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CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated statement of profit and loss

		2021	2020
€ thousand	Notes		
Revenue	19	3,634,456	3,322,743
Changes in inventories of finished goods and work in progress	5	19,562	39,140
Other own work capitalised	20	53,565	36,748
Other operating income	21	161,762	120,453
Goods and services purchased	22	-1,807,417	-1,694,677
Expenses for materials and supplies and for goods purchased		-1,373,216	-1,316,229
Expenses for services purchased		-434,201	-378,448
Personnel expenses	23	-1,176,686	-1,175,211
Wages and salaries		-983,497	-983,403
Social security contributions and expenses for pension plans and for benefits	14	-193,189	-191,808
Depreciation and amortisation of intangible assets and property, plant and equipment	1/2	-141,738	-174,035
Other operating expenses	24	-572,606	-515,972
EBITDA		312,636	133,224
EBIT		170,898	-40,811
Investment income	25	2,032	0
Profit or loss shares attributable to associates that are accounted for using the equity method	4	-36	-88
Income from other securities and loans classified as non-current financial assets	25	0	0
Interest and similar income	25	9,891	11,554
Interest and similar expenses	25	-5,525	-7,252
Financial income/expense	25	6,362	4,214
Earnings before taxes		177,260	-36,597
Income tax	8/26	-35,874	-43,056
Consolidated net income		141,386	-79,653
Profit share of non-controlling interests		20	52
Profit share of KRONES Group shareholders		141,366	-79,705
Earnings per share (diluted/basic) in €	27	4.47	-2.52

Consolidated statement of **comprehensive income**

		2021	2020
€ thousand	Notes		
Consolidated net income		141,386	-79,653
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit plans	12	21,328	-15,384
		21,328	-15,384
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation		36,049	-56,708
Cash flow hedges	12	-7,873	5,362
		28,176	-51,346
Other comprehensive expenses and income after income taxes	9	49,504	-66,730
Total comprehensive income	9	190,890	-146,383
of which attributable to non-controlling interests		20	52
of which attributable to Krones Group shareholders		190,870	-146,435

Consolidated statement of financial position – **Assets**

		31 Dec 2021		31 Dec 2020	
€ thousand	Notes				
Intangible assets	1	303,160		300,597	
Property, plant and equipment and right-of-use assets	2	667,009		656,142	
Non-current financial assets	3	28,846		29,841	
Investments accounted for using the equity method	4	2,357		3,380	
Fixed assets		1,001,372		989,960	
Deferred tax assets	8	75,177		54,434	
Trade receivables	6	42,976		36,223	
Tax receivables		1,603		236	
Other assets	6	11,676		11,639	
Non-current assets			1,132,804		1,092,492
Inventories	5	433,604		355,120	
Trade receivables	6	743,326		704,129	
Contract assets	6/19	593,969		518,756	
Tax receivables		11,977		16,819	
Other assets	6	195,785		145,204	
Cash and cash equivalents	7	383,371		216,988	
Current assets			2,362,032		1,957,016
Total			3,494,836		3,049,508



Consolidated statement of financial position – Equity and liabilities

		31 Dec 2021		31 Dec 2020	
€ thousand	Notes				
Subscribed capital	9	40,000		40,000	
Capital reserves	10	141,724		141,724	
Profit reserves	11	373,390		370,654	
Other reserves	12	-163,373		-213,318	
Consolidated retained earnings		1,000,813		861,465	
Consolidated equity of the parent company			1,392,140		1,200,525
Non-controlling interests	13	-557		-577	
Equity			1,391,583		1,199,948
Provisions for pensions	14	251,156		281,412	
Deferred tax liabilities	8	5,293		2,992	
Other provisions	15	78,819		79,419	
Tax liabilities		4,496		4,098	
Liabilities to banks	16	5,098		5,059	
Trade payables	16	0		44	
Other financial obligations and lease liabilities	16	79,700		78,385	
Other liabilities	16	9,849		24,116	
Non-current liabilities			434,411		475,525
Other provisions	15	164,523		198,024	
Liabilities to banks	16	0		27,005	
Contract liabilities	16/19	600,236		405,094	
Trade payables	16	515,141		370,315	
Tax liabilities		26,007		26,563	
Other financial obligations and lease liabilities	16	42,987		47,061	
Other liabilities and accruals	16	319,948		299,973	
Current liabilities			1,668,842		1,374,035
Total			3,494,836		3,049,508



Consolidated statement of cash flows

		2021	2020
€ thousand	Notes		
Earnings before taxes		177,260	–36,597
Depreciation and amortisation and reversals	1/2	141,738	174,035
Increase in provisions and accruals	15/16	3,533	5,347
Interest and similar expenses and income	25	–4,366	–4,302
Gains and losses from the disposal of non-current assets	21/24	–23	–37
Other non-cash expenses and income		12,818	11,622
Increase (previous year: decrease) in trade receivables, contract assets and other assets not attributable to investing or financing activities		–152,578	236,652
Increase (previous year: decrease) in inventories	5	–72,348	16,165
Increase (previous year: decrease) in trade payables, contract liabilities and other liabilities not attributable to investing or financing activities		256,805	–31,547
Cash generated from operating activities		362,839	371,338
Interest paid		–2,805	–5,457
Income tax paid and refunds received		–54,301	–44,114
Cash flow from operating activities		305,733	321,767
Cash payments to acquire intangible assets	1	–43,652	–36,938
Proceeds from the disposal of intangible assets	1	230	55
Cash payments to acquire property, plant and equipment	2	–61,238	–56,851
Proceeds from the disposal of property, plant and equipment	2	2,457	6,439
Cash payments to acquire non-current financial assets		–295	–4,487
Proceeds from the disposal of non-current financial assets		1,735	0
Cash payments to acquire affiliated companies		0	0
Deferred purchase price payment for business acquisitions from previous periods		–11,150	–11,595
Interest received		7,402	2,894
Dividends received		2,032	0
Cash flow from investing activities		–102,479	–100,483
Cash payments to owners		–1,896	–23,695
Proceeds from new borrowing		0	32,000
Cash payments to service debt		–26,966	–72,178
Cash payments to acquire non-controlling interests		0	0
Cash payments for the repayment of lease liabilities		–32,029	–35,168
Cash flow from financing activities		–60,891	–99,041
Net change in cash and cash equivalents		142,363	122,243
Changes in cash and cash equivalents arising from changes in exchange rates		8,050	–15,637
Changes in cash and cash equivalents arising from changes in the consolidated group		15,970	0
Cash and cash equivalents at the beginning of the period		216,988	110,382
Cash and cash equivalents at the end of the period	7	383,371	216,988

Consolidated statement of **changes in equity**

€ thousand	Parent company						Equity	Non-controlling interests Equity	Consolidated equity
	Share capital	Capital reserves	Profit reserves	Other reserves		Group retained earnings			
				Currency differences in equity	Other remaining reserves				
Notes	9	10	11	11	12		13		
At 1 January 2020	40,000	141,724	370,553	-30,275	-116,313	964,966	1,370,655	-629	1,370,026
Dividend payment (€0.75 per share)						-23,695	-23,695		-23,695
Consolidated net income 2020						-79,705	-79,705	52	-79,653
Allocation to profit reserves			101			-101	0		0
Changes in the consolidated group			0			0	0	0	0
Other comprehensive expenses and income				-56,708	-10,022		-66,730		-66,730
At 31 December 2020	40,000	141,724	370,654	-86,983	-126,335	861,465	1,200,525	-577	1,199,948
Dividend payment (€0.06 per share)						-1,896	-1,896		-1,896
Consolidated net income 2021						141,366	141,366	20	141,386
Allocation to profit reserves			122			-122	0		0
Changes in the consolidated group			2,614		27	0	2,641	0	2,641
Other comprehensive expenses and income				36,049	13,455		49,504		49,504
At 31 December 2021	40,000	141,724	373,390	-50,934	-112,853	1,000,813	1,392,140	-577	1,391,583



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Consolidated **segment reporting**

€ thousand	Machines and Lines for Product Filling and Decoration		Machines and Lines for Beverage Production/ Process Technology		KRONES Group	
	2021	2020	2021	2020	2021	2020
Revenue	3,045,598	2,797,319	588,858	525,424	3,634,456	3,322,743
Depreciation, amortisation and impairments	128,169	134,711	13,569	39,324	141,738	174,035
of which impairments	4,152	7,408	0	21,629	4,152	29,037
Interest income	9,174	1,323	238	131	9,412	1,454
Interest expense	4,820	5,548	705	1,194	5,525	6,742
EBT	162,447	31,417	14,814	-68,015	177,261	-36,598
Share of profit or loss of associates accounted for using the equity method	-36	0	0	-88	-36	-88
EBIT	155,052	36,818	15,846	-77,629	170,898	-40,811
EBT margin (EBT to revenue)	5.3%	1.1%	2.5%	-12.9%	4.9%	-1.1%
EBITDA	283,221	171,529	29,415	-38,305	312,636	133,224
EBITDA margin (EBITDA to revenue)	9.3%	6.1%	5.0%	-7.3%	8.6%	4.0%



General disclosures

■ Legal basis

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

The consolidated financial statements of Krones AG, Neutraubling (the “Krones Group”) for the period ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, applicable at the reporting date, including the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), as adopted by the European Union.

