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## CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated statement of **profit and loss**

		2023	2022
€ thousand	Notes		
Revenue	19	4,720,676	4,209,339
Increase in inventories of finished goods and work in progress	5	1,056	48,383
Other own work capitalised	20	44,803	43,372
Other operating income	21	186,819	165,039
Goods and services purchased	22	-2,381,937	-2,113,845
Expenses for materials and supplies and for goods purchased		-1,866,716	-1,610,862
Expenses for services purchased		-515,221	-502,983
Personnel expenses	23	-1,391,066	-1,269,663
Wages and salaries		-1,158,770	-1,055,566
Social security contributions and expenses for pension plans and for benefits	14	-232,296	-214,097
Depreciation and amortisation of intangible assets and property, plant and equipment	1/2	-166,324	-142,901
Other operating expenses	24	-723,041	-709,318
<b>EBITDA</b>		<b>457,310</b>	<b>373,307</b>
<b>EBIT</b>		<b>290,986</b>	<b>230,406</b>
Investment income	25	3,723	3,052
Profit or loss shares attributable to associates that are accounted for using the equity method	4	0	7
Income from other securities and loans classified as non-current financial assets	25	0	0
Interest and similar income	25	32,258	11,955
Interest and similar expenses	25	-16,471	-3,355
<b>Financial income/expense</b>	25	<b>19,510</b>	<b>11,659</b>
<b>Earnings before taxes</b>		<b>310,496</b>	<b>242,065</b>
Income tax	8/26	-85,946	-54,984
<b>Consolidated net income</b>		<b>224,550</b>	<b>187,081</b>
Profit share of non-controlling interests		39	56
Profit share of KRONES Group shareholders		224,511	187,025
Earnings per share (diluted/basic) in €	27	7.11	5.92

Consolidated statement of **comprehensive income**

		2023	2022
€ thousand	Notes		
<b>Consolidated net income</b>		<b>224,550</b>	<b>187,081</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of defined benefit plans	12	-8,663	60,257
		-8,663	60,257
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation		-50,870	8,119
Cash flow hedges	12	7,054	3,610
		-43,816	11,729
<b>Other comprehensive expenses and income after income taxes</b>	9	<b>-52,479</b>	<b>71,986</b>
<b>Total comprehensive income</b>	9	<b>172,071</b>	<b>259,067</b>
of which attributable to non-controlling interests		39	56
of which attributable to Krones Group shareholders		172,032	259,011

Consolidated statement of financial position – **Assets**

		31 Dec 2023		31 Dec 2022	
€ thousand	Notes				
Intangible assets	1	460,690		349,349	
Property, plant and equipment and right-of-use assets	2	762,577		693,663	
Non-current financial assets	3	17,686		18,605	
Investments accounted for using the equity method	4	0		2,364	
<b>Fixed assets</b>		<b>1,240,953</b>		<b>1,063,981</b>	
Deferred tax assets	8	60,544		59,857	
Trade receivables	6	18,806		26,992	
Tax receivables		1,040		1,991	
Other assets	6	6,055		11,368	
<b>Non-current assets</b>			<b>1,327,398</b>		<b>1,164,189</b>
Inventories	5	641,374		589,445	
Trade receivables	6	778,708		820,243	
Contract assets	6/19	1,056,319		727,555	
Tax receivables		4,901		5,217	
Other assets	6	220,045		190,015	
Cash and cash equivalents	7	448,364		674,502	
<b>Current assets</b>			<b>3,149,711</b>		<b>3,006,977</b>
<b>Total</b>			<b>4,477,109</b>		<b>4,171,166</b>

Consolidated statement of financial position – **Equity and liabilities**

		31 Dec 2023		31 Dec 2022	
€ thousand	Notes				
Subscribed capital	9	40,000		40,000	
Capital reserves	10	141,724		141,724	
Profit reserves	11	365,783		365,479	
Other reserves	12	-144,280		-91,801	
Consolidated retained earnings		1,312,158		1,143,172	
<b>Consolidated equity of the parent company</b>			<b>1,715,385</b>		<b>1,598,574</b>
Non-controlling interests	13	-462		-501	
<b>Equity</b>			<b>1,714,923</b>		<b>1,598,073</b>
Provisions for pensions	14	178,444		166,584	
Deferred tax liabilities	8	13,539		4,992	
Other provisions	15	81,472		80,305	
Tax liabilities		2,984		4,803	
Liabilities to banks	16	2,521		5,000	
Trade payables	16	0		0	
Other financial liabilities and lease liabilities	16	129,450		108,937	
Other liabilities	16	1,819		4,224	
<b>Non-current liabilities</b>			<b>410,229</b>		<b>374,845</b>
Other provisions	15	148,069		161,945	
Liabilities to banks	16	1,244		0	
Contract liabilities	16/19	1,040,990		901,447	
Trade payables	16	723,164		684,189	
Tax liabilities		19,594		20,062	
Other financial liabilities and lease liabilities	16	67,909		38,676	
Other liabilities and provisions	16	350,987		391,929	
<b>Current liabilities</b>			<b>2,351,957</b>		<b>2,198,248</b>
<b>Total</b>			<b>4,477,109</b>		<b>4,171,166</b>



