company forecasts consolidated revenue growth of 9% to 13% in 2024, with an improved EBITDA margin of 9.8% to 10.3% and higher ROCE of 17% to 19%. The forecast figures include the effects of the acquisition of Netstal Maschinen AG, which is still to be finalised.



Krones Employees

Employees by region



Number of employees up 7.9% worldwide to 18,513

As a result of the continuing very positive business performance, Krones increased the workforce in the reporting year by 1,349 employees or 7.9% to 18,513. Once again, the number of employees grew at a lower rate than revenue (up 12.2%). This growth in the workforce is mainly due to the ongoing positive development of our international markets. The number of people employed outside Germany thus rose by 11.7%, or 825 employees to 7,859. It should be noted that 126 employees were added in North America as a result of the acquisition of US-based Ampco Pumps. In Germany, employee numbers grew by less than the total, with an increase of 524 or 5.2% to 10,654. The international share of the workforce went up in the reporting period to 42.5% (previous year: 41.0%).

In the 2023 financial year, Krones increased the number of employees by 1,349 to 18,513. This mainly reflects the recovery of our international markets. The proportion of the workforce employed internationally rose to 42.5% (previous year: 41.0%).

Above-average workforce growth in emerging and developing markets

Much of the increase in the international workforce was in emerging and developing economies and in service. The number of employees in these regions grew in the reporting year by 568 of 12.7% to 5,027. The largest increase (by 253) was in the Eastern Europe region. There, Krones added to the workforce at the Czech IT subsidiary Konplan and at the Hungarian production site in Debrecen. At the end of the reporting period, 27.2% of the Krones team was employed in these regions (previous year: 26.0%).



Employees in the emerging and developing markets 2019–2023

Year	South America	Africa	Asia-Pacific	Eastern Europe	China	Total
2019	782	671	1,009	933	792	4,187
2020	778	639	974	922	742	4,055
2021	803	633	959	1,006	732	4,133
2022	871	671	1,023	1,092	802	4,459
2023	943	681	1,143	1,345	915	5,027

Krones significantly expanded the emerging and developing markets workforce in 2023 by 568 or 12.7% to 5,027 employees. That represents 27.2% (previous year: 26.0%) of the total workforce.

The company plans to continue its above-average growth in emerging and developing markets, where Krones has for years generated about 50% of consolidated revenue. Expansion of business activities in these markets is part of the company's strategy for achieving its medium-term growth targets. In the medium to long term, Krones will therefore increase

the proportion of the workforce in emerging and developing markets, mainly in the service business. Hiring more employees for our international locations brings us closer to our customers and enables us to provide faster service.

The Krones workforce is the most important factor in the long-term success of our company. Krones consequently continues to invest heavily in training and employee development in order to ensure a highly qualified and motivated team for the long term.



Risk and opportunity report

- Risks identified on an ongoing basis
- Efficient control and management tools limit risks

Krones' risk management system

Krones actively addresses potential risks. All key business processes are constantly subject to an internal control and management system.

Krones is exposed to a variety of risks that are inextricably linked with doing business globally. We continuously monitor all significant business processes to identify risks early and to actively manage and limit them. Within our corporate strategy, we also identify, analyse and unlock opportunities. However, unlike risks, business opportunities are not documented within our risk management system.

Krones has additionally integrated sustainability matters into its risk management system. As part of our sustainability management, we review and assess the impact of existing non-financial environmental, social and governance (ESG) risks on Krones' business and sustainability goals.

In essence, risks are defined as potential negative deviations from our earnings forecast for the 2024 financial year. Opportunities are potential positive deviations from our earnings forecast for the 2024 financial year. Because they have comparable selling and procurement markets, the same risks and opportunities essentially also apply to all three of the Krones Group's segments.

Krones' risk management system consists of an internal control system with which we record, analyse and assess all relevant risks. In a detailed, ongoing process that includes planning, information and control, we monitor all material risks and any countermeasures already taken.

We assess risks on the basis of the likelihood of an event and its potential financial impact. The measure of potential financial impact is earnings before interest and taxes (EBIT). Starting with gross risk, we determine the net risk, which takes into account any mitigating actions taken.

Krones presents risks on page 184 in a three-column table. This contains the following information: The maximum loss associated with a risk, the likelihood of an event and the financial impact – the latter being the product of the first two factors. Each factor is categorised as either low, medium or high.

The categories are defined as follows:

Maximum loss (€ million)		Likelihood of an event (%)		Potential financial impact* (€ million)	
low	1.0 to 10.0	low	0 to 20	low	1.0 to 10.0
medium	10.1 to 50.0	medium	21 to 49	medium	10.1 to 50.0
high	> 50.0	high	50 to 100	high	> 50.0

*Based on EBIT





Multi-stage risk management system

We are continually improving our risk management system on the basis of practical experience. The system consists of the following modules: risk analysis, risk monitoring, and risk planning and control.

Risk analysis

In order to identify risks early, we continuously monitor all business activities. Material project-related risks are reduced or avoided before an order is accepted. We conduct a profitability analysis of all quotes prior to order acceptance. Orders that exceed a specified volume are also subject to a product status report. Apart from profitability, we also individually record and evaluate financing risks, technological risks, regional risks and tax risks as well as scheduling and other contractual risks before accepting an order.

To manage risks that arise from changes in the market and competitive situation, we create detailed market and competition analyses for all segments and business areas on a regular basis.

In addition, we conduct a comprehensive risk inventory annually for Krones AG and all significant group companies. The results of the risk assessment and mitigating actions are used in our annual planning and forecasting. The basic principles and the process are documented in a risk manual. The risk management system not only serves the purpose mandated by law – early detection of going concern risks – but also covers all risks that may have a significant negative impact on earnings.

Risk monitoring

We use a variety of interlinked controlling processes to monitor risks within the Krones Group. Regular comprehensive reports from the individual business units keep the Executive Board and other decision-makers apprised in a timely manner of all possible risks and deviations from company planning and of the status of mitigating actions. For projects with a high contract value, potential risks are examined and evaluated in regular meetings. Employees who identify risks pass their information on without delay through the company's internal reporting system.

Risk planning and control

We primarily use the following tools to plan our business activities and control risk within our internal control system:

- Annual planning
- Medium-term planning
- Strategic planning
- Rolling forecasts
- Monthly and quarterly reports
- Capital expenditure planning
- Production planning
- Capacity planning
- Project controlling
- Accounts receivable management
- Exchange rate hedges
- Insurance policies



Risk management organisation

Krones' risk management system is continuously monitored and reviewed. This is governed by clear areas of responsibility and accountability.

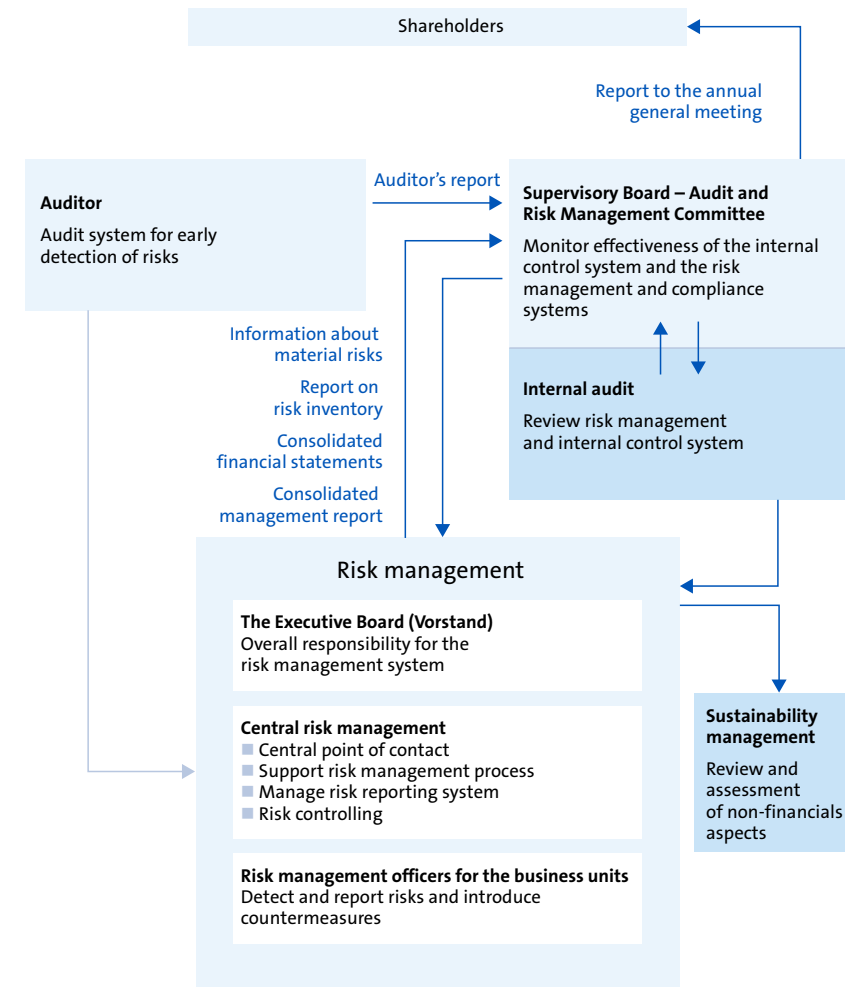
Risk management at Krones is part of Controlling. The risk management system is reviewed by Internal Audit.

In addition, in accordance with the Financial Market Integrity Strengthening Act (FISG), the Audit Committee has the right to obtain information directly from the managers in charge of control and monitoring tasks.

All relevant information is collated in Controlling, where it is processed and made available in a management tool for the Executive Board. In addition, the various segments and business units also have risk management officers who are responsible for risk management. This includes identifying and reporting risks as well as introducing and implementing measures to actively control them.

Non-financial impacts of identified risks on the environmental, social and governance (ESG) dimensions are analysed and documented in cooperation with Group sustainability management.

Risk management organisation at Krones





Key features of the internal control system and the risk management system related to accounting and financial reporting

The aim of the internal control and risk management system is to ensure that all business transactions are correctly recorded, processed, recognised and included in financial reporting.

Krones has an internal control and risk management system for accounting and financial reporting processes to ensure that all business transactions are always correctly recorded, processed, recognised and included in financial reporting. Krones' internal control and risk management system comprises all principles, methods and measures to ensure that the company's accounting and financial reporting are effective, efficient and proper and in compliance with all relevant regulations and standards.

The Krones Group has a clear management and corporate structure. Cross-cutting key functions are centrally managed.

- The duties of the departments that are materially involved in accounting and financial reporting processes are explicitly segregated and responsibilities clearly assigned.
- Regular reviews and audits are conducted within the various units, primarily by Controlling.
- Commercial off-the-shelf software is used for accounting and financial reporting as far as possible.

- Special security precautions protect the software and IT systems used for accounting and financial reporting against unauthorised access.
- Sufficient binding policies (e.g. for payments and travel expenses) are in place and updated on an ongoing basis.
- All of the departments involved in the accounting and financial reporting process work constantly to assure the quality of their work.
- Regular spot checks are used to verify the completeness and accuracy of our accounting data.
- The software used in accounting performs programmed plausibility checks.
- We use dual verification for all accounting-related processes.

Appropriateness of the internal control and risk management system

The Audit and Risk Management Committee of Krones' Supervisory Board is involved in the accounting and financial reporting process. This Committee monitors the appropriateness and effectiveness of the risk management and internal control systems, as well as Internal Audit, which regularly reviews the risk management and internal control system. The Executive Board, which has overall responsibility for risk management, has no information or knowledge to suggest that the risk management and internal control system is not appropriate or not effective.



Overview and description of material risks

Risk categories	Maximum loss	Likelihood of an event	Financial impact
General business environment and industry-specific risks			
■ General economic risks	high	low	high
■ Industry-specific risks	low	low	low
Financial risks			
■ Default risks	high	low	medium
■ Liquidity risk	low	low	low
■ Interest rate risk	low	low	low
■ Currency risk	medium	medium	medium
Operational risks			
■ Price risk	medium	medium	low
■ Procurement risks	high	medium	medium
■ Cost risk	high	low	medium
■ Personnel risk	low	low	low
Legal risks	high	medium	medium
Environmental and safety risks	medium	low	low
IT risks	high	medium	medium



Krones classifies the maximum loss, the likelihood of an event and the potential financial impact of material risks into the three risk categories low, medium and high. Definitions are provided on page 180.

General business environment and industry-specific risks

General economic risks

Demand for packaged beverages is robust to economic cycles. As a provider of products and services for the food and beverage industries, Krones is therefore less dependent on economic cycles than other machinery manufacturers. However, the company cannot escape the influence of the general economic situation entirely.

The forecasts for global economic growth in 2024 are relatively subdued. According to the International Monetary Fund, growth momentum is not expected to accelerate compared to the previous year. There are a number of macroeconomic uncertainties that could cause the global economy to perform worse than forecast in 2024. This results in macroeconomic risks for Krones.

One macroeconomic risk is that inflation will not fall as expected. Rising inflation rates could be triggered by geopolitical tensions in the Middle East, which would lead to a sharp hike in oil prices, which could potentially also affect other procurement prices. If inflation rates are higher, there is a risk that the central banks, and above all the U.S. Federal Reserve, will not cut interest rates as forecast for 2024. This could have a negative influence on U.S. and therefore also world economic growth. That would negatively impact demand for our products and services and hence Krones' earnings.

As well as in the Middle East, geopolitical tensions could also escalate in other regions. This also constitutes a risk factor for the global economy. A military attack by China on Taiwan, for example, would have unforeseeable global economic consequences. Growth would presumably be far lower than expected. This would have a negative impact on Krones' business. The ongoing Russia-Ukraine conflict also continues to be a macroeconomic risk factor. This conflict could spread further and have a greater negative impact on the global economy in 2024 than expected. That would also negatively affect Krones' revenue and earnings.



The threat of international trade conflicts and the formation of trade blocs also create general economic uncertainty. There is a risk, for example, of the tensions intensifying between China and the USA, both of which are major economic regions. Depending on the outcome of the US presidential elections, this risk could increase (for example due to an intensification of the “America first” policy). If global economic growth were to be weaker than expected due to trade conflicts, that would negatively impact Krones’ earnings.

Another macroeconomic risk is the development of the Chinese economy. This continues to suffer from the problems on the property market. There is a risk that these problems will worsen and affect large parts of the economy. This could lead, for example, to significant payment and credit defaults and place a heavy burden on the credit and financial sector in China. In the worst-case scenario, this could have a ripple effect on the global financial markets and lead to a world financial crisis. This would have a significant impact on overall economic development and therefore also have a negative impact on Krones’ earnings situation.

Impact of general economic risks: We rate the maximum loss as high, the likelihood of an event as low and the financial impact as high.

Industry-specific risks

Krones is exposed to industry-specific risks primarily through the development of the global beverage packaging market and the actions of competitors. Demand for packaged beverages shows stable long-term growth and is robust to economic cycles. The willingness of international beverage companies to invest could nevertheless be temporarily hit by exogenous factors such as increased borrowing costs or regional market regulation. This would also adversely affect demand for Krones’ products and services.

The competitive environment could intensify if competitors of Krones attempt to win orders by offering lower prices. We address the resulting risk of loss of market share by further extending our technology leadership and offering customers products that generate added value for them. Krones’ strong focus on service through global centres and branches also sets the company apart from competitors.

There is a fundamental risk of plastic as a primary and secondary packaging material being perceived negatively by the public. Plastic and PET packaging has thus been a subject of increasing debate in recent years, primarily in Europe. Krones generates a large proportion of revenue with products and services connected with this type of packaging. It cannot be ruled out that the PET debate will intensify and spread to other regions. This could reduce our customers’ willingness to invest in plastics technology and thus have a negative impact on Krones’ revenue and earnings. We are countering this risk by further extending our technological lead and offering alternative packaging solutions.

Other areas of our business could also come into the focus of social debate. In some regions, for example, there has been criticism of groundwater use by beverage companies. This criticism could additionally have an impact on our customers’ investment confidence and hence to a loss of business for Krones.

Impact of industry-specific risks: We rate the maximum loss as low, the likelihood of an event as low and the financial impact as low.



Financial risks

The financial risks to which Krones is exposed are default risks, liquidity risks, interest rate risks and currency risks. Our description of these risks and suitable actions below is in accordance with the disclosure requirements under IFRS 7 on the reporting of risks relating to financial instruments. Because of regional and customer-related diversification, there is no material concentration of risk.

1. Default risk

Default risk is the maximum potential risk arising from each individual exposure at the reporting date. Any counter-exposures are not taken into account.

1.1 Trade receivables

Credit risk in trade receivables is the risk of economic loss arising from a customer's failure to fulfil contractual payment obligations. Krones manages credit risk on trade receivables on the basis of internal policies. Most trade receivables are backed by various, where applicable country-specific, forms of security. These include retentions of title, guarantees and documentary credits. In order to prevent credit risk, we also run external credit checks on customers. In addition, there are processes in place for continually monitoring receivables that may be at risk of default. Write-downs on bad debt (non-recoverable trade receivables) are taken on an individual basis. The very low volume of actual defaults, as measured against the total volume of receivables, attests to the effectiveness of the measures taken.

The theoretical maximum credit risk from trade receivables corresponds to the carrying amount.

€ 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 2023 Trade receivables and contract assets	1,853,833	1,706,333	88,924	19,880	14,891	23,805
31 Dec 2022 Trade receivables and contract assets	1,574,790	1,438,483	88,496	24,522	21,701	1,588

1.2 Derivative financial instruments

Krones uses derivative financial instruments on the basis of individual contracts solely for risk management purposes. Not using derivative financial instruments would expose the company to greater financial risks.

These instruments essentially cover the risks arising from movements in exchange rates between the euro and the US dollar, the Canadian dollar, the Norwegian krone and the Japanese yen. The material contractual details (amount and term) of underlying and hedge transactions are largely identical. Default risk relating to derivative financial instruments in the event of counterparty default is limited to the balance of the positive fair values. More information on this topic is provided in the notes to the consolidated financial statements.

1.3 Other financial assets

The maximum credit risk position arising from other financial assets corresponds to the carrying amount of the instruments. Krones is not exposed to any material default risk arising from its other assets, all of which are current assets.

Impact of default risks: We rate the maximum loss as high, the likelihood of an event as low and the financial impact as medium.



2. Liquidity risk

Liquidity risk is the risk of a company being unable to sufficiently fulfil its financial obligations. Krones generates most funding through operating activities. These funds primarily serve to finance working capital and capital expenditures. Krones manages its liquidity by reserving sufficient cash and maintaining credit lines with banks in addition to the regular inflow of payments from operating activities. The company's liquidity management for operations consists of a cash management system that is based on rolling monthly liquidity planning with a planning horizon of one year. This enables Krones to be proactive about any possible liquidity bottlenecks. Apart from cash on hand, Krones' cash and cash equivalents consist primarily of demand deposits. The following overview of maturities shows how the undiscounted cash flows relating to liabilities as of 31 December 2023 influence the company's liquidity situation.

Impact of liquidity risk: We rate the maximum loss as low, the likelihood of an event as low and the financial impact as low.

€ thousand	Carrying amount 31 Dec 2023	Cash flow for 2024		Cash flow for 2025–2028		Cash flow for beyond 2028	
		Interest	Repay- ment	Interest	Repay- ment	Interest	Repay- ment
Derivative financial instruments	4,998	0	4,870	0	128	0	0
Liabilities to banks	3,765	29	1,244	24	2,521	0	0
Trade payables	723,164	0	723,164	0	0	0	0
Liabilities from leases	135,975	2,185	35,792	6,225	74,701	1,975	25,482
Other financial liabilities	146,027	0	115,282	0	30,745	0	0
Total	1,013,929	2,214	880,352	6,249	108,095	1,975	25,482

€ thousand	Carrying amount 31 Dec 2022	Cash flow for 2023		Cash flow for 2024–2027		Cash flow for beyond 2027	
		Interest	Repay- ment	Interest	Repay- ment	Interest	Repay- ment
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
Total	960,166	431	843,703	2,250	96,292	1,107	20,717



3. Interest rate risk

Krones is exposed to risk arising from possible fluctuations in market interest rates. As of the 2023 reporting date, Krones made comparatively minor use of bank borrowings relative to its business volume.

Impact of interest rate risk: We rate the maximum loss as low, the likelihood of an event as low and the financial impact as low.

4. Currency risk

Because exports to countries outside the eurozone make up a significant portion of total revenue, we are exposed in principle to currency risk. We use exchange rate hedges to counter such risk as far as possible. In addition, we make most purchasing and sales transactions in euros or the relevant functional currency.

Currency sensitivity analysis

A change in the 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 2023 € thousand	Currency USD	Currency CAD	Currency CNY	Currency GBP
Consolidated statement of profit and loss	17,606	-86	3,067	1,159
Consolidated equity	22,421	567	3,543	955

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

Impact of currency risk: We rate the maximum loss as medium, the likelihood of an event as medium and the financial impact as medium.

Operational risks

1. Price risk

Krones operates in a highly competitive market in which some orders are generated by way of prices that do not cover costs. Fixed-price contracts with customers also entail price risks.

Krones must generally bear any additional costs that arise. In order to minimise this risk, Krones has introduced a project status report. Any enquiry or order equal to or greater than a specific amount is assessed on the basis of financial, technical/technological, tax, legal and regional risks.

The very high order backlog as of 31 December 2023 provides a good basis for Krones to maintain uniform production capacity utilisation in 2024. The comfortable order cushion strengthens Krones' ability to continue implementing its pricing strategy and thus has a positive effect on price risk.

Impact of price risk: We rate the loss as medium, the likelihood of an event as medium and the financial impact as low.

2. Procurement risks

Compared to the previous year, the procurement market and global supply chain situation eased in 2023. Prices nevertheless continued to rise in some cases, and Krones experienced temporary shortages of materials in production due to supply bottlenecks, especially for electronic components. We expect that the situation on the procurement markets, including for electronic components, will continue to improve in 2024. However, procuring enough materials and supplier parts on time remains a major challenge in 2024.



Krones is generally exposed to market price risk relating to its procurement of parts and raw materials for operations. Geopolitical and macroeconomic developments are the primary factors influencing raw material prices. There is a risk that raw material prices will develop to our disadvantage. The company mitigates this risk through targeted procurement management and supply contracts that reduce the main commodity price risks.

We have factored both an easing of the procurement market and further price increases for selected product groups into our earnings forecast for 2024. If material procurement costs rise by more than expected, then earnings could be lower than forecast.

We also face risks relating to products, deadlines and quality with regard to suppliers. A specially designed process for supplier selection, monitoring and management helps minimise these risks. Should there nevertheless be temporary supply problems, there would be a risk of production stoppages, which could have a negative impact on Krones' revenue and earnings.

Impact of procurement risks: We rate the maximum loss as high, the likelihood of an event as medium and the financial impact as medium.

3. Cost risk

Our earnings forecast is based on the assumption that we will achieve cost reductions in 2024 as a result of structural measures such as the expansion of our global footprint in production and procurement. We seek to optimise cost structures along the entire value chain. Krones is exposed to the risk that these cost savings will be smaller than expected. We mitigate this risk by continually monitoring the projects underway across the company. In addition, potential risks to projects in progress due to internal or external factors are tracked during project execution and countermeasures are taken without delay.

Impact of cost risk: We rate the maximum loss as high, the likelihood of an event as low, and the financial impact as medium.

4. Personnel risk

Beside its established businesses, Krones intends to grow more rapidly in particular on the services and digital side. For that purpose, we need highly qualified employees in Germany and abroad. There is a risk that the company will not find enough suitable employees. We address this risk in a variety of ways. Ongoing cooperation with colleges and universities ensures us early access to qualified employees. We regularly employ students pursuing their bachelor's and master's degrees. Krones itself trains young people in various occupations and has a consistently high post-training hire rate. We also counter personnel risk by taking on temporary employees. In addition, we continuously improve the qualification level of our workforce with extensive further training and professional development measures. We also use professional HR consultants.

Impact of personnel risk: We rate the maximum loss as low, the likelihood of an event as low, and the financial impact as low.

Legal risks

Krones is exposed to risks arising from operating activities in connection with possible legal disputes. Krones addresses legal risks with its rules of conduct, codes and an internal compliance structure. In addition, the company has taken out insurance policies that are customary for our sector.

Impact of legal risks: We rate the maximum loss as high, the likelihood of an event as medium, and the financial impact as medium.



Environmental and safety risks

As a manufacturing company, Krones is exposed to risks relating to the environment and safety that could lead to possible harm to individuals, property or the company's reputation. Any harm caused by technical or human error in production can have a direct impact on our financial position. Such an event and any resulting fines, claims for damages or harm to our reputation can also have an indirect financial impact. Krones mitigates environmental and safety risks with high technical standards in production, training, rules of conduct and insurance policies customary in our industry.

Impact of environmental and safety risks: We rate the maximum loss as medium, the likelihood of an event as low and the financial impact as low.

IT risks

All of Krones' material business processes are based on functioning IT systems. The risks here are failure or malfunction of or unauthorised access to critical systems. Such events could result in production stoppages and the loss or misuse of important confidential data.

As a general trend, more and more companies are becoming targets of computer crime, and there are serious cybersecurity risks. Computer crime is frequently based on professional international structures, which makes averting and combating it a major challenge. Krones uses internationally recognised IT security measures to protect against risks relating to cyber-crime and other IT risks. We have redundant IT systems in place for critical business processes.

Impact of IT risks: We rate the maximum loss as high, the likelihood of an event as medium and the financial impact as medium.

Overview and description of material opportunities

Material opportunities

Krones does not record business opportunities within the risk management system. For this reason, we do not report on the likelihood of an event or the possible financial impact in relation to opportunities. We describe opportunities in general below.

General economic opportunities

General economic opportunities mainly arise for Krones if the global economy performs better in 2024 than has been predicted, for example, by the experts at the International Monetary Fund in January 2024 (3.1% growth). Krones is very well positioned internationally due to our broad global footprint and may also benefit if the economy in individual world regions performs better than anticipated. In particular, Krones has considerably strengthened its market position in recent years in the emerging markets in the Asia-Pacific region and in Africa and the Middle East. Additional opportunities would therefore arise for us if the emerging and developing economies were to grow faster than expected. For the euro area and the US, the experts at the International Monetary Fund project only below-average economic growth in 2024. Europe and the US are large and important markets for Krones. If the growth momentum is stronger than expected in these regions, Krones would benefit. In addition, an end to the Russia-Ukraine conflict or to other geopolitical tensions, such as in the Middle East, could have positive effects on the global economy and hence also on Krones' business.



Industry-specific opportunities

Beverage and food producers are paying increasing attention to sustainability. They are focusing on saving energy and other resources and keeping their carbon footprint as small as possible. There is a chance of this trend intensifying. Customers may also be more willing to accept higher prices for filling and packaging technology that helps them achieve their sustainability goals. With enviro, our certified management system, we have established the basis for ensuring that Krones machines and lines have especially low energy and media consumption. Krones has developed enviro dynamically onwards, from individual machines to complete lines and packaging solutions. This has given the company a competitive edge in sustainability, thus opening up additional revenue and earnings opportunities for Krones in this regard.

Digitalisation also presents considerable added business opportunities for Krones. Customers expect Krones' smart machines and lines to reduce their operating and labour costs. Krones already has many market-ready products and services in the "digital beverage plant" portfolio and intends to further extend its position in the growth field of digitalisation, including with new business models.

Opportunities arising from acquisitions

Krones continued to implement its acquisition strategy in 2023 and purchased a 90% stake in Ampco Pumps, USA. Ampco Pumps is a major supplier of hygienic pumps to the US food and beverage market. With this acquisition, Krones has expanded the components business in the Process Technology segment. Acquisitions remain in our strategic focus. We are primarily interested in mid-sized companies that strengthen our existing portfolio technologically and regionally, or that expand the range of products and services. A solid financial position and capital structure enables Krones to seize opportunities for external growth. Krones' earnings planning for 2024 already includes the effects of the acquisition of Netstal Maschinen AG, which is still to be finalised. Potential future acquisitions are not included in the earnings planning. External growth could open up opportunities for Krones.

Operational opportunities

1. Selling prices

Krones was able to compensate for higher procurement costs in 2023 with price increases for its products. Due to in some cases long delivery times, this effect will continue to be felt in 2024. Price increases remain a strategic focus for Krones. The very large order backlog at the start of 2024 helps the company in implementing its pricing strategy and applying a selective order acceptance policy. Our revenue and earnings guidance for 2024 includes only slight or product-dependent price increases. There is a chance that selling prices will develop better than forecast in 2024 and that this will have a positive impact on Krones' earnings.

2. Procurement prices

As part of the strategic expansion of its global footprint, Krones procures more and more materials locally at the company's locations worldwide and in best-cost countries. In addition, we increasingly buy standardised parts and complete assemblies from suppliers. Both approaches lead to more favourable procurement prices. The opportunity exists that, overall, Krones might save more in terms of material costs than forecast. Additional opportunities will also arise if raw material and other material prices develop more favourably than forecast.

3. Costs

Krones has optimised its cost structure by adopting a range of strategic measures. We have factored in further cost savings in the earnings improvement targeted for 2024. Opportunities arise for Krones if cost savings are larger than planned.



Risks from the Russia-Ukraine conflict

The Russia-Ukraine conflict continues to be a major uncertainty factor. Even two years after it began, it is still unclear how the conflict will develop and how long it will go on for. In addition to macroeconomic risks, Krones may also be exposed to other risks as a result of the Russia-Ukraine conflict.

Krones considers the direct sales risks in connection with the conflict to be low. Before the outbreak of the conflict, Krones generated only 1% to 1.5% of its business volume in Russia and Ukraine. Krones already discontinued new business in Russia in 2022. Revenue in Russia and Ukraine accounted for less than 1% of consolidated revenue in 2023. Overall, the remaining business in the two countries has a very minor impact on the revenue and earnings forecasts for 2024.

Settlement and payment default risk has been reassessed for outstanding orders with customers in the two countries. This risk was calculated on the assumption of a general risk of default by a number of customers due to the imposed economic sanctions. The resulting risk is calculated at an amount in the low single-digit millions of euros.

Supply chains in the conflict-affected areas could be interrupted or suppliers from the affected areas could fail. As Krones procures virtually no materials or products from suppliers in those regions, the direct impact on procurement risk is considered to be very low.

Krones AG is the shareholder of Krones Ukraine LLC, Kyiv, and Krones o.o.o., Moscow. Krones does not see any material risk in the assessment of the recoverability of the assets in these companies, which account for approximately 0.5% of total consolidated assets.

Summary of risks and opportunities

From today's perspective, Krones is not exposed to any risks that threaten the company's continued existence.

The company had a very high order backlog as of 31 December 2023. This increases planning certainty and has a positive overall effect on the risk situation.

Compared with the previous year, our assessment of the risks has essentially changed as follows: There has been an increase in the financial impact of macroeconomic risks and in the likelihood of an event with regard to price risk and legal risks. We have seen a decrease in the financial impact of procurement risks, in the maximum loss from currency risk and in the likelihood of an event with regard to macroeconomic and cost risks.

The main risks are concentrated in the general business environment and in industry-specific and operational risks.

In addition, there is risk arising from the Russia-Ukraine conflict. Krones has assessed the conflict's potential impact on the group. Based on this assessment, Krones has not identified any uncertainties that would cast doubt on the ability of the Krones Group to continue as a going concern.



Report on **expected developments**

- Global economy to grow 3.1% in 2024
- Krones forecasts further revenue growth in the current year
- Profitability once again to increase in 2024

Global economy expected to grow 3.1% in 2024

The Russia-Ukraine conflict, the Middle East conflict and high interest rates will slow global economic growth in 2024. According to the IMF, the euro area economy will remain weak with growth of 0.9%, while the emerging and developing markets are expected to grow by 4.1%.

In January 2024, the International Monetary Fund (IMF) projected global economic growth of 3.1% for 2024. This is once again below the recent long-term average of 3.8% (2000-2019). The Russia-Ukraine conflict and the Middle East conflict remain negative factors for the current year. Economic activity is also being tempered by persistently high interest rates aimed at curbing inflation. On the positive side, the

experts note the resilience of major economies – and especially the US – to the recent crises and the fact that inflation has fallen faster than expected.

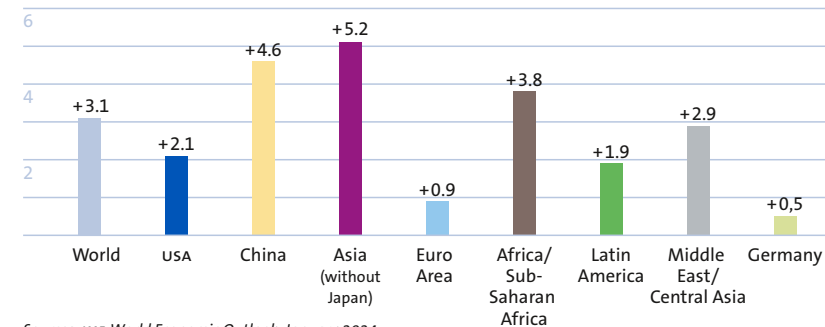
The IMF economists see downside risks to the growth forecast among other things in a further weakening of the Chinese economy and the increasing emergence of geo-economic blocs inhibiting free trade. A further risk factor identified by the experts is core inflation, which is proving to be highly persistent. Larger swings in commodity prices (for food, oil, gas, fertilisers, etc.) due to geopolitical conflicts and climate change could also reduce the expected growth.

For industrialised economies, the IMF once again anticipates GDP growth to be below average in 2024, at 1.5%. As Europe is no longer suffering as severely from the Russia-Ukraine conflict as in the last couple of years, the IMF forecasts that

the euro area will see growth rise to 0.9%. Germany continues to lag behind with projected growth of just 0.5%. The IMF expects the US economy to grow by 2.1% in 2024. In Japan, growth is likely to slow somewhat after a good year in 2023. The IMF's forecast is for growth of 0.9% in the current year.

In emerging and developing markets, the IMF predicts economic growth of 4.1% in 2024, as in the previous year. For China, the IMF expects GDP growth to fall sharply, from 5.2% in the previous year to 4.6% in the current year. India, which is now the world's fifth-largest economy after Germany, will once again record the highest growth rate among the emerging and developing markets in 2024, at 6.5%. While Latin America will also have below-average growth (of 1.9%) in the current year, the Middle East/Central Asia region is set to grow by 2.9%.

Percentage GDP growth in 2024 (forecast)

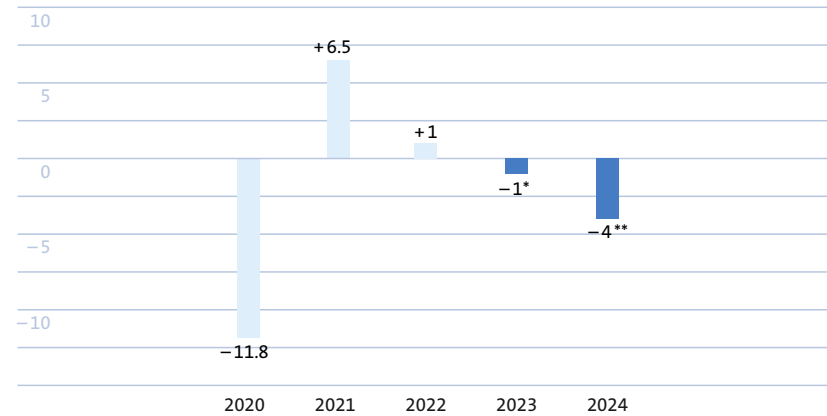


Sources: IMF, World Economic Outlook, January 2024



Weak economy weighing down machinery sector

Year-on-year change in German mechanical engineering output, in %



* Estimate **Forecast

Source: Germany's Federal Statistical Office, vDMA, December 2023

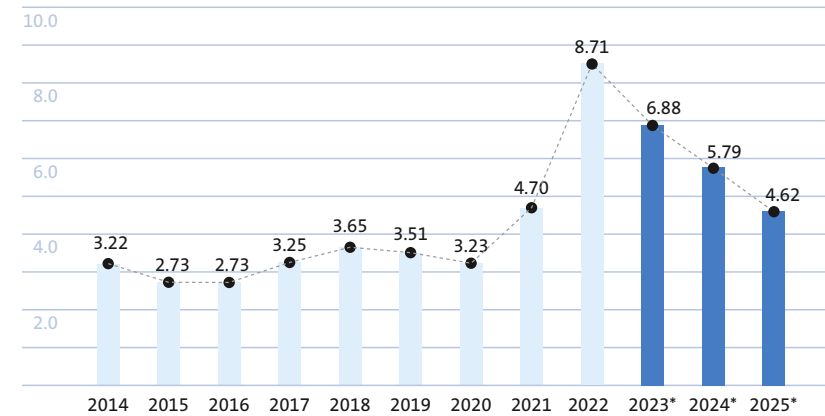
The German Mechanical Engineering Industry Association (VDMA) expects that the ongoing slump in the global economy will continue to impact the entire industry this year. After a slight 1% fall in 2023, the VDMA expects output to decline by 4% in 2024. The main reason for the forecast decline, besides the general weakening of the economy, is the significantly smaller order backlog in the entire sector compared to the previous year. This is expected to provide less of a bolster for production in the current year. It should be noted in general here that the various subsectors of the industry are developing at very different rates.

The VDMA expects that the food processing machinery and packaging machinery subsector relevant to Krones will show growth of 4% to 5% in 2024*.

* Source: vDMA Food Processing and Packaging Machinery Association, February 2024

Krones' customers benefiting from rising beverage consumption

Global inflation rate 2014 to 2022 and forecast to 2025, in %



* Forecast

Source: Statista 2024 (as of February 2024)

Consumer spending is a key determinant of Krones customers' propensity to invest, and thus of demand for beverage filling and packaging machinery.

Low unemployment and moderate inflation rates have a positive effect on consumer purchasing power. They thus support demand for packaged food and beverages and indirectly influence demand for our company's products and services. With ongoing low unemployment and with inflation on the way down again, we expect overall consumer and customer demand to be stable in 2024. Private consumption has also proved to be a pillar of economic growth in many countries during the recent difficult years. According to Global Data figures, the global consumption of packaged beverages, which is important for our customers, is expected to grow at an average annual rate of 2.8% from 2023 to 2026.



Good overall prospects for positive business performance in 2024

Krones is optimistic overall going into the 2024 financial year. The reasons for this are a large order backlog and sustained good demand for Krones' products and services – despite only slow economic growth.

However, there are still risks for the global economy and thus also for Krones' business performance. 2024 will be characterised by economic and geopolitical uncertainties. For example, it is difficult to predict how the Russia-Ukraine conflict and the Middle East conflict will develop and what impact they will have on the global economy. If these risks do not have a greater impact on the economy than is currently expected, there should be no negative effect on Krones' order intake from customers, and investment confidence in the beverage industry will develop positively.

Overall, we fundamentally expect that the global market for filling and packaging equipment will develop well and that selling prices follow a positive trend in 2024. Competition in our markets and cost pressure will again remain strong this year.

The medium and long-term outlook remains positive. Consumer demand for packaged beverages and liquid foods is growing steadily, driven by a number of megatrends such as the increasing world population and the growing middle class in emerging and developing markets. The focus on sustainability and digitalisation is likewise making for stable demand growth for innovative beverage filling and packaging machinery.

Because they share comparable sales and procurement markets, the economic, sectoral and company-specific outlooks essentially apply to all three segments of the Krones Group.

All three segments to increase revenue and profitability in 2024

In order to counteract the rise in material and labour costs throughout the Group, Krones will continue to adhere strictly to its pricing strategy in all three segments in the current year and will maintain sales prices in line with the market. We will also continue to press ahead with the steps taken by the company to optimise costs and increase efficiency.

In addition, we aim to exploit growth opportunities in our market throughout the group with innovations and future-ready products and services. Our focus here is on the areas of sustainability, digitalisation and system solutions.

Acquisitions are an option in all segments. We focus on medium-sized, profitable companies that complement the existing portfolio technologically and regionally or provide access to markets beyond the beverage and liquid food industry.

The goal in 2024 is to increase profitability in all segments, supported by higher revenue.

Filling and Packaging Technology segment

	Guidance for 2024	2023 actual	Revised guidance for 2023**	Guidance for 2023*
Revenue growth	9–13%	12.2%	10–12%	7–9%
EBITDA margin	10.3%–10.8%	10.3%	9–11%	9–11%

* From the report on expected developments in the 2022 management report

** From the report on expected developments in the interim report for the period 1 January to 30 June 2023

In the core segment, **Filling and Packaging Technology**, Krones will continue to streamline and optimise internal structures and processes in the current year. For example, the PET recycling activities will be managed as a standalone unit from mid-2024 in order to even better exploit the growth opportunities in the plastic recycling market. In addition, the focus in the core segment is on expanding our global footprint. The company will expand production in Hungary and China together with the related supply chains and strengthen the global service network by recruiting additional local talent. This ensures that Krones is close to its customers and can even better leverage the opportunities of digitalisation in production and service.

Our customers' ambitious goals of sustainable low-carbon production will also support the growth of the core segment in the current financial year. Krones is very well positioned with its resource-efficient enviro products and its sustainable and circular PET solutions. In addition, the company will make use of its line expertise to consolidate and expand its market position in efficient, reliable, high-performance filling and packaging lines for PET, glass, cans and aseptics.

For the core segment in 2024, Krones expects 9% to 13% revenue growth with an EBITDA margin of 10.3% to 10.8%.

The forecast figures include the effects of the acquisition of Netstal Maschinen AG, which is still to be finalised.

Process Technology segment

	Guidance for 2024	2023 actual	Revised guidance for 2023**	Guidance for 2023*
Revenue growth	15–20%	23.4%	20–25%	15–20%
EBITDA margin	8–9%	7.7%	6–7%	6–7%

* From the report on expected developments in the 2022 management report

** From the report on expected developments in the interim report for the period 1 January to 30 June 2023

In the Process Technology segment, as elsewhere, Krones is benefiting substantially from the trend among our customers towards sustainable and economical production. The company is well positioned here with our energy-efficient solutions for beverage production and handling and our technologies for the production of alternative proteins. Expansion of the after-sales and components business together with the successful integration of Ampco Pumps, USA, which was acquired in 2023, is also expected to make an additional contribution to growth and earnings.

In 2024, the Process Technology segment is expected to increase revenue by between 15% and 20% year on year and improve the EBITDA margin to between 8% and 9%.

Krones will continue to optimise the cost structures in Process Technology in the current year. This involves streamlining and digitalising processes and structures while making the global units more flexible and interconnected.

Krones forecasts revenue growth of 15% to 20% for the Process Technology segment in 2024, with an EBITDA margin of around 8% to 9%.



Intralogistics segment

	Guidance for 2024	2023 actual	Revised guidance for 2023**	Guidance for 2023*
Revenue growth	5–10%	–0.6%	10–15%	10–15%
EBITDA margin	6–7%	5.9%	6–7%	6–7%

* From the report on expected developments in the 2022 management report

** From the report on expected developments in the interim report for the period 1 January to 30 June 2023

The **Intralogistics** segment benefits from customers saving costs and energy with automation solutions from Intralogistics subsidiary System Logistics, while significantly improving workplace safety and employee workloads.

To generate further growth in a highly competitive environment, the segment will increasingly exploit the opportunities offered by the dynamically growing North American market. On the products side, the expansion of automated picking systems and autonomous mobile robots is also expected to further improve profitability in Intralogistics.

Krones forecasts revenue growth of 5% to 10% for Intralogistics in 2024. The EBITDA margin is expected to be between 6% and 7%.

Krones forecasts that the Group will further increase all three financial targets in 2024

Krones expects to further improve revenue, EBITDA margin and ROCE in 2024.

Krones made a strong start to the 2024 financial year with a comfortable order backlog. At the same time, various uncertainties mean that the business environment remains challenging for Krones. These include geopolitical risks in Europe, the Middle East and other parts of the world. Material shortages and problems in global supply chains that could result from military action along important trade routes remain a source of uncertainty.

Based on the prevailing macroeconomic outlook and the current expected development of the markets relevant to Krones, the company expects consolidated revenue growth of 9% to 13% in 2024.

On the basis of increasing revenue, an ongoing disciplined price strategy and continued implementation of the cost optimisation measures, Krones aims to improve profitability again this year compared to 2023, despite rising material and labour costs. At group level for 2024, the company forecasts an EBITDA margin of 9.8% to 10.3%.

For the third performance target, return on capital employed (ROCE), Krones expects an increase this year to between 17% and 19%.

The forecast figures include the effects of the acquisition of Netstal Maschinen AG, which is still to be finalised.

Krones Group

	Guidance for 2024	2023 actual	Revised guidance for 2023**	Guidance for 2023*
Revenue growth	9–13%	12.2%	11–13%	8–11%
EBITDA margin	9.8% to 10.3%	9.7%	9–10%	9–10%
ROCE	17–19%	16.3%	15–17%	15–17%

* From the report on expected developments in the 2022 management report

** As per ad-hoc disclosure of 17 July 2023



Takeover-related disclosures (report pursuant to Sections 315a and 289a of the German Commercial Code (HGB))

Pursuant to Section 4 (1) of the articles of association, the subscribed capital (share capital) of Krones Aktiengesellschaft as of 31 December 2023 amounted to €40,000,000.00 and was divided into 31,593,072 ordinary bearer shares each representing a notional €1.27 of share capital. With the exception of treasury shares, from which the Company has no rights, all shares carry the same rights and obligations. Krones held no treasury shares as of 31 December 2023. Shareholders' rights and obligations arising from shares follow from statutory provisions of the Stock Corporation Act (AktG), primarily Sections 12, 53a et seq., 118 et seq., 133 et seq. and 186 AktG.

Under Section 20 (1) of the articles of association, each share entitles its holder to one vote in the annual general meeting. The Company has no voting rights from treasury shares.

Pursuant to Section 18 (1) of the articles of association, only those shareholders who register with the company in text form in German or English and provide proof of their shareholding prior to the annual general meeting are entitled to participate and vote in the annual general meeting. Under Section 67c (3) AktG, proof of a shareholder's shareholding in text form provided by the last intermediary is sufficient as proof and may also be communicated to the company directly by the last intermediary. The proof of shareholding must relate to the close of business on the twenty-second day prior to the annual general meeting.

Restrictions on the voting rights attached to shares may also result from provisions of the Stock Corporation Act, such as under Section 136 AktG. Infringements of notification obligations within the meaning of sections 33 (1), 38 (1) and 39 (1) of the German Securities Trading Act (WpHG) may lead to a situation where, under section 44 WpHG, rights attached to shares, including voting rights, are at least temporarily suspended.

To the knowledge of the Executive Board, the following agreement exists, or existed in the 2023 financial year, that may be considered a restriction within the meaning of Section 289a sentence 1 no. 2 and Section 315a sentence 1 no. 2 of the German Commercial Code (HGB): Mr. Harald Kronseder, Mr. Gunther Kronseder, Harald Kronseder Holding GmbH, Neutraubling, Beteiligungsgesellschaft Kronseder mbH, Neutraubling, VMAX Familienstiftung, Neutraubling, Ms. Nora Diepold (née Kronseder) and Mr. Leopold Kronseder are parties to a pool agreement. The members of the pool have established a civil-law partnership ("Familie Kronseder Konsortium"), the purpose of which is to ensure, by means of uniform decision-making by the shareholders and uniform exercise of voting rights in general meetings of Krones Aktiengesellschaft and by restricting the ability for the shares in Krones Aktiengesellschaft bound in the pool agreement to be sold at will, (a) the influence of the shareholders (and in particular the influence of the Kronseder family) and their legal successors, (b) the continuation of Krones Aktiengesellschaft in a scope comparable to the overall business situation at the time of signing the pool agreement (comparable revenue, comparable order volume, comparable operating assets, comparable size of workforce) and (c) that the company retains the character of a family-owned company.

The Executive Board of the company is not aware of any other restrictions relating to voting rights or the transfer of shares.

The company is aware of the following direct and indirect shareholdings in the company's capital that exceed 10% of the voting rights: Leopold Kronseder, Germany (indirect), Nora Diepold (née Kronseder), Germany (indirect), Gunther Kronseder, Germany (indirect), VMAX Familienstiftung, Neutraubling, Germany (direct and indirect), Harald Kronseder, Switzerland (direct and indirect), Harald Kronseder Holding GmbH, Neutraubling, Germany (indirect), Beteiligungsgesellschaft Kronseder mbH, Neutraubling, Germany (direct and indirect), Dr. Volker Kronseder, Germany (indirect).



To the company's knowledge, the members of Familie Kronseder Konsortium jointly hold the following interest in the share capital:

	Total share of voting rights
Familie Kronseder Konsortium	52.1%

Changes to the shareholdings listed above that are not required to be reported to the company may have occurred since the last notification to the company by the party concerned. Because the company's shares are bearer shares, the company is generally only aware of changes in shareholdings if the changes are subject to reporting requirements.

The company has not issued any shares with special rights conferring powers of control. There is no employee share scheme where the control rights are not exercised directly by the employees.

The appointment and dismissal of Executive Board members is governed by Sections 84 and 85 AktG and by Section 31 of the Codetermination Act (MitbestG). Pursuant to Section 6 (1) of the articles of association, the Executive Board consists of at least two members. Pursuant to Section 6 (2) of the articles of association, determination of the number of Executive Board members, the appointment of regular and deputy members of the Executive Board, the execution of their employment contracts and revocation of appointments are the responsibility of the Supervisory Board.

Such amendments are to be adopted by resolution of the annual general meeting (Section 119 (1) No. 6 and Section 179 (1) AktG). Unless mandatory provisions of law stipulate otherwise, resolutions of the annual general meeting are made with a simple majority of votes cast or, in cases in which the law prescribes a majority of shares in addition to a majority of votes, with a simple majority of the share capital

represented in the vote. Accordingly, in derogation from Section 179 (2) sentence 1 AktG, resolutions of the annual general meeting amending the articles of association also require, in addition to a simple majority of votes, a majority of the share capital represented in the vote, unless a larger majority is prescribed by law. The Supervisory Board is authorised to make amendments that affect only the wording of the articles of association (Section 179 (1) sentence 2 AktG in conjunction with Section 13 of the articles of association). In addition, the Supervisory Board is authorised by resolution of the annual general meeting of 17 June 2021 to amend the articles of association in accordance with any utilisation of Authorised Capital 2021 (as defined below) and upon expiry of the term of the authorisation for the utilisation of Authorised Capital 2021.

By resolution of the annual general meeting of 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 2021) through the issuance on one or more occasions of new ordinary bearer shares against cash contributions up to and including 16 May 2026. Shareholders must normally 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 Executive Board is authorised to repurchase treasury shares and to sell repurchased shares in the cases stipulated on by law in Section 71 AktG. By resolution of the annual general meeting of 23 May 2023, the Executive Board is authorised, with the approval of the Supervisory Board, up to and including 22 May 2028, subject to compliance with the principle of equal treatment (Section 53a AktG), to buy treasury shares totalling up to 10% of the company's share capital at the time that the resolution was adopted or, if smaller, at the time that the authorisation is



exercised. The amount of shares purchased under this authorisation, together with other treasury shares that the company has already acquired or still holds or shares that are attributable to the company under Sections 71d and 71e AktG, may at no time exceed 10% of the company's share capital at the time. The authorisation may be exercised once or multiple times, either in whole or in part, in pursuit of one or multiple purposes, by the company, by Group companies or by a third party acting on the company's behalf or on behalf of Group companies. The authorisation may not be used for the purpose of trading in the company's shares.

The purchase of treasury shares may be carried out, at the discretion of the Executive Board, through a stock exchange or through a public tender offer addressed to all of the company's shareholders or through a public request to the shareholders to tender shares for sale.

By resolution of the annual general meeting of 23 May 2023, the Executive Board is authorised to use any treasury shares bought in accordance with Section 71 (1) No. 8 of the Stock Corporation Act for any permissible purpose, and in particular as follows:

- 1) The shares may be sold through a stock exchange or, with the approval of the Supervisory Board, by way of a public offer addressed to all shareholders in keeping with their investment share. In the latter case, subscription rights are excluded for fractional amounts.
- 2) The shares may, with the approval of the Supervisory Board, be offered and transferred to third parties in return for contributions in kind. The aforementioned shares may be used to end or settle valuation proceedings under company law (gesellschaftsrechtliche Spruchverfahren) relating to affiliated companies. In this case, shareholders' respective subscription rights will be excluded.

- 3) The shares may, with Supervisory Board approval, be sold to third parties against cash payment if the price at which the shares in the company are sold is not significantly lower than the stock exchange price of a company share at the time of sale (within the meaning of Section 186 (3) sentence 4 AktG). In this case, shareholders' respective subscription rights will be excluded.
- 4) The shares may be used to service obligations or rights to purchase shares in the company arising from and in connection with convertible bonds or bonds with warrants, or profit-sharing rights with conversion rights or warrants, issued by the company or any of its group companies. In this case, shareholders' respective subscription rights will be excluded.
- 5) The shares may be offered to all shareholders, who can then assign (in whole or in part) their claim to cash payout of the dividend arising from the annual general meeting's resolution on the appropriation of earnings available for distribution in exchange for treasury shares (share dividend).
- 6) The shares may be cancelled and the share capital reduced by the proportion of the share capital accounted for by the cancelled shares, without the cancellation or its execution requiring a further resolution by the annual general meeting.
- 7) The Executive Board can also cancel the shares by a simplified process without reducing the share capital so that the proportion of the other shares in relation to the share capital is increased through the cancellation.

The authorisations for the Executive Board to sell and otherwise use purchased shares may be exercised once or multiple times, individually or in combination, on the whole volume or on partial volumes of the acquired shares. The authorisations can also be exercised by dependent companies or companies that are majority-owned by the company or by third parties on behalf of the company or its dependent or majority-owned companies.



The shareholders' subscription rights on these treasury shares are excluded insofar as the shares are used as described under items 1) through to 4) above in accordance with the above authorisations. The Executive Board is authorised to exclude shareholders' subscription rights, with the approval of the Supervisory Board, if the treasury shares are used for the purpose laid out under item 5) above.

Further details can be found in the authorising resolution, the full wording of which is reproduced in agenda item 9 in the notice convening the annual general meeting of Kronos Aktiengesellschaft on 23 May 2023 published in the Federal Gazette on 13 April 2023.

Kronos Aktiengesellschaft has not made any material agreements containing special provisions relating to a change or acquisition of control following a takeover offer.

The company has not made any agreements with members of the Executive Board or company employees relating to compensation in the event of a takeover offer.

The company has not made any agreements with members of the Executive Board or company employees relating to compensation in the event of a takeover offer.



Dependency report

Pursuant to section 17 of the German Stock Corporation Act (AktG), Familie Kronseder Konsortium GbR, Neutraubling, has a controlling influence over Krones AG. Thus, in keeping with section 312 AktG, the Executive Board has prepared a report which contains the following final declaration:

“After careful examination and to the best of its knowledge, the Executive Board confirms that in the 2023 financial year

- no legal transactions were carried out between Krones AG and Familie Kronseder Konsortium GbR, and
- no further legal transactions other than the legal transactions listed in Annex 2 were carried out between Krones AG and shareholders of Familie Kronseder Konsortium GbR or their affiliates.

Krones AG did not carry out any transactions with third parties at the instigation or in the interests of the shareholders of Familie Kronseder Konsortium GbR or their affiliates. Measures requiring reporting within the meaning of section 312 AktG were neither taken nor omitted.

Krones AG received appropriate consideration within the meaning of section 312 AktG for every transaction made between Krones AG and the shareholders of Familie Kronseder Konsortium GbR and their affiliates in the reporting period. This assessment is based on the circumstances known to us at the time of the reportable events.”



The statement on corporate governance is also available online at <https://www.krones.com/en/company/investor-relations/corporate-governance-statement.php>



Neutraubling, 12 March 2024
Krones AG

The Executive Board

Christoph Klenk
CEO

Uta Anders
CFO

Thomas Ricker
CSO

Markus Tischer

Ralf Goldbrunner