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



A list of such standards and interpretations and of standards applied for the first time is provided on page 186. The commercial law stipulations under Section 315e (1) of the German Commercial Code (HGB) have been complied with in addition.

The Executive Board authorised the publication of the consolidated financial statements on 16 March 2022.

Non-controlling interests in consolidated equity are presented on the statement of financial position as a separate item within equity. On the statement of profit and loss, the share of profit or loss attributable to non-controlling interests is presented as a component of consolidated net income. The shares of consolidated net income attributable to the owners of the parent and to non-controlling interests are presented separately.

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

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

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

The group currency is the euro.

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



■ Consolidated group

Besides Krones AG, the consolidated financial statements of Krones AG for the period ended 31 December 2021 include all domestic and foreign subsidiaries over which Krones AG has direct or indirect control on account of a majority of voting rights.

Krones Meatech FZCO, Dubai, United Arab Emirates, Krones North West Africa (SARL), Casablanca, Morocco, Krones Middle East Maintenance, Riyadh, Saudi Arabia and Krones Italia S.R.L., Garda (VR), Italy were established and, together with Krones Korea Limited, Seoul, Korea, included in the scope of consolidation during the financial year.

■ Consolidation principles

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

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

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

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

Shares in the equity of a subsidiary that are not attributable to the parent are presented as non-controlling interests. If an acquisition includes put options granted to non-controlling interests for their interests in group

companies and Krones has identical call options, the options are accounted for as if they had already been exercised and each is recognised as a liability at fair value instead of recognising non-controlling interests (anticipated acquisition method).

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

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

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

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

■ Currency translation

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

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

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

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

Exchange rates of subsidiaries' functional currencies against the euro:

		Closing rate		Average rate	
		31.12.2021	31.12.2020	2021	2020
us dollar	USD	1.132	1.228	1.182	1.142
British pound	GBP	0.840	0.900	0.860	0.890
Swiss franc	CHF	1.033	1.081	1.081	1.070
Danish krone	DKK	7.437	7.440	7.437	7.454
Canadian dollar	CAD	1.442	1.563	1.483	1.530
Japanese yen	JPY	130.320	126.500	129.859	121.820
Brazilian real	BRL	6.307	6.376	6.377	5.896
Chinese renminbi (yuan)	CNY	7.217	8.009	7.629	7.871
Mexican peso	MXN	23.141	24.409	23.989	24.532
Ukrainian hryvnia	UAH	30.884	34.781	32.240	30.868
South African rand	ZAR	18.054	18.014	17.483	18.777
Kenyan shilling	KES	128.085	134.043	129.660	121.715
Nigerian naira	NGN	465.250	484.550	484.037	435.249
Russian rouble	RUB	84.976	91.758	87.127	82.755
Thai baht	THB	37.542	36.733	37.839	35.714
Indonesian rupiah	IDR	16,133.700	17,246.300	16,902.746	16,595.705
Angolan kwanza	AOA	639.750	803.900	746.120	661.940
Turkish lira	TRY	15.142	9.107	10.503	8.051
Kazakhstan tenge	KZT	492.420	517.320	504.524	473.382
Australian dollar	AUD	1.561	1.586	1.575	1.656
New Zealand dollar	NZD	1.657	1.695	1.672	1.757
Swedish krona	SEK	10.256	10.025	10.146	10.488
Vietnamese dong	VND	25,872.000	28,331.000	27,118.700	26,527.952
Philippine peso	PHP	57.684	58.970	58.302	56.593
Bangladeshi taka	BDT	97.034	103.908	100.603	96.889
Singapore dollar	SGD	1.528	1.622	1.589	1.574
Myanmar kyat	MMK	2,012.680	1,630.110	1,910.092	1,567.874
United Arab Emirates dirham	AED	4.158	4.509	4.343	4.194
Hungarian forint	HUF	369.850	364.380	358.549	351.309
Malaysian ringgit	MYR	4.716	4.938	4.901	4.795
Pakistani rupee	PKR	199.796	196.645	192.819	184.936
Polish zloty	PLN	4.594	4.557	4.567	4.443
Norwegian krone	NOK	9.989	10.458	10.165	10.728
Indian rupee	INR	84.168	89.690	87.373	84.559
Guatemalan quetzal	GTQ	8.736	9.568	9.149	8.821
Cambodian riel	KHR	4,609.500	4,956.600	4,812.416	4,665.600
Bulgarian lev	BGN	1.956	1.956	1.956	1.956
Moroccan dirham	MAD	10.516	–	10.630	–
Saudi riyal	SAR	4.250	–	4.435	–



■ Estimates and judgements

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

Major assumptions made about the future, and other sources of estimation uncertainty at the end of the reporting period that have a risk of resulting in material adjustments to the carrying amounts of assets and liabilities within the next financial year, are explained in the following. Due to the ongoing spread of infection and the associated disruptions as a result of the Covid-19 pandemic, the estimates and judgements relating to intangible assets and liabilities in particular are subject to increased uncertainty. Available information on expected economic developments and country-specific government measures was taken in account in adopting the estimates and judgements.

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

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

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

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



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

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

Purchase agreements for acquisitions include options for Krones to acquire the remaining minority interests. If the seller holds identical put options, the group assumes that the option will be exercised and therefore does not present the minority interests in the consolidated financial statements (anticipated acquisition method). Instead, a liability from the acquisition is recognised at fair value. The fair value is measured using the discounted cash flow method; the main input factors are medium-term planning and the discount rate. With regard to the exercise date, it is assumed as a rule that the probability of exercise is evenly distributed unless otherwise indicated. Im-

pairment testing involves making estimates and assumptions about the timing. The actual amounts may differ from the assumptions and estimates made if the conditions referred to change contrary to expectations. Further details are provided in Note 18.

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



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

Provisions for warranties are accounted for on the basis of expected costs from customer orders. The estimates for the warranty obligations are based on experience in recent financial years and generally relate to a warranty term of between one and two years from the acceptance date. It is therefore expected that the majority of provisions for warranties will be settled within the next two years. Further details are provided on page 171.



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

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

age of completion is the ratio of contract costs incurred up to the reporting date to the total estimated cost of the projects. Changes in estimates and differences between actual costs and estimated costs affect the profit on such projects.

■ Intangible assets

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



■ Research and development expenditure

Development costs in the Krones Group are capitalised at cost if all recognition criteria in IAS 38.57 are met. In accordance with IAS 38, research expenditure cannot be capitalised and is therefore immediately recognised as an expense in profit or loss. Borrowing costs are capitalised as cost at a capitalisation rate of 0.03% (previous year: 0.25%).



■ Goodwill

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

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

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

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

■ Property, plant and equipment

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

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

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

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

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

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

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



■ Leases

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

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

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

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

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

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

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

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

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

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



■ Financial instruments

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

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

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

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

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

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

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

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

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

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

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



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

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

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

■ Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

■ Receivables and other assets

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



The group makes use of the possibility as a rule of selling export receivables that are covered by credit insurance and/or documentary letters of credit. Receivables sold as of the reporting date were derecognised in full. In the case of receivables covered by credit insurance, the risk relating to the exporter's deductible is generally retained. The group assumes in such cases that substantially all the risks and rewards of the receivables transfer to the purchaser of the receivables if the deductible does not exceed 10% of the value of each individual receivable. The fair value of the expected recourse obligation under the retained deductibles was recognised as an expense.

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

■ Inventories

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

The allocation of overheads is based on normal capacity.

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

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

■ Income tax

The tax expense comprises current and deferred taxes. Current taxes and deferred taxes are recognised in profit or loss except to the extent that they relate to a business combination or to an item recognised directly in equity or in other comprehensive income.

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

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

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

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



■ Provisions for pensions

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

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

■ Partial retirement benefit obligations

According to the definition of post-employment benefits in IAS 19, top-up payments under partial retirement agreements come under other long-term employee benefits. Such top-up payments are therefore not recognised in full as liabilities at their net present value. Instead, they are accrued on a prorated basis across the relevant years of active service of the employees taking partial retirement.

■ Other provisions

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

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

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



■ Revenue

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

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

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

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

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

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

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

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

Revenue is presented net of reductions.



■ Segment reporting

Krones reports on two operating segments, which are the strategic business units. The two segments are organised by product divisions and services and managed separately due to the different technologies they cover. The Executive Board, as the chief operating decision maker, manages the company as a whole on the basis of monthly reports from the segments. Segment 1 comprises machines and lines for product filling and decoration. Segment 2 comprises machines and lines for beverage production and process technology. The accounting policies used are the same as those described under “General disclosures” above.

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

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

€ thousand	2021	2020
Germany	375,525	328,742
North America	764,224	644,344
Rest of the world	2,494,707	2,349,657
	3,634,456	3,322,743

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

€ thousand	2021	2020
Germany	684,530	651,440
North America	33,117	35,777
Rest of the world	308,777	317,620
	1,026,424	1,004,837

Notes to the **consolidated statement of financial position****1 Intangible assets**

The carrying amount of intangible assets changed as follows:

€ thousand	Industrial property rights and similar rights and assets as well as licenses	Goodwill	Capitalised development expenditure	Advance payments made	Total
31 December 2019					
Cost	232,805	141,063	448,461	28	822,357
Accumulated depreciation	162,395	17,520	297,290	0	477,205
Net carrying amount	70,410	123,543	151,171	28	345,152
Changes in 2020					
Cost					
Consolidated additions	0	0	0	0	0
Additions	12,869	0	23,675	4	36,548
Disposals	2,285	0	0	6	2,291
Transfers	38	0	-30	-14	-6
Exchange differences	-1,365	-5,345	0	0	-6,710
Amortisation					
Additions	21,759	17,904	36,736	0	76,399
Disposals	2,236	0	0	0	2,236
Transfers	0	0	0	0	0
Exchange differences	-599	-1,468	0	0	-2,067
Net carrying amount at 31 December 2020	60,743	101,762	138,080	12	300,597
31 December 2020					
Cost	242,062	135,718	472,106	12	849,898
Accumulated depreciation	181,319	33,956	334,026	0	549,301
Net carrying amount	60,743	101,762	138,080	12	300,597

Table continued on next page



€ thousand	Industrial property rights and similar rights and assets as well as licenses	Goodwill	Capitalised development expenditure	Advance payments made	Total
Changes in 2021					
Cost					
Consolidated additions	0	0	0	0	0
Additions	17,246	0	28,185	22	45,453
Disposals	3,014	0	717	0	3,731
Transfers	67	0	-55	-12	0
Exchange differences	1,027	5,114	0	0	6,141
Depreciation					
Additions	17,908	0	28,993	0	46,901
Disposals	2,784	0	717	0	3,501
Transfers	53	0	-53	0	0
Exchange differences	416	1,484	0	0	1,900
Net carrying amount at 31 December 2021	60,476	105,392	137,270	22	303,160
31 December 2021					
Cost	257,388	140,832	499,519	22	897,761
Accumulated depreciation	196,912	35,440	362,249	0	594,601
Net carrying amount	60,476	105,392	137,270	22	303,160

Adjusted for rounding

The additions to industrial property rights, similar rights/assets and licenses mainly relate to licenses for IT software. Customer bases amounting to €5,009 thousand (previous year: €6,724 thousand) are included in the carrying amount as of the reporting date.

All goodwill underwent a regular impairment test in accordance with IAS 36, as in the previous year. Impairment testing is performed on the basis of value in use at the level of the smallest cash-generating unit (CGU) or group

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



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

CGU		Carrying amount of goodwill € thousand	Forecast period in years	Annual revenue growth at end of forecast period	Discount rate before taxes
IPS	2021	34,055 ²⁾	3	1.0%	6.0%
	2020	31,404 ²⁾	3	1.0%	5.3%
SPRINKMAN	2021				
	2020	–	3	2.0%	11.2%
MHT	2021	20,180	3	1.0%	7.9%
	2020	20,180	5	1.0%	8.2%
S.P.S	2021	1,188	3	1.0%	7.7%
	2020	1,188	3	1.0%	7.6%
JAVLYN	2021	4,551 ²⁾	3	1.5%	13.3%
	2020	4,197 ²⁾	3	1.5%	13.3%
TRANS-MARKET	2021				
	2020	–	3	2.0%	11.2%
SYSTEM LOGISTICS	2021	30,906	3	1.0%	7.9%
	2020	30,906	3	1.0%	7.0%
HST	2021	4,258	3	1.0%	8.3%
	2020	4,258	3	1.0%	6.9%
TRIACOS	2021				
	2020	–	3	1.0%	6.1%
Other ¹⁾	2021	10,254 ²⁾	3	1.0% – 2.0%	7.6% – 14.0%
	2020	9,630 ²⁾	3 – 4	1.0% – 2.0%	7.1% – 13.4%

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

²⁾ Change due to currency translation

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

Impairment testing did not result in the recognition of goodwill impairments (previous year: €17,904 thousand). The impairments in the previous year mainly related to reduced earnings prospects and were included in amortisation of intangible assets.

Based on the assumed 1.0% annual revenue growth for the MHT CGU at the end of the forecast period – as shown in the table – the recoverable amount of €4,685 thousand is greater than the carrying amount. If the pre-tax discount rate were to increase to 8.9%, the recoverable amount would equal the carrying amount. In all other respects, Kronos AG is of the opinion that no reasonably foreseeable change to any of the material basic assumptions used to determine the value in use of cash-generating units to which goodwill has been allocated could result in the carrying amount being higher than its recoverable amount.

The capitalised development expenditure relates to new machinery projects at Kronos AG. Development expenditure capitalised in the reporting period amounts to €28,185 thousand (previous year: €23,675 thousand).

As in the previous year, this includes borrowing costs in a non-material amount. Including capitalised development expenditure, a total of €174,320



thousand was spent on research and development in 2021 (previous year: €167,503 thousand). Impairment losses on capitalised development expenditure were recognised in amortisation in the reporting year in the amount of €4,152 thousand (previous year: €11,135 thousand). The charges were incurred in the Machines and Lines for Product Filling and Decoration segment only (previous year: in both segments) and related in the reporting period to technologies that will not be further pursued.

In the reporting period, because there were no business combinations, there were no additions to net carrying amounts for intangible assets (previous year: €– thousand). Accordingly, no goodwill is included, as in the previous year.

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

In 2021, as in the previous year, it was not necessary to recognise any impairments of property, plant and equipment in accordance with IAS 36. Additions to land and buildings and to construction in progress primarily related to expansion in the USA and expansion at the Neutraubling site in Germany (reorganisation of logistics). The €47,597 thousand in capital expenditure on technical equipment and machinery and on other equipment, furniture and fixtures and office equipment primarily relates to capacity expansion and modernisation at existing production locations.

In 2021, the carrying amounts for property, plant and equipment included government grants of €17,112 thousand (previous year: €15,052 thousand). Government grants in the amount of €803 thousand (previous year: €332 thousand) were reversed to profit or loss in 2021. As in the previous year, the depreciation figure in 2021 does not include any impairment reversals.

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

In the reporting period, business combinations did not result in any addition to the net carrying amounts for property, plant and equipment (previous year: €– thousand).



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

€ thousand	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures and office equipment	Construction in progress	Advance payments made	Total
31 December 2019						
Cost	706,339	364,531	303,895	16,287	11,701	1,402,753
Accumulated depreciation	254,951	254,624	199,993	0	0	709,568
Net carrying amount	451,387	109,907	103,902	16,287	11,701	693,185
Changes in 2020						
Cost						
Consolidated additions	0	0	0	0	0	0
Additions	33,803	9,954	26,755	5,522	4,602	80,636
Disposals	13,418	6,470	19,645	529	0	40,062
Transfers	6,319	13,456	1,044	-8,946	-11,867	6
Exchange differences	-11,631	-5,749	-4,854	-250	-123	-22,607
Depreciation						
Additions	36,444	22,117	39,077	0	0	97,638
Disposals	10,168	5,132	18,796	0	0	34,095
Transfers	0	0	0	0	0	0
Exchange differences	-2,651	-3,200	-2,675	0	0	-8,526
Net carrying amount at 31 Dec 2020	442,836	107,313	89,596	12,084	4,313	656,142
31 December 2020						
Cost	721,412	375,722	307,195	12,084	4,313	1,420,726
Accumulated depreciation	278,576	268,409	217,599	0	0	764,584
Net carrying amount	442,836	107,313	89,596	12,084	4,313	656,142

Table continued on next page



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



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

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

€ thousand	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures and office equipment	Total
31 Dec 2020				
Net carrying amount	73,281	5,149	21,054	99,484
Additions	33,751	3,290	10,095	47,136
Depreciation	18,594	994	11,683	31,271



Information on the corresponding lease liabilities is provided on page 172.

Interest expenses include €1,756 thousand (previous year: €2,485 thousand) in interest expense on leases. Other operating expenses include €2,653 thousand (previous year: €1,936 thousand) in expenses from short-term leases, €314 thousand (previous year: €805 thousand) in expenses from leases of low-value assets and €553 thousand (previous year: €645 thousand) in expenses for variable lease payments. Total cash outflows for leases amount to €34,428 thousand (previous year: €36,851 thousand).

3 Long-term financial assets

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

4 Investments accounted for using the equity method

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

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

Name	Place of business	Ownership interest (%)	
		31 Dec 2021	31 Dec 2020
Associate			
Technologisches Institut für angewandte künstliche Intelligenz GmbH	Weiden	31.15	44.0

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

€ thousand	2021	2020
Profit or loss for the period	-117	-201
Other comprehensive income	0	0
Total comprehensive income	-117	-201
Share of profit or loss	-36	-88
Carrying amount at 31 Dec	2,357	3,380

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



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

5 Inventories

The inventories of the Krones Group are composed as follows:

€ thousand	31 Dec 2021	31 Dec 2020
Raw materials, consumables and supplies	281,425	231,541
Work in progress	69,747	57,148
Finished goods	47,689	36,936
Goods purchased for sale	27,084	24,964
Other	7,658	4,531
Total	433,604	355,120

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

Write-downs of €2,190 thousand on inventories were recognised as expense in 2021 (previous year: €835 thousand) and are substantially based on customary net realisable values and obsolescence allowances.

6 Receivables and other assets

€ thousand	31 Dec 2021	31 Dec 2020
Trade receivables	786,302	740,352
Contract assets	593,969	518,756
Other assets	207,461	156,843

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

Non-recourse factoring reduced trade receivables by €62,651 thousand as of the reporting date (previous year: €62,468 thousand). Factored export receivables in the amount of €6,043 thousand (previous year: €168 thousand) continue to be recognised in full as substantially all the risks and rewards are retained. The purchase price received is presented in other liabilities.

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

€ thousand	2021	2020
At 1 Jan	47,590	40,569
Change due to currency effects	706	-473
Additions	12,142	10,141
Reversals	-3,928	-2,647
At 31 Dec	56,510	47,590

The loss allowances include €9,494 thousand (previous year: €7,796 thousand) in impairments of contract assets. Other assets mainly comprise advance payments made (€40,850 thousand; previous year: €30,493 thousand), current tax assets (€52,802 thousand; previous year: €45,166 thousand), prepaid expenses (€13,806 thousand; previous year: €8,360 thousand) and other financial assets (€74,230 thousand; previous year: €47,364 thousand).



The derivative financial instruments measured at fair value that were entered into for future payment receipts and meet the conditions for hedge accounting or that were entered into as stand-alone hedge transactions totalled €2,129 thousand at the reporting date (previous year: €7,873 thousand).

7 Cash and cash equivalents

Apart from cash on hand totalling €280 thousand (previous year: €3,209 thousand), the cash and cash equivalents of €383,371 thousand (previous year: €216,988 thousand) consist primarily of demand deposits.



Changes in cash and cash equivalents in accordance with IAS 7 Statement of Cash Flows are presented in the statement of cash flows on page 138.

8 Income tax

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

The income tax breaks down as follows:

€ thousand	31 Dec 2021	31 Dec 2020
Deferred tax expense/income (-)	-22,054	-11,995
Current tax	57,928	55,051
Total	35,874	43,056

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

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

The deferred tax assets and liabilities at 31 December 2021 break down by items on the statement of financial position as follows:

€ thousand	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Intangible assets	4,370	2,607	43,482	41,487
Property, plant and equipment and other non-current assets	3,191	3,900	10,891	11,115
Current assets	21,440	18,121	33,978	34,314
Tax loss carryforwards	33,818	9,369		
Non-current liabilities	22,328	22,349	340	775
Current liabilities	31,290	34,967	563	507
Deferred tax items recognised in other comprehensive income	43,331	49,523	630	1,196
Subtotal	159,768	140,836	89,884	89,394
Offsetting (-)	-84,591	-86,402	-84,591	-86,402
Total	75,177	54,434	5,293	2,992

The deferred tax assets and liabilities recognised in other comprehensive income amounted, respectively, to €43,331 (previous year: €49,523 thousand) and €630 thousand (previous year: €1,196 thousand). The deferred tax assets include €41,646 thousand (previous year: €49,196 thousand) for actuarial losses recognised in other comprehensive income in accordance with IAS 19 and €1,685 thousand (previous year: deferred tax liabilities of €1,196 thousand) in hedging losses. The deferred tax liabilities comprise €630 thousand for actuarial gains recognised in other comprehensive income in accordance with IAS 19.



Deferred taxes on tax loss carryforwards in the amount of €137,492 thousand (previous year: €163,654 thousand) were not recognised because it is not sufficiently certain that the tax assets will be realised in the foreseeable future. These loss carryforwards can essentially be carried forward indefinitely.

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

The temporary differences relating to equity interests in subsidiaries (outside basis differences) for which no deferred tax liabilities were recognised at the reporting date totalled €469,407 thousand (previous year: €327,487 thousand).

The tax expense of €35,874 thousand reported in 2021 is €13,050 thousand less than the expected tax expense that would theoretically result from application of the domestic tax rate of 27.6% at the group level. The difference can be attributed to the following:

€ thousand	2021	2020
Earnings before taxes	177,260	-36,597
Tax rate for the parent company Krones AG	27.60%	27.60%
(Theoretical) tax income (-)/tax expense (+)	48,924	-10,101
Adjustment due to difference between local tax rate and tax rate of Krones AG	-4,927	-5,902
Reductions in tax due to tax-exempt income	-2,489	-1,746
Current tax losses for which no deferred taxes recognised	32	23,012
Increases in tax expense due to non-deductible expenses	10,305	14,071
Tax effect of impairment of deferred taxes from loss carryforwards (+) / tax effect of as-yet unrealised deferred taxes on loss carryforwards (-)	-14,161	21,232
Tax income (-) / tax expense (+) for previous years	-1,991	6,258
Tax effect of as-yet unrealised deductible temporary differences	253	-5,072
Other	-72	1,304
Taxes on income	35,874	43,056

9 Equity

Krones AG's share capital amounted to €40,000,000.00 at 31 December 2021, as in the previous year. It is divided into 31,593,072 ordinary bearer shares, each with a theoretical par value of €1.27 per share. 31,593,072 shares were in circulation at the reporting date (previous year: 31,593,072). At 31 December 2021, as in the previous year, the company held no treasury shares.

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



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

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

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

The changes in equity that are recognised in other comprehensive income (excluding dividends) totalled €49,504 thousand in the reporting period (previous year: –€66,730 thousand) and consist of changes in exchange differences and cash flow hedges as well as the recognition of actuarial gains and losses on pensions under other reserves. In addition, the allocation of profit or loss to non-controlling interests resulted in a change in equity of €20 thousand (previous year: €52 thousand). The sum of changes in equity that are recognised in other comprehensive income and those that are recognised in profit or loss was €190,890 thousand (previous year: –€146,383 thousand).

A dividend of €0.06 per share was approved for the 2020 financial year and paid out by Krones AG in 2021 (previous year: €0.75 per share). The total dividend payout came to €1,896 thousand (previous year: €23,695 thousand).

Disclosures about capital management

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

10 Capital reserves

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

11 Profit reserves

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

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



12 Other reserves

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

Other reserves changed as follows in financial year 2021:

€ thousand	Reserve for post-employment benefits	Reserve for cash flow hedges	Reserve for exchange differences	Other	Total
At 31 Dec 2019	-113,677	-1,832	-30,275	-804	-146,588
Measurement change	-21,437	7,266	-56,708	0	-70,879
Tax on items taken directly to or transferred from equity	5,938	-1,789	0	0	4,149
At 31 Dec 2020	-129,176	3,645	-86,983	-804	-213,318
Changes in the consolidated group	27	0	0	0	27
Measurement change	29,419	-10,391	36,049	0	55,077
Tax on items taken directly to or transferred from equity	-8,091	2,518	0	0	-5,573
At 31 Dec 2021	-107,821	-4,228	-50,934	-804	-163,787

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

13 Non-controlling interests

Non-controlling interests totalled -€557 thousand in 2021 (previous year: -€577 thousand).

A detailed overview of the composition of and changes to the individual equity components for the Krones Group in 2021 and the previous year is presented in the statement of changes in equity on page 139.



14 Provisions for pensions

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

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

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

In defined benefit plans, the company undertakes an obligation to render the benefits promised to active and former employees, where a distinction is made between systems financed by provisions and systems financed through pension funds. The amount of the pension obligations (the defined benefit obligation) was computed in accordance with actuarial methods. Apart from the assumptions regarding life expectancy based on the 2018G Heubeck actuarial tables, the following average values for the group were also taken into account in the actuarial calculations:



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

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

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

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

%	Average for the group	
	2021	2020
Discount rate	1.3	0.8
Projected increases in wages and salaries	0.0	0.0
Projected increases in state pensions	2.0	2.0

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

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

€ thousand	2021
Within the next 12 months	6,893
Between 2 and 5 years	29,887
Between 5 and 10 years	43,845

The average weighted residual term of post-employment benefit obligations is 19 years (previous year: 20 years).

The projected increases in wages and salaries comprise expected future pay increases, which are estimated each year on the basis of inflation and employees' years of service with the company. Since the pension commitments



at our companies in Germany are independent of future pay increases, the projected increase in wages and salaries was not taken into account when determining the corresponding pension provisions.

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

€ thousand	31 Dec 2021	31 Dec 2020	31 Dec 2019
Present value of benefit commitments financed by provisions	232,164	252,965	234,644
Present value of benefit commitments financed through pension funds	49,082	54,406	53,134
Present value of benefit commitments (gross)	281,246	307,371	287,778
Fair value of plan assets	-30,090	-25,958	-27,584
Carrying amount at 31 December (net defined benefit obligation)	251,156	281,412	260,194

The pension provisions, which amounted to €237,844 thousand at the reporting date (previous year: €268,794 thousand), are primarily attributable to Kronen AG. The actuarial gains or losses resulting from changes in financial assumptions totalled €26,172 thousand (previous year: €21,507 thousand). Experience adjustments total -€466 thousand (previous year: -€333 thousand); adjustments due to changes in demographic assumptions total €0 thousand (previous year: €0 thousand).

The costs arising from pension obligations amounted to €3,585 thousand (previous year: €3,778 thousand) and break down as follows:

€ thousand	31 Dec 2021	31 Dec 2020	31 Dec 2019
Current service cost	1,207	692	1,213
Interest expense	2,667	3,521	5,010
Expected return on plan assets	-261	-435	-553
Past service cost and plan curtailments	-28	0	218
Costs arising from pension obligations	3,585	3,778	5,889

The present value of defined benefit obligations, which amounted to €281,246 thousand (previous year: €307,371 thousand), the fair value of the plan assets, which amounted to €30,090 thousand (previous year: €25,958 thousand), and the net amount of the two items reconcile as follows:

€ thousand	Present value of benefit commitments	Fair value of plan assets	Total
At 1 January 2020	287,778	-27,584	260,194
Consolidated additions	0	0	0
Current service cost	692	0	692
Interest expense (+)/interest income (-)	3,521	-435	3,086
Actuarial gains (+)/losses (-)	21,814	-259	21,555
Employer contributions	0	-421	-421
Benefits paid	-6,872	2,736	-4,136
Recognised past service cost	944	0	944
Exchange differences	-507	5	-502
At 31 December 2020	307,371	-25,958	281,412



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

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

The fair value of plan assets was €30.1 million as of 31 December 2021 (previous year: €26.0 million). Of that, €27.8 million consist of pension liability insurance policies (previous year: €23.4 million). The remaining plan assets are mainly attributable to Kronen Unterstutzungs-Fonds e.V., headquartered in Neutraubling. The fund assets are invested in a special-purpose fund that is administered and actively managed by Allianz GI (AGI). The eligible instruments are specified in the investment guidelines.

A defensive investment strategy is used. At 31 December 2021, the AGI fund consisted of 38.2% government bonds, 5.8% Pfandbriefe (covered bonds governed by the German Pfandbrief Act), and 23.6% investment-grade corpo-

rate bonds. The amount held as cash in hand came to 0.9%. The remainder was primarily equity funds. Interest rate risk is actively managed using interest rate futures. The duration of the investment volume is 2.30 years. Management of currency risk: No direct currency investments are made. The overall rating of the fund assets is A+. Kronen AG's plan assets are secured as follows: 92% through the pension liability insurance policies from Allianz and 8% through Kronen Unterstutzungs-Fonds e.V.

The expected contributions to plan assets in 2022 are €852 thousand.

The expected pension benefit payments to be paid out of plan assets in 2022 amount to €2,625 thousand.

In 2021, a total of €53,433 thousand (previous year: €59,948 thousand) was spent on the employer contribution to defined contribution plans (contributions to pension insurance).

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

	Change in assumption	Effect on the obligation	
		Assumption increases	Assumption decreases
Discount rate	0.50%	8.6% decrease	9.8% increase
Change in state pensions	0.50%	7.3% increase	6.6% decrease
Life expectancy	1 year	4.0% increase	3.5% decrease

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



15 Other provisions

€ thousand	1 Jan 2021	Consolidated additions	Utilisation	Reversal	Unwinding of discount/ change in discount rate	Additions	Exchange differences	31 Dec 2021	Due within 1 year
Personnel obligations	93,765	0	12,690	30,129	544	12,786	836	65,112	11,260
Provisions for anticipated losses	34,472	0	19,885	3,298	0	21,862	135	33,286	33,076
Provisions for warranties	72,906	0	18,031	2,997	15	17,190	1,097	70,180	55,825
Other remaining provisions	76,300	69	26,037	15,803	6	38,342	1,887	74,764	64,362
Total	277,443	69	76,643	52,227	565	90,180	3,955	243,342	164,523

The provisions for personnel obligations are primarily for non-current obligations relating to partial retirement. The provisions for severance payments recognised in the amount of €32,376 thousand in connection with restructuring were reversed due to unexpectedly high customer demand. The personnel obligations include €544 thousand for the effects of the time value of money (previous year: €729 thousand).

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

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

The other remaining provisions primarily include provisions for damages and legal fees. The non-current provisions have been discounted using rates between 0.3% and 1.1%.

16 Liabilities

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

* The other liabilities include €78,223 thousand in financial liabilities.



€ thousand	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of over 5 years	Total at 31 Dec 2020
Liabilities to banks	27,005	5,059	0	32,064
Contract liabilities	405,094	0	0	405,094
Trade payables	370,315	44	0	370,359
Other financial obligations	19,003	11,226	0	30,229
Liabilities from leases	28,058	50,851	16,308	95,217
Other liabilities*	299,973	24,116	0	324,089
Total	1,149,448	91,296	16,308	1,257,052

* The other liabilities include €78,111 thousand in financial liabilities.

Krones makes use of a supplier finance programme. The group does not derecognise the original trade payables as it is not legally discharged from the liability and the liability is not materially modified. From the group's perspective, the arrangement does not materially change the payment terms. The group does not incur any additional interest or costs for the trade payables. The amounts therefore continue to be presented in trade payables as they correspond to trade payables in nature and purpose. As of 31 December 2021, trade payables include supplier finance liabilities in the amount of €81,147 thousand.

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

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

Reconciliation of movements in liabilities to cash flow from financing activities

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

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

€ thousand	31 Dec 2019	Other changes	Cash changes	Non-cash change due to acquisitions	31 Dec 2020
Liabilities to banks	72,242		–40,178		32,064
Liabilities from leases	89,048	41,337	–35,168		95,217
Total	161,290	41,337	–73,346		127,281

The other changes mainly comprise additions from new leases.

The other financial liabilities are receivables not derecognised under IFRS 9, put/call options and earn-out obligations. Receivables not derecognised under IFRS 9 are also included in the amount of €6,043 thousand (previous year: €168 thousand) in trade receivables.



The other liabilities break down as follows:

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

The 'other' item includes €21,883 thousand (previous year: €68,288 thousand) in liabilities for severance payments.

Accruals, which amounted to €202,989 thousand (previous year: €157,603 thousand), have greater certainty with respect to their amount and timing than is the case with provisions. The primary items they include are outstanding supplier invoices, obligations relating to flexible working hours, accrued vacation, and performance bonuses.

€ thousand	Residual term of up to 1 year	Residual term of 1 to 5 years	Residual term of over 5 years	Total at 31 Dec 2020
Tax liabilities	35,102	47	0	35,149
Social security liabilities	5,773	0	0	5,773
Payroll liabilities	19,442	815	0	20,257
Accruals	157,603	0	0	157,603
Other	82,053	23,254	0	105,307
Total	299,973	24,116	0	324,089

17 Contingent liabilities

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

18 Other disclosures relating to financial instruments

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

€ thousand	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	Nominal value	Nominal value	Fair value	Fair value
Financial assets				
Currency hedging				
Forward exchange contracts	86,100	222,835	2,129	7,873
of which hedge accounting	15,021	27,689	170	4,798
Financial liabilities				
Currency hedging				
Forward exchange contracts	364,502	173,698	7,397	777
of which hedge accounting	266,667	6,258	6,654	115

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



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

The net loss from derivatives was €5,958 thousand in the reporting period (previous year: net loss of €4,074 thousand). The German master agreements and ISDA agreements do not meet the criteria to require offsetting in the consolidated statement of financial position. That is because the company currently does not have a legally enforceable right to offset the recognised amounts. The right to offset these amounts is only enforceable if future events occur such as insolvency of a party to the contract. Hedging transactions entered into directly by subsidiaries of the Kronos Group also cannot be offset.

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

€ thousand	31 Dec 2021	31 Dec 2020
Financial assets		
Gross amounts of recognised financial assets	1,840,405	1,527,197
Amounts that are netted in accordance with IAS 32.42	0	0
Net amounts of recognised financial assets	1,840,405	1,527,157
Amounts subject to master netting agreement		
Derivatives	-483	-558
Net amount of financial assets	1,839,922	1,526,639
Financial liabilities		
Gross amounts of recognised financial liabilities	727,192	605,980
Amounts that are netted in accordance with IAS 32.42	0	0
Net amounts of recognised financial liabilities	727,192	605,980
Amounts subject to master netting agreement	0	0
Derivatives	-483	-558
Net amount of financial liabilities	726,709	605,422

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



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



31 Dec 2020									
€ thousand	Carrying amount at 31 Dec 2020	Of which subject to IFRS 7	Measurement under IFRS 9			Measurement under IFRS 16	Measurement hierarchy		
			At amortised cost (AC)	At fair value through profit or loss (FVTPL)	At fair value through other comprehensive income (FVOCI)		Level 1	Level 2	Level 3
Assets									
Non-current financial assets	29,841	3,737	3,737						
Trade receivables	740,352	740,352	740,352						
Contract assets	518,756	518,756	518,756						
Other assets	156,843	47,364	39,491	3,075	4,798			7,873	
of which derivatives	7,873	7,873		3,075	4,798			7,873	
Cash and cash equivalents	216,988	216,988	216,988						
Liabilities									
Liabilities to banks	32,064	32,064	32,064						
Trade payables	370,359	370,359	370,359						
Other financial liabilities and lease liabilities	125,446	125,446	741	29,488		95,217			29,488
Other liabilities and provisions	324,089	78,111	77,327	669	115			784	
of which derivatives	784	784		669	115			784	



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

€ thousand	2021	2020
Net carrying amount at 1 January	29,488	50,751
Additions resulting from acquisitions	0	0
Changes	-10,508	-21,263
(of which currency effects)	80	-79
(of which payouts)	-10,150	-11,595
Net carrying amount at 31 December	18,980	29,488

There were no other changes. The financial liabilities, which are based on individual measurement parameters and recognised at fair value, comprise contingent consideration and combined put/call options relating to acquisi-

tions. These items are recognised under other financial liabilities and have been measured on the basis of recognised accounting models, taking into account contractual agreements as well as market and company data available at the reporting date.

The fair value of the put/call option for System Logistics was measured using the discounted cash flow method. The main input factors are medium-term planning and the discount rate. The estimated range of the undiscounted exercise prices, as a result of a renegotiation, is between €11,000 thousand and €13,000 thousand at the reporting date. On this basis, the fair value at the reporting date was €11,201 thousand.

There were no transfers between levels of the hierarchy.

The age structure of trade receivables and other receivables is as follows at 31 December 2021:

€ 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 2021	Trade receivables and contract assets	1,380,271	1,239,730	99,696	23,400	14,298	3,147
31 Dec 2020	Trade receivables and contract assets	1,259,108	1,130,227	82,798	26,194	17,698	2,191



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

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

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

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

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

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

Rating-based at 31 Dec 2020	Gross carrying amount in € thousand	Average loss rate	Loss allowance in € thousand
Key accounts	438,262	0.32%	1,210
Major customers	531,096	1.85%	8,319
Total	969,358		9,529

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

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

	Category					Total
31 Dec 2020	A	B	C	D	E	
Average loss rate (%)	0.80%	0.74%	6.03%	14.23%	26.05%	
Gross carrying amount in € thousand	266,941	31,732	10,684	11,019	16,965	337,341
Loss allowance in € thousand	2,133	234	645	1,568	4,419	8,999

In addition, specific valuation allowances were recognised in the amount of €38,601 thousand (previous year: €29,063 thousand) for uncollectible receivables.



The following overview of maturities shows how the undiscounted cash flows relating to liabilities as of 31 December 2021 influence the company's liquidity situation.

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

€ thousand	Carrying amount at 31 Dec 2020	Cashflow 2021		Cashflow 2022–2025		Cashflow beyond 2025	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Derivative financial instruments	784	0	735	0	49	0	0
Liabilities to banks	32,064	43	27,005	158	3,809	7	1,250
Trade payables	370,359	0	370,315	0	44	0	0
Liabilities from leases	95,217	713	28,058	2,494	50,851	1,315	16,308
Other financial liabilities	107,556	0	95,369	0	12,187	0	0
	605,980	756	521,482	2,652	66,940	1,322	17,558



Currency sensitivity analysis

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

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

31 Dec 2020 € thousand	Currency USD	Currency CAD	Currency CNY	Currency GBP
Consolidated statement of profit and loss	-4,321	621	1,847	-138
Consolidated equity	12,762	251	0	-111



Notes to the consolidated statement of profit and loss

19 Revenue

The Kronen Group's revenue of €3,634,456 thousand (previous year: €3,322,743 thousand) is recognised revenue from contracts with customers. Revenue from contracts with customers breaks down by segment and invoice recipients in geographical regions as follows.

€ thousand	2021		2020	
	Machines and Lines for Product Filling and Decoration	Machines and Lines for Beverage Production/Process Technology	Machines and Lines for Product Filling and Decoration	Machines and Lines for Beverage Production/Process Technology
Germany	288,295	87,230	258,730	70,012
Central Europe (excluding Germany)	228,033	15,004	208,333	16,894
Western Europe	376,337	141,558	356,510	110,509
Middle East/Africa	383,807	38,074	410,057	67,353
Eastern Europe	120,510	20,390	134,715	19,093
Russia, Central Asia (CIS)	81,545	15,757	60,758	3,126
Asia-Pacific	337,690	70,698	378,392	54,534
China	318,093	39,447	263,910	49,600
North and Central America	618,020	146,204	519,355	124,989
South America/Mexico	293,267	14,496	206,558	9,314
Total	3,045,598	588,858	2,797,318	525,424

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

€ thousand	31 Dec 2021	31 Dec 2020
Contract assets	593,969	518,756
Contract liabilities	600,236	405,094

The amount of revenue recognised in 2021 that was included in the contract liability balance at the beginning of the reporting period was €405,094 thousand (previous year: €442,884 thousand).

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

The amount of the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) at the end of the reporting period was €35,469 thousand (previous year: €40,962 thousand). Kronen will recognise most of this as revenue in the next 36 months. No disclosures under IFRS 15.120 are made for performance obligations with an original expected duration of one year or less.

Most revenue in the Machines and Lines for Product Filling and Decoration segment and almost all revenue in the Machines and Lines for Beverage Production/Process Technology segment is recognised over time.

20 Other own work capitalised

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

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



21 Other operating income

The other operating income in the amount of €161,762 thousand (previous year: €120,453 thousand) includes prior-period income from reversal of provisions and accruals (€37,421 thousand; previous year: €5,026 thousand), gains from disposals of non-current assets (€480 thousand; previous year: €905 thousand) and from the reversal of loss allowances on receivables and contract assets (€3,928 thousand; previous year: €4,274 thousand) and – as the main item – currency translation gains of €68,971 thousand (previous year: €82,710 thousand). This compares with additions to loss allowances of €15,909 thousand (previous year: €15,808 thousand) and currency translation losses of €75,279 thousand (previous year: €75,236 thousand) under other operating expenses.

22 Goods and services purchased

The expenditure for goods and services purchased comprises expenses for materials and supplies and for goods purchased amounting to €1,373,216 thousand (previous year: €1,316,229 thousand) and expenses for services purchased amounting to €434,201 thousand (previous year: €378,448 thousand).

23 Personnel expenses

Within the Krones Group, 15,778 people (previous year: 16,561) including trainees (511; previous year: 578) were employed on average over the year. The workforce of the Krones Group is composed as follows (average for the year):

	2021	2020
White-collar employees exempt from collective agreements	2,673	2,814
Employees covered by collective agreements	13,105	13,747
Total	15,778	16,561

Expenses for the employer share of social insurance contributions in the amount of €89 thousand were reimbursed in 2021 by the German Federal Employment Agency (previous year: €4,385 thousand). The reimbursement amounts were offset against personnel expenses.

24 Other operating expenses

The other operating expenses include €457 thousand in prior-period losses from disposals of non-current assets (previous year: €867 thousand), additions to loss allowances on receivables and contract assets (€12,142 thousand; previous year: €15,808 thousand), other taxes (€6,895 thousand; previous year: €6,248 thousand) and – as the main items – freight costs (€129,994 thousand; previous year: €106,863 thousand), travel costs (€90,567 thousand; previous year: €71,099), currency translation losses (€75,279; previous year: €75,236 thousand), rent and cleaning costs (€5,492 thousand; previous year: €7,864 thousand), and maintenance costs (€35,249 thousand; previous year: €34,064 thousand).

25 Financial income/expense

The financial income of €6,362 thousand (previous year: €4,214 thousand) breaks down as follows:

€ thousand	2021	2020
Income from other securities and long-term loans	0	0
Interest and similar income	9,891	11,554
Interest and similar expenses	–5,525	–7,252
Interest income/expense	4,366	4,302
Investment income	2,033	0
Profit or loss shares attributable to associates that are accounted for using the equity method	–36	–88
Net financial income/expense	6,362	4,214



Financial income/expense includes interest and similar income of €9,891 thousand (previous year: €11,554 thousand) and interest and similar expenses of €5,525 thousand (previous year: €7,252 thousand). Also included in 2021 is income from investments in non-consolidated entities in the amount of €2,033 thousand (previous year: €– thousand). The interest and similar income includes €– thousand (previous year: €10,100 thousand) for reductions in put options and earn-out obligations. Interest and similar expenses include €1,756 thousand (previous year: €2,485 thousand) for interest on lease liabilities and €1,040 thousand (previous year: €510 thousand) for an increase in earn-out obligations. Further information on investments accounted for using the equity method is provided in Note 4.

26 Income tax



Income tax amounted to –€35,874 thousand in 2021 (previous year: –€43,056 thousand). Further information is presented under Note 8, “Income tax” (pages 164 to 165).

27 Earnings per share

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

	2021	2020
Consolidated net income less profit or loss shares of non-controlling interests (€ thousand)	141,366	–79,705
Weighted average number of ordinary shares in circulation (shares)	31,593,072	31,593,072
Earnings per share (€)	4.47	–2.52

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



Other disclosures

Audit and consulting fees

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

€ thousand	2021
Audit services	685
Other assurance services	124
Tax advisory services	4

Disclosures in accordance with the EU Audit Regulation

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

Events after the reporting period

On 24 February 2022, Russia started the war in Ukraine. As Russia and Ukraine account for a relatively small share of Krones' business activities, the conflict has no significant impact on Krones. Based on this, Krones has not identified any uncertainties that would cast doubt on its ability to continue as a going concern.

Information on the potential impacts of the war between Russia and Ukraine is provided in the risk report and the report on expected developments.

Related party disclosures

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

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

Sales and revenues with members of key management personnel and companies affiliated with them amounted to €8,478 thousand in 2021 (previous year: €5,276 thousand). The amount of the amounting balance is €3,800 thousand (previous year: €1,997 thousand). Services received from members of key management personnel amount to €495 thousand in 2021 (previous year: €11 thousand). As in the previous year, there are no outstanding balances in this regard.

Revenues with shareholders of the ultimate controlling party of Krones AG and companies affiliated with them amounted to €151 thousand in 2021 (previous year: €84 thousand). Services received from shareholders of the ultimate controlling party of Krones AG and companies affiliated with them amounted to €1,064 thousand in 2021 (previous year: €427 thousand). As in the previous year, there are no outstanding balances in this regard.

Sales to subsidiaries that are not consolidated amounted to €9,354 thousand in 2021 (previous year: €20,574 thousand). Commissions received from such subsidiaries amounted to €4,205 thousand in 2021 (previous year: €4,210 thousand). Trade and other payment transactions resulted in assets of €1,411 thousand (previous year: assets of €9,278 thousand). Repayment is normally within twelve months. Loss allowances were recognised on receiv-



ables in the amount of €1,360 thousand in the financial year (previous year: €930 thousand). As of 31 December 2021, loss allowances are recognised on receivables of €2,290 thousand (previous year: €930 thousand). Income from investments in non-consolidated entities is included in the amount of €2,033 thousand (previous year: €- thousand).

As in the previous year, there are no contingent liabilities relating to guarantees. Trade and other payment transactions with associates totalled €- thousand in 2021 (previous year: €- thousand). As in the previous year, this did not result in any outstanding balance.

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

Remuneration granted and owed for the 2021 financial year amounted to €6,439 thousand (previous year: €4,326 thousand).

Benefits granted to former members of the Executive Board and their surviving dependants amounted to €1,703 thousand (previous year: €1,679 thousand). IFRS pension provisions have been recognised in the amount of €11,016 thousand (previous year: €13,732 thousand).

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

Executive Board remuneration recognised as expense, including expenses for the long-term incentive provision, amounted to €7,177 thousand for the 2021 financial year (previous year: €4,520 thousand).

This includes short-term benefits in the amount of €4,424 thousand (previous year: €2,756 thousand), other long-term benefits in the amount of €1,556 thousand (previous year: €568 thousand). The benefits mainly comprise fixed remuneration, fringe benefits and variable remuneration

components. In addition, €1,196 thousand (previous year: €1,196 thousand) was paid into the contribution-based post-employment benefits plan in 2021. Provisions of €4,277 thousand (previous year: €1,569 thousand) are recognised for the remuneration entitlements of members of the Executive Board.

IFRS pension provisions of €2,266 thousand (previous year: €3,018 thousand) were recognised for active members of the Executive Board. At the end of the financial year, following changes in the actuarial discount rate, the corresponding defined benefit obligation (DBO) amounted in total to €4,879 thousand (previous year: €5,385 thousand).

■ **Supervisory Board remuneration**

The total remuneration paid to members of the Supervisory Board for the 2021 financial year amounted to €839 thousand (previous year: €833 thousand).

■ **Corporate governance**

Shareholders can view the declaration of the Executive Board and the Supervisory Board from January 2022 pursuant to Section 161 of the German Stock Corporation Act [AktG] concerning the Corporate Governance Code as amended on 16 December 2019 at Krones AG's website. The exceptions are also listed there.

■ **Risk report**

The risk report is part of the management report and is on pages 101 to 112.





Standards and interpretations

The accounting policies used in these consolidated financial statements correspond to the standards and interpretations whose application is mandatory as of 31 December 2021. The following new or amended standards and interpretations applied for the 2021 financial year.

Standard or interpretation	EU endorsement	Application mandatory for annual periods beginning
IFRS 4	Amendments: Deferral of IFRS 9	completed 1 January 2021
IFRS 9, IAS 39, IFRS 4, IFRS 7 AND IFRS 16	Amendments: Interest Rate Benchmark Reform – Phase 2	completed 1 January 2021
IFRS 16	Amendments: Covid-19-Related Rent Concessions (exempting lessees from determining whether Covid-19-related rent concessions are lease modifications)	completed 1 June 2020

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

The following standards and interpretations have been issued by the IASB but their application is not mandatory until after 31 December 2021.

Standard or interpretation	EU endorsement	Application mandatory for annual periods beginning
IAS 1	Amendments: Classification of Liabilities as Current or Non-Current	open 1 January 2023
IAS 16	Amendments: Proceeds before Intended Use	completed 1 January 2022
IFRS 3	Amendments: Reference to the Conceptual Framework	completed 1 January 2022
IAS 37	Amendments: Onerous Contracts – Cost of Fulfilling a Contract	completed 1 January 2022
	Annual Improvements to IFRS – 2018–2020 Cycle	open 1 January 2022
IAS 8	Amendments: Definition of Accounting Estimates	completed 1 January 2023
IFRS 14	Regulatory Deferral Accounts	open 1 January 2016
IFRS 17	Amendments: Deferral of Effective Date	completed 1 January 2023
IFRS 17	Insurance Contracts	completed 1 January 2023
IAS 1	Amendments: Disclosure of Accounting Policies	completed 1 January 2023
IFRS 16	Amendments: Covid-19-Related Rent Concessions (exempting lessees from determining whether Covid-19-related rent concessions are lease modifications)	completed 1 April 2021
IAS 12	Amendments: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	open 1 January 2023

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



Shareholdings

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

*Direct and indirect shareholdings



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

*Direct and indirect shareholdings



Name and location of the company	Share in Capital held by Krones Ag (%)
Krones Bangladesh Limited, Dhaka, Bangladesh	100.00
Krones Do Brazil LTDA., São Paulo, Brazil	100.00
Krones s.A., São Paulo, Brazil	100.00
Krones Chile sPA., Santiago de Chile, Chile	100.00
Krones Asia LTD., Hong Kong, China	100.00
Krones Machinery (Taicang) Co. Ltd., Taicang, China	100.00
Krones Processing (Shanghai) Co. Ltd., Shanghai, China	100.00
Krones Sales (Beijing) Co. Ltd., Beijing, China	100.00
Automata s.A., Guatemala-City, Guatemala	100.00
Krones India pvt. Ltd., Bangalore, India	100.00
System Logistics India Private Limited, Mumbai, India	80.00
Unicorn Industries Ltd., Secunderabad, India	60.00
PT. Krones Machinery Indonesia, Jakarta, Indonesia	100.00
IPS Japan Co. Ltd., Tokyo, Japan	100.00
Krones Japan Co. Ltd., Tokyo, Japan	100.00
Krones (Cambodia) Co. Ltd., Phnom Penh, Cambodia	100.00
Krones Machinery Co. Ltd., Mississauga, Ontario, Canada	100.00
Krones LCS Center East Africa Limited, Nairobi, Kenya	100.00
Krones Andina s.A.s., Bogotá, Colombia	100.00
Krones Korea Ltd., Seoul, Korea	100.00
Krones Machinery Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00
Krones North West Africa (SARL), Casablanca, Morocco	100.00
Krones Mex s.A. DE C.V., Mexico-City, Mexico	100.00
Systemlog De Mexico s.A. DE C.V., Santa Caterina, Nuevo Leon, Mexico	80.00
Krones Myanmar Ltd., Sanchaung Township, Myanmar	100.00
Krones New Zealand Limited, Auckland, New Zealand	100.00
Krones LCS Center West Africa Limited, Lagos, Nigeria	100.00

*Direct and indirect shareholdings



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

*Direct and indirect shareholdings



Use of exemptions

The following fully consolidated German group companies made use of the exemption in Section 264 (3) HGB in the 2021 financial year.

Name and location of the company

Krones Beteiligungsgesellschaft mbH, Neutraubling, Germany

Dekron GmbH, Kelkheim, Germany

Ecomac Gebrauchtmachines GmbH, Neutraubling, Germany

Evoguard GmbH, Nittenau, Germany

Gernep GmbH Etikettiertechnik, Barbing, Germany

HST Maschinenbau GmbH, Dassow, Germany

kic Krones Internationale Cooperations-Gesellschaft mbH, Neutraubling, Germany

Krones Service Europe GmbH, Neutraubling, Germany

Milkron GmbH, Laatzen, Germany

System Logistics GmbH, Wackersdorf, Germany

Steinecker GmbH, Freising, Germany

The Companies are directly and/or indirectly affiliated with Krones AG by a profit transfer agreement.



Members of the Supervisory Board and the Executive Board

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

Supervisory Board

Volker Kronseder

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

Josef Weitzer**

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

Markus Hüttner**

Deputy Chairman of the
Central Works Council
Deputy Chairman of the
Works Council
Neutraubling

Nora Diepold

Chief Executive Officer
nk Immobilienverwaltungs GmbH,
Regensburg
(since 17 May 2021)

Dr. Verena Di Pasquale**

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

Robert Friedmann

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

Klaus Gerlach**

Head of Central International
Operations and Services
(until 31 December 2021)

Oliver Grober**

Chairman of the Employees'
Council, Rosenheim

Thomas Hiltl**

Chairman of the Employees'
Council, Nittenau

Norman Kronseder

Farmer and forester
* Bayerische Futtersaatbau
GmbH
(until 17 May 2021)

Professor Dr. jur. Susanne Nonnast

Professor at Ostbayerische
Technische Hochschule (OTH)
Regensburg

Beate Eva Maria Pöpperl**

Independent Member of the
Employees' Council

Stefan Raith**

Head of Business Line, Line Solutions
*re-sult AG
(since 1 January 2022)

Norbert Samhammer

Chief executive of
Samhammer Holding GmbH
*Samhammer AG

Petra Schadeberg-Herrmann

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

Jürgen Scholz**

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

Hans-Jürgen Thaus

* Maschinenfabrik Reinhausen
GmbH

Matthias Winkler

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

Executive Board

Christoph Klenk

CEO
Intralogistics
Process Technology

Norbert Broger

CFO

Thomas Ricker

CSO

Markus Tischer

International Operations
and Services
Digitalisation

Ralf Goldbrunner

Bottling and Packaging
Equipment
Compact Class

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



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

Krones AG had earnings available for distribution as of 31 December 2021 of €195,033,683.69.

We propose to the annual general meeting on 31 May 2022 that this amount be used as follows:

Proposal for the appropriation of earnings available for distribution	€195,033,683.69
Dividend of €1.40 per share (for 31,593,072 shares)	€44,230,300.80
Amount brought forward to new account	€150,803,382.89

Neutraubling, 16 March 2022

Krones AG

The Executive Board

Christoph Klenk
CEO

Norbert Broger
CFO

Thomas Ricker
CSO

Markus Tischer

Ralf Goldbrunner