

KRONES Aktiengesellschaft, Neutraubling

Annual general meeting (Virtual AGM) of KRONES AG
on Monday, 17 May 2021, 2:00 pm,
at the business premises of KRONES AG,
Böhmerwaldstrasse 5, 93073 Neutraubling,
Germany.

Report of the Executive Board **on agenda item 7**



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(Resolution on the cancellation of authorised capital pursuant to Section 4 (4) of the Articles of Association, on the creation of new authorised capital with the option of excluding subscription rights and on the corresponding amendment to the Articles of Association)

Under item 7 of the agenda to the Annual General Meeting of May 17, 2021, the Executive Board and Supervisory Board propose that the authorised capital pursuant to Section 4 (4) of the Articles of Association be cancelled and that new authorised capital be created (Authorised Capital 2021).

The existing authorised capital was authorised for a period of five years by resolution of the Annual General Meeting on 15 June 2016. No use has been made of the authorisation so far.

In accordance with Section 203 (2) sentence 2 in conjunction with Section 186 (4) sentence 2 of the German Stock Corporation Act (AktG), the Executive Board hereby submits this report on item 7 of the agenda to the Annual General Meeting, setting out the reasons for the authorisation to exclude shareholders' subscription rights when issuing new shares.

Authorised Capital 2021, as proposed in agenda item 7, is intended to replace the existing authorised capital, which expires at midnight on 15 June 2021. The purpose of the proposed amendment to Section 4 (4) of the Articles of Association is so that the Executive Board continues to have the option, subject to the approval of the Supervisory Board, to increase the company's share capital by up to €10 million. This is intended to enable the Executive Board to respond

flexibly in the event of a need for new equity and in the event of favourable capital market situations. For this purpose, the Executive Board considers an amount of up to €10 million to be required. Shareholders must normally be granted subscription rights in any capital increase against cash contributions. However, the authorisation allows the Executive Board, subject to the approval of the Supervisory Board, to exclude fractional amounts from shareholders' subscription rights. Fractional amounts may result from the respective issue volumes and from the setting of a practicable subscription ratio. Excluding subscription rights for fractional amounts of authorised capital enables the proposed authorisation to be exercised with a round subscription rights ratio. The exclusion of such subscription rights enhances the practicability of a capital increase and facilitates the process of issuing shares with shareholders' subscription rights. Furthermore, the value of fractional amounts per shareholder is generally small. In contrast, the expense of issuing shares without excluding subscription rights for fractional amounts would be significantly higher. The shares excluded as fractional amounts from shareholders' subscription rights will either be sold on the stock exchange or otherwise disposed of at the best possible price for the Company. As the exclusion of subscription rights in the authorisation proposed for resolution under agenda item 7 is restricted to fractional amounts, any resulting dilutive effect to the detriment of shareholders is minor.

For the foregoing reasons, the Executive Board considers the exclusion of subscription rights for Authorised Capital 2021 in the extent described to be objectively justified.

There are currently no specific plans for the utilisation of Authorised Capital 2021. In every instance, the Executive Board will carefully examine whether exercising the authorisation is in the interest of the Company and its shareholders.

In the event that the Executive Board exercises the foregoing authorisation to exclude subscription rights in a capital increase from Authorised Capital 2021 during a financial year, the Executive Board will report thereon at the next Annual General Meeting.

Neutraubling, March 2021



Christoph Klenk
CEO



Norbert Broger
CFO



Thomas Ricker
CSO



Markus Tischer



Ralf Goldbrunner