## Consolidated statement of cash flows

		2023	2022
€ thousand	Notes		
Earnings before taxes		310,496	242,065
Depreciation and amortisation	1/2	166,324	142,901
Decrease (previous year: increase) in provisions and accruals	15/16	-32,456	45,691
Interest and similar expenses and income	25	-15,787	-8,600
Gains and losses from the disposal of non-current assets	21/24	-9,302	-1,233
Other non-cash expenses and income		21,118	11,035
Increase in trade receivables, contract assets and other assets not attributable to investing or financing activities		-365,641	-163,515
Increase in inventories	5	-55,864	-163,402
Increase in trade payables, contract liabilities and other liabilities not attributable to investing or financing activities		204,802	437,458
<b>Cash generated from operating activities</b>		<b>223,690</b>	<b>542,400</b>
Interest paid		-9,314	-1,991
Income tax paid and refunds received		-76,754	-61,710
<b>Cash flow from operating activities</b>		<b>137,622</b>	<b>478,699</b>
Cash payments to acquire intangible assets	1	-45,389	-45,989
Proceeds from the disposal of intangible assets	1	66	238
Cash payments to acquire property, plant and equipment	2	-117,275	-72,168
Proceeds from the disposal of property, plant and equipment	2	14,194	3,994
Cash payments to acquire non-current financial assets and time deposits		0	-375
Proceeds from the disposal of non-current financial assets and time deposits		2,692	29,235
Acquisition of a subsidiary, less acquired cash and cash equivalents		-114,524	-27,234
Deferred purchase price payment for business acquisitions from previous periods		-332	-7,112
Proceeds from the disposal of investments accounted for using the equity method		2,000	0
Interest received		15,935	8,607
Dividends received		3,723	3,052
<b>Cash flow from investing activities</b>		<b>-238,910</b>	<b>-107,752</b>
Cash payments to owners		-55,288	-44,230
Proceeds from new borrowing		0	0
Cash payments to service debt		-1,235	-98
Cash payments to acquire non-controlling interests		0	0
Cash payments for the repayment of lease liabilities		-37,573	-35,458
<b>Cash flow from financing activities</b>		<b>-94,096</b>	<b>-79,786</b>
<b>Net change in cash and cash equivalents</b>		<b>-195,384</b>	<b>291,161</b>
Changes in cash and cash equivalents arising from changes in exchange rates		-30,754	-328
Changes in cash and cash equivalents arising from changes in the consolidated group		0	298
Cash and cash equivalents at the beginning of the period		674,502	383,371
<b>Cash and cash equivalents at the end of the period</b>	7	<b>448,364</b>	<b>674,502</b>

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		
<b>At 1 January 2022</b>	<b>40,000</b>	<b>141,724</b>	<b>373,390</b>	<b>-50,934</b>	<b>-112,853</b>	<b>1,000,813</b>	<b>1,392,140</b>	<b>-557</b>	<b>1,391,583</b>
Dividend payment						-44,230	-44,230		-44,230
Consolidated net income 2022						187,025	187,025	56	187,081
Allocation to profit reserves			436			-436	0		0
Changes in the consolidated group			-8,347				-8,347	0	-8,347
Other comprehensive expenses and income				8,119	63,867		71,986		71,986
<b>At 31 December 2022</b>	<b>40,000</b>	<b>141,724</b>	<b>365,479</b>	<b>-42,815</b>	<b>-48,986</b>	<b>1,143,172</b>	<b>1,598,574</b>	<b>-501</b>	<b>1,598,073</b>
Dividend payment						-55,288	-55,288		-55,288
Consolidated net income 2023						224,511	224,511	39	224,550
Allocation to profit reserves			310			-310	0		0
Changes in the consolidated group			-6			73	67	0	67
Other comprehensive expenses and income				-50,870	-1,609		-52,479		-52,479
<b>At 31 December 2023</b>	<b>40,000</b>	<b>141,724</b>	<b>365,783</b>	<b>-93,685</b>	<b>-50,595</b>	<b>1,312,158</b>	<b>1,715,385</b>	<b>-462</b>	<b>1,714,923</b>



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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated **segment reporting**

€ thousand	Filling and Packaging Technology		Process Technology		Intralogistics		Krones Group	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenue</b>	<b>3,924,740</b>	<b>3,497,316</b>	<b>453,341</b>	<b>367,499</b>	<b>342,595</b>	<b>344,524</b>	<b>4,720,676</b>	<b>4,209,339</b>
Depreciation and amortisation	149,291	128,937	10,957	8,147	6,076	5,817	166,324	142,901
of which impairments	18,559	3,771	0	0	0	0	18,559	3,771
Interest income	31,369	10,883	385	327	503	131	32,257	11,341
Interest expense	9,439	2,595	5,879	265	698	495	16,016	3,355
<b>EBT</b>	<b>282,941</b>	<b>217,196</b>	<b>16,562</b>	<b>12,234</b>	<b>10,993</b>	<b>12,635</b>	<b>310,496</b>	<b>242,065</b>
Share of profit or loss of associates accounted for using the equity method	0	7	0	0	0	0	0	7
<b>EBIT</b>	<b>253,019</b>	<b>203,800</b>	<b>23,735</b>	<b>12,203</b>	<b>14,232</b>	<b>14,403</b>	<b>290,986</b>	<b>230,406</b>
<b>EBT margin (EBT to revenue)</b>	<b>7.2%</b>	<b>6.2%</b>	<b>3.7%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.7%</b>	<b>6.6%</b>	<b>5.8%</b>
<b>EBITDA</b>	<b>402,310</b>	<b>332,737</b>	<b>34,692</b>	<b>20,350</b>	<b>20,308</b>	<b>20,220</b>	<b>457,310</b>	<b>373,307</b>
<b>EBITDA margin (EBITDA to revenue)</b>	<b>10.3%</b>	<b>9.5%</b>	<b>7.7%</b>	<b>5.5%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>9.7%</b>	<b>8.9%</b>



## General disclosures

### ■ Legal basis

Krones offers machinery and systems for filling and packaging technology 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 2023 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 273. 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 12 March 2024.

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 2023 include all domestic and foreign subsidiaries over which Krones AG has direct or indirect control on account of a majority of voting rights.

Ampco Pumps Company LLC, Glendale, Wisconsin, USA, Ampco Real Estate LLC, Glendale, Wisconsin, USA and Ampco Pumps GmbH, Herxheim, Germany (together “Ampco Pumps”) were acquired in the financial year. The acquisition of 90% of the shares in Ampco Pumps on 1 June 2023 is an im-

portant step towards expanding Krones Process Technology's components business. Ampco has more than 70 years of experience in the pump market and is a major supplier of hygienic pumps to the US food and beverage market. With pumps from Ampco Pumps and valve technology from Krones subsidiary Evoguard, Krones now has a broad portfolio covering all key components for the process technology market. The two companies' businesses also complement each other ideally in regional terms.

Initial accounting of the acquired business operations was completed as of the acquisition date.

The table below presents the consideration transferred for the acquisitions and the fair values of the assets identified and liabilities assumed at the acquisition date. Further information on the earn-outs and put/call options is presented under Note 18, "Other disclosures relating to financial instruments" (page 259).



Ampco Pumps	Fair value € thousand
Goodwill	70,525
Non-current assets	63,225
Current assets	19,419
(of which trade receivables)	5,630
Cash and cash equivalents	0
<b>Total assets acquired</b>	<b>153,169</b>
Liabilities	3,354
<b>Total liabilities acquired</b>	<b>3,354</b>
<b>Net assets acquired</b>	<b>149,815</b>
<b>Non-controlling interests</b>	<b>0</b>
Purchase prices	149,815
of which paid in cash	114,524
of which earn-out	22,026
of which put/call option	13,266

The goodwill recognised for Ampco Pumps relates to the strengthening of its activities in the components business and the integration of its employees into the group. This earnings potential, which cannot be allocated to individual items capable of recognition as assets under IFRS, is reflected in goodwill.

The total amount of goodwill that is expected to be deductible for tax purposes is €70,525 thousand.

The fair value of the trade receivables equals the gross amount. None of the trade receivables are impaired and the contractually agreed amounts are expected to be collectible in their entirety.

The revenue generated since acquisition date amounted to €30,622 thousand and net income amounted to €1,250 thousand. Had the above acquisition already been made as of 1 January 2023, Krones would have reported revenue of €4,742,927 thousand. The net income would amount to €225,393 thousand. This includes effects from purchase price allocations for 2023. Notable negative factors were, firstly, the remeasurement of inventories at fair value and their subsequent utilisation and, secondly, amortisation of the intangible assets.

The costs directly attributable to the acquisition amount to €923 thousand and were recognised as expense.



### ■ 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 reserves.

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 already 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 Krones 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 annual financial statements of Krones 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 Dec 2023	31 Dec 2022	2023	2022
us dollar	USD	1.108	1.068	1.082	1.053
British pound	GBP	0.869	0.887	0.870	0.853
Swiss franc	CHF	0.927	0.985	0.972	1.005
Danish krone	DKK	7.453	7.437	7.451	7.440
Canadian dollar	CAD	1.468	1.444	1.460	1.370
Japanese yen	JPY	156.810	140.680	151.997	138.026
Brazilian real	BRL	5.375	5.644	5.403	5.442
Chinese renminbi (yuan)	CNY	7.837	7.436	7.618	7.068
Mexican peso	MXN	18.771	20.886	19.195	21.201
Ukrainian hryvnia	UAH	42.115	39.236	39.817	34.303
South African rand	ZAR	20.456	18.077	19.954	17.206
Kenyan shilling	KES	173.900	131.690	150.472	124.126
Nigerian naira	NGN	993.100	476.690	690.131	446.722
Russian rouble	RUB	100.500	76.867	92.481	73.705
Thai baht	THB	38.000	36.883	37.647	36.857
Indonesian rupiah	IDR	17,123.000	16,620.100	16,481.850	15,630.288
Angolan kwanza	AOA	937.300	544.858	750.402	487.065
Turkish lira	TRY	32.744	19.983	25.780	17.406
Kazakhstan tenge	KZT	506.130	494.100	493.938	486.341
Australian dollar	AUD	1.629	1.570	1.629	1.517
New Zealand dollar	NZD	1.753	1.682	1.762	1.658
Swedish krona	SEK	11.084	11.078	11.476	10.629
Vietnamese dong	VND	26,883.000	25,233.000	25,784.302	24,637.215
Philippine peso	PHP	61.360	59.384	60.171	57.337
Bangladeshi taka	BDT	121.560	110.125	116.951	98.239
Singapore dollar	SGD	1.461	1.431	1.453	1.451
Myanmar kyat	MMK	2,326.100	2,241.990	2,271.535	2,030.660
United Arab Emirates dirham	AED	4.068	3.921	3.973	3.869
Hungarian forint	HUF	382.500	400.380	381.977	391.154
Malaysian ringgit	MYR	5.083	4.703	4.931	4.628
Pakistani rupee	PKR	308.148	242.028	302.283	214.975
Polish zloty	PLN	4.342	4.686	4.544	4.688
Norwegian krone	NOK	11.245	10.505	11.421	10.097
Indian rupee	INR	92.142	88.157	89.323	82.686
Guatemalan quetzal	GTQ	8.665	8.378	8.473	8.162
Cambodian riel	KHR	4,525.000	4,395.400	4,445.670	4,305.384
Bulgarian lev	BGN	1.956	1.956	1.956	1.956
South Korean won	KRW	1,430.187	1,338.190	1,411.916	1,357.992
Moroccan dirham	MAD	10.964	11.157	10.956	10.684
Saudi riyal	SAR	4.154	4.016	4.058	3.955
Romanian leu	RON	4.975	4.948	4.947	4.931



#### ■ 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. Krones 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 an increasingly complex and uncertain macroeconomic and geopolitical environment, particularly as a result of the conflict in Ukraine and the conflict in Israel/Gaza/Middle East, with continuing inflation, increased interest rates, volatile currency and share prices and growing concerns about a slowdown in economic growth compared to previous years, estimates and judgements 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. If no observable market values are available, the fair values of assets acquired in a

business combination are determined using recognised valuation methods such as the relief-from-royalty method or the multi-period excess earnings method.

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 Kronos 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.

Impairment 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 judgements 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 257.

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 percentage 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 (customer bases between seven and 15 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.

#### ■ 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 financial assets 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 are derecognised in full if substantially all risks and rewards have been transferred to the buyer. 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 sub-



stantially 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 recog-

nised in full as liabilities at their net present value. Instead, they are accrued on a pro-rated 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.

Non-current 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 filling 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.



### ■ Statement of cash flows

Proceeds and payments from time deposits are presented in cash flow from investing activities.

### ■ Segment reporting

Krones reports on three operating segments, which are the strategic business units. These 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 Filling and Packaging Technology, Segment 2 Process Technology and Segment 3 Intralogistics. 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	2023	2022
Germany	452,402	423,996
North America	1,193,722	920,111
Rest of the world	3,074,552	2,865,232
	<b>4,720,676</b>	<b>4,209,339</b>

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

€ thousand	2023	2022
Germany	723,864	690,551
North America	199,001	88,321
Rest of the world	297,133	304,491
	<b>1,219,998</b>	<b>1,083,363</b>



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
<b>31 Dec 2021</b>					
Cost	257,388	140,832	499,519	22	897,761
Accumulated amortisation	196,912	35,440	362,249	0	594,601
<b>Net carrying amount</b>	<b>60,476</b>	<b>105,392</b>	<b>137,270</b>	<b>22</b>	<b>303,160</b>
<b>Changes in 2022</b>					
<b>Cost</b>					
Consolidated additions	18,827	26,409	0	0	45,236
Additions	21,315	0	23,565	72	44,952
Disposals	6,490	0	0	0	6,490
Transfers	16	0	0	-16	0
Exchange differences	838	3,786	0	0	4,624
<b>Amortisation</b>					
Additions	13,432	0	33,458	0	46,890
Disposals	6,252	0	0	0	6,252
Transfers	0	0	0	0	0
Exchange differences	345	1,150	0	0	1,495
<b>Net carrying amount at 31 Dec 2022</b>	<b>87,457</b>	<b>134,437</b>	<b>127,377</b>	<b>78</b>	<b>349,349</b>
<b>31 Dec 2022</b>					
Cost	291,894	171,027	523,084	78	986,083
Accumulated amortisation	204,437	36,590	395,707	0	636,734
<b>Net carrying amount</b>	<b>87,457</b>	<b>134,437</b>	<b>127,377</b>	<b>78</b>	<b>349,349</b>

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
<b>Changes in 2023</b>					
<b>Cost</b>					
Consolidated additions	50,389	70,525	0	0	120,914
Additions	40,743	0	21,738	113	62,594
Disposals	4,277	0	12,511	0	16,788
Transfers	1	0	0	-1	0
Exchange differences	-3,122	-6,019	0	0	-9,141
<b>Amortisation</b>					
Additions	18,849	17,022	28,737	0	64,608
Disposals	4,211	0	12,511	0	16,722
Transfers	0	0	0	0	0
Exchange differences	-516	-1,132	0	0	-1,648
<b>Net carrying amount at 31 Dec 2023</b>	<b>157,069</b>	<b>183,053</b>	<b>120,378</b>	<b>190</b>	<b>460,690</b>
<b>31 Dec 2023</b>					
Cost	375,628	235,533	532,311	190	1,143,662
Accumulated amortisation	218,559	52,480	411,933	0	682,972
<b>Net carrying amount</b>	<b>157,069</b>	<b>183,053</b>	<b>120,378</b>	<b>190</b>	<b>460,690</b>

*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 €52,851 thousand (previous year: €22,762 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	2023	34,810 <sup>2)</sup>	3	1.0%	11.5%
	2022	36,112 <sup>2)</sup>	3	1.0%	7.4%
R+D Custom	2023	8,831	3	3.0%	13.9%
	2022	26,409	6	3.0%	17.4%
MHT	2023	20,180	3	1.0%	11.3%
	2022	20,180	3	1.0%	9.9%
Javlyn	2023	4,651 <sup>2)</sup>	3	1.5%	17.9%
	2022	4,826 <sup>2)</sup>	3	1.5%	17.1%
Pump and valve technology	2023	67,793 <sup>2)</sup>	3	2.0%	11.3%
System Logistics	2023	30,906	3	1.0%	11.4%
	2022	30,906	3	1.0%	9.8%
HST	2023	4,258	3	1.0%	11.5%
	2022	4,258	3	1.0%	9.9%
Other <sup>1)</sup>	2023	11,524 <sup>2)</sup>	3	1.0% – 2.0%	10.0% – 17.9%
	2022	11,756 <sup>2)</sup>	3	1.0% – 2.0%	7.8% – 17.1%

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

<sup>2)</sup> 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.

The impairment test resulted in the recognition of goodwill impairments in the amount of €17,022 thousand (previous year: €0 thousand). These mainly relate to reduced earnings prospects and are 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 is €2,043 thousand higher than the carrying amount. If the pre-tax discount rate were to increase to 12.0%, the recoverable amount would equal the carrying amount. Based on the assumed 1.0% annual revenue growth for IPS at the end of the forecast period – as shown in the table – the recoverable amount of €703 thousand is greater than the carrying amount. If the pre-tax discount rate were to increase to 11.70%, 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 €21,738 thousand (previous year: €23,565 thousand).

As in the previous year, this includes borrowing costs in a non-material amount. Including capitalised development expenditure, a total of €194,035 thousand was spent on research and development in 2023 (previous year: €178,287 thousand). Impairment losses on capitalised development expenditure were recognised in amortisation in the reporting year in the amount of €1,537 thousand (previous year: €3,771 thousand). As in the previous year, the charges were incurred in the Filling and Packaging Technology segment only and related to technologies that will not be further pursued.

In the reporting period, business combinations resulted in €50,389 thousand in additions to net carrying amounts for intangible assets (previous year: €18,827 thousand) and €70,525 thousand in additions to goodwill (previous year: €26,409 thousand).

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

In 2023, 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 at the Flensburg site in Germany (extension of office and production buildings). The €80,096 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 2023, the carrying amounts for property, plant and equipment included government grants of €13,973 thousand (previous year: €14,381 thousand). Government grants in the amount of €804 thousand (previous year: €796 thousand) were reversed to profit or loss in 2023. As in the previous year, the depreciation figure in 2023 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 resulted in €12,836 thousand in additions to net carrying amounts for property, plant and equipment (previous year: €3,476 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
<b>31 Dec 2021</b>						
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
<b>Net carrying amount</b>	<b>444,065</b>	<b>111,971</b>	<b>86,567</b>	<b>18,203</b>	<b>6,203</b>	<b>667,009</b>
<b>Changes in 2022</b>						
<b>Cost</b>						
Consolidated additions	2,843	26	1,050	0	0	3,919
Additions	23,642	19,740	52,673	16,401	7,627	120,083
Disposals	15,419	8,691	40,357	1,651	0	66,118
Transfers	6,426	8,854	3,918	-12,158	-7,040	0
Exchange differences	1,440	2,131	977	-10	-24	4,514
<b>Depreciation</b>						
Consolidated additions	0	0	0	0	0	0
Additions	36,411	20,022	37,928	1,650	0	96,011
Disposals	13,470	8,679	39,558	1,650	0	63,357
Reversals	0	0	0	0	0	0
Transfers	0	-21	21	0	0	0
Exchange differences	982	1,392	716	0	0	3,090
<b>Net carrying amount at 31 Dec 2022</b>	<b>439,074</b>	<b>121,317</b>	<b>105,721</b>	<b>20,785</b>	<b>6,766</b>	<b>693,663</b>

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
<b>Changes in 2023</b>						
<b>Cost</b>						
Consolidated additions	6,958	0	5,878	0	0	12,836
Additions	60,184	21,524	58,572	15,148	13,878	169,306
Disposals	11,454	9,294	36,166	755	123	57,792
Transfers	5,736	2,765	2,927	-8,066	-3,362	0
Exchange differences	-6,596	-2,560	-4,326	-645	-15	-14,142
<b>Depreciation</b>						
Consolidated additions	0	0	0	0	0	0
Additions	38,997	19,933	42,392	105	0	101,427
Disposals	8,272	9,128	35,500	0	0	52,900
Reversals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Exchange differences	-2,283	-2,056	-2,894	0	0	-7,233
<b>Net carrying amount at 31 Dec 2023</b>	<b>465,460</b>	<b>125,003</b>	<b>128,608</b>	<b>26,362</b>	<b>17,144</b>	<b>762,577</b>
<b>31 Dec 2023</b>						
Cost	828,512	425,494	363,128	26,467	17,144	1,660,745
Accumulated depreciation	363,052	300,491	234,520	105	0	898,168
<b>Net carrying amount</b>	<b>465,460</b>	<b>125,003</b>	<b>128,608</b>	<b>26,362</b>	<b>17,144</b>	<b>762,577</b>



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 2023				
Net carrying amount	97,455	3,668	29,895	131,018
Additions	32,167	51	19,435	51,653
Depreciation	21,592	1,373	13,228	36,193

€ thousand	Land and buildings	Technical equipment and machinery	Other equipment, furniture and fixtures and office equipment	Total
31 Dec 2022				
Net carrying amount	87,113	5,015	23,825	115,953
Additions	24,005	1,965	17,993	43,963
Depreciation	18,949	1,309	11,829	32,087



Information on the corresponding lease liabilities is provided on page 257.

Interest expenses include €2,126 thousand (previous year: €1,629 thousand) in interest expense on leases. Other operating expenses include €4,903 thousand (previous year: €3,563 thousand) in expenses from short-term leases, €569 thousand (previous year: €661 thousand) in expenses from leases of low-value assets and €1,688 thousand (previous year: €1,536 thousand) in expenses for variable lease payments. Total cash outflows for recognised leases amount to €38,194 thousand (previous year: €36,304 thousand).

### 3 Non-current 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

No associated company was accounted for using the equity method as of the reporting date (previous year: one company).

The table below shows the associated company accounted for using the equity method:

Name	Place of business	Ownership interest (%)	
		31 Dec 2023	31 Dec 2022
Associated company			
Technologisches Institut für angewandte künstliche Intelligenz GmbH	Weiden	0	31.15

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

€ thousand	2023	2022
Profit or loss for the period	0	23
Other comprehensive income	0	0
Total comprehensive income	0	23
<b>Share of profit or loss</b>	<b>0</b>	<b>7</b>
<b>Carrying amount at 31 Dec</b>	<b>0</b>	<b>2,364</b>

The shareholding in Technologisches Institut für angewandte künstliche Intelligenz GmbH was sold in 2023. It was therefore reduced from 31.5% to 0%.



The loss of €364 thousand recognised in this connection in the reporting period comprises the €2,000 thousand sale proceeds less the €2,364 thousand derecognised carrying amount and is presented in the statement of profit and loss within financial income/expense as interest and similar expenses.

## 5 Inventories

The inventories of the Kronos Group are composed as follows:

€ thousand	31 Dec 2023	31 Dec 2022
Raw materials, consumables and supplies	436,576	394,977
Work in progress	98,564	92,990
Finished goods	66,646	62,414
Goods purchased for sale	32,456	33,280
Other	7,132	5,784
<b>Total</b>	<b>641,374</b>	<b>589,445</b>

Inventories are carried at cost or net realisable value.

Write-downs of €3,168 thousand on inventories were recognised as expense in 2023 (previous year: €1,613 thousand) and are substantially based on customary net realisable values and obsolescence allowances.

## 6 Receivables and other assets

€ thousand	31 Dec 2023	31 Dec 2022
Trade receivables	797,514	847,235
Contract assets	1,056,319	727,555
Other assets	226,100	201,383

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 €83,558 thousand as of the reporting date (previous year: €75,842 thousand). Factored export receivables in the amount of €4,146 thousand (previous year: €5,086 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	2023	2022
At 1 Jan	56,046	56,510
Change due to currency effects	-661	-642
Additions	14,643	10,312
Reversals	-251	-10,134
<b>At 31 Dec</b>	<b>69,776</b>	<b>56,046</b>

The loss allowances include €10,909 thousand (previous year: €9,259 thousand) in impairments of contract assets.

Other assets mainly comprise advance payments made (€43,237 thousand; previous year: €52,724 thousand), current tax assets (€76,996 thousand; previous year: €64,172 thousand), prepaid expenses (€27,823 thousand; previous year: €14,175 thousand) and other financial assets (€54,001 thousand; previous year: €39,325 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 €11,543 thousand at the reporting date (previous year: €4,294 thousand).

## 7 Cash and cash equivalents

Apart from cash on hand totalling €291 thousand (previous year: €160 thousand), the cash and cash equivalents of €448,364 thousand (previous year: €674,502 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 222.*

## 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 2023	31 Dec 2022
Deferred tax expense/income (-)	7,107	-8,439
Current tax	78,839	63,423
<b>Total</b>	<b>85,946</b>	<b>54,984</b>

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 2023 break down by items on the statement of financial position as follows:

€ thousand	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Intangible assets	3,122	4,187	40,554	41,486
Property, plant and equipment and other non-current assets	1,601	3,671	16,863	11,642
Current assets	16,565	17,100	32,884	30,586
Tax loss carryforwards	46,890	46,900	0	0
Non-current liabilities	23,574	20,161	1,323	0
Current liabilities	27,398	28,963	345	687
Deferred tax items recognised in other comprehensive income	22,681	19,953	3,198	1,669
<b>Subtotal</b>	<b>141,831</b>	<b>140,935</b>	<b>94,826</b>	<b>86,070</b>
<b>Offsetting (-)</b>	<b>-81,287</b>	<b>-81,078</b>	<b>-81,628</b>	<b>-81,078</b>
<b>Total</b>	<b>60,544</b>	<b>59,857</b>	<b>13,539</b>	<b>4,992</b>

The deferred tax assets and liabilities recognised in other comprehensive income amounted, respectively, to €22,681 thousand (previous year: €19,953 thousand) and €3,198 thousand (previous year: €1,669 thousand). The deferred tax assets include €22,399 thousand (previous year: €19,132 thousand) for actuarial losses recognised in other comprehensive income in accordance with IAS 19 and €282 thousand (previous year: €821 thousand) in hedging losses. The deferred tax liabilities comprise €942 thousand (previous year: €1,087 thousand) for actuarial gains recognised in other comprehensive income in accordance with IAS 19 and €2,256 thousand (previous year: €582 thousand) in hedging gains.



Deferred taxes on tax loss carryforwards in the amount of €86,142 thousand (previous year: €84,394 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 €1,163 thousand (previous year: €4,722 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 €608,050 thousand (previous year: €526,571 thousand).

The tax expense of €85,946 thousand reported in 2023 is €249 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	2023	2022
Earnings before taxes	310,496	242,065
Tax rate for the parent company Krones AG	27.60%	27.60%
(Theoretical) tax income (-)/tax expense (+)	85,697	66,810
Adjustment due to difference between local tax rate and tax rate of Krones AG	-8,354	-4,058
Reductions in tax due to tax-exempt income	-4,539	-2,899
Current tax losses for which no deferred taxes recognised	2,084	584
Increases in tax expense due to non-deductible expenses	12,893	13,759
Tax effect of impairment of deferred taxes from loss carryforwards (+)/tax effect of as-yet unrealised deferred taxes on loss carryforwards (-)	-529	-16,359
Tax income (-)/tax expense (+) for previous years	384	-2,239
Tax effect of as-yet unrealised deductible temporary differences	-1,699	-566
Other	9	-48
<b>Taxes on income</b>	<b>85,946</b>	<b>54,984</b>

The Krones Group falls within the scope of the OECD model rules on global minimum taxation. The legislation enacting the rules on global minimum taxation entered into force in Germany on 1 January 2024. The Krones Group makes use of the exception for the recognition of deferred taxes in connection with those rules, which was the subject of the amendments to IAS 12 published in May 2023.

By law, the Krones Group must pay a top-up tax for each country in the amount of any difference between the so called “GloBE effective tax rate” and the 15% minimum tax rate.



Although the global minimum taxation applies to financial years beginning after 31 December 2023, the Krones Group has already assessed the potential effects of the global minimum taxation for the financial year ended 31 December 2023. Even in countries where the average effective tax rate based on the data in the country-by-country report is below 15%, the Krones Group may not have to pay any top-up tax in relation to those countries. The global minimum taxation rules include special adjustments for determination of the GloBE effective tax rate, which may therefore differ from the calculated effective tax rates. Temporary or permanent safe harbour rules may also apply.

Overall, it is currently be assumed that the additional tax burden for the Krones Group resulting from the global minimum taxation would only affect the Group's tax rate by around 0.1 of a percentage point. There is therefore no material impact.

The Krones Group is prepared for the application of the legal requirements and has developed processes to comply with them.

## 9 Equity

Krones AG's share capital amounted to €40,000,000.00 at 31 December 2023, 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 2023, 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 23 May 2023 and applies until midnight on 22 May 2028.

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 –€52,479 thousand in the reporting period (previous year: €71,986 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 €39 thousand (previous year: €56 thousand). The sum of changes in equity that are recognised in other comprehensive income and those that are recognised in profit or loss was €172,071 thousand (previous year: €259,067 thousand).

A dividend of €1.75 per share was approved for the 2022 financial year and paid out by Kronen AG in 2023 (previous year: €1.40 per share). The total dividend payout came to €55,288 thousand (previous year: €44,230 thousand).

#### Disclosures about capital management

A strong equity position is an important prerequisite for ensuring Kronen's long-term survival. To achieve this, Kronen regularly monitors and manages its capital on the basis of the equity ratio. In order to share the company's success with shareholders, Kronen's 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 2023:

€ thousand	Reserve for post-employment benefits	Reserve for cash flow hedges	Reserve for exchange differences	Other	Total
<b>At 31 Dec 2021</b>	<b>-107,821</b>	<b>-4,228</b>	<b>-50,934</b>	<b>-804</b>	<b>-163,787</b>
Changes in the consolidated group	0	0	0	0	0
Measurement change	83,228	5,056	8,119	0	96,403
Tax on items taken directly to or transferred from equity	-22,971	-1,446	0	0	-24,417
<b>At 31 Dec 2022</b>	<b>-47,564</b>	<b>-618</b>	<b>-42,815</b>	<b>-804</b>	<b>-91,801</b>
Changes in the consolidated group	0	0	0	0	0
Measurement change	-12,075	9,266	-50,870	0	-53,677
Tax on items taken directly to or transferred from equity	3,412	-2,213	0	0	1,199
<b>At 31 Dec 2023</b>	<b>-56,227</b>	<b>6,436</b>	<b>-93,685</b>	<b>-804</b>	<b>-144,280</b>

The measurement changes for cash flow hedges include additions of -€6,435 thousand (previous year: -€618 thousand) and amounts reclassified to profit or loss totalling -€7,054 thousand (previous year: -€4,228 thousand) after taxes.



### 13 Non-controlling interests

Non-controlling interests totalled –€462 thousand in 2023 (previous year: –€501 thousand).

*A detailed overview of the composition of and changes to the individual equity components for the Kronos Group in 2023 and the previous year is presented in the statement of changes in equity on page 223.*



### 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 Kronos 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 Kronos 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	
	2023	2022
Discount rate	3.4	3.9
Projected increases in wages and salaries	0.0	0.0
Projected increases in state pensions	2.2	2.4

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	2023
Within the next 12 months	7,566
Between 2 and 5 years	33,258
Between 5 and 10 years	47,219

The average weighted residual term of post-employment benefit obligations is 15 years (previous year: 15 years).

The projected increases in wages and salaries comprise expected future pay increases, which are estimated each year on the basis, among other things, 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 2023	31 Dec 2022	31 Dec 2021
Present value of benefit commitments financed by provisions	168,705	156,944	232,164
Present value of benefit commitments financed through pension funds	37,733	37,683	49,082
Present value of benefit commitments (gross)	206,438	194,627	281,246
Fair value of plan assets	-27,994	-28,043	-30,090
<b>Carrying amount at 31 December (net defined benefit obligation)</b>	<b>178,444</b>	<b>166,584</b>	<b>251,156</b>

The pension provisions, which amounted to €167,461 thousand at the reporting date (previous year: €156,339 thousand), are primarily attributable to Kronen AG. The actuarial gains or losses resulting from changes in financial assumptions totalled -€12,915 thousand (previous year: €81,387 thousand). Experience adjustments total -€1,498 thousand (previous year: €279 thousand); adjustments due to changes in demographic assumptions total €0 thousand (previous year: €0 thousand).



The costs arising from pension obligations amounted to €7,082 thousand (previous year: €5,079 thousand) and break down as follows:

€ thousand	31 Dec 2023	31 Dec 2022	31 Dec 2021
Current service cost	829	1,708	1,207
Interest expense	7,313	3,773	2,667
Expected return on plan assets	-1,028	-363	-261
Past service cost and plan curtailments	-32	-39	-28
<b>Costs arising from pension obligations</b>	<b>7,082</b>	<b>5,079</b>	<b>3,585</b>

The present value of defined benefit obligations, which amounted to €206,438 thousand (previous year: €194,627 thousand), the fair value of the plan assets, which amounted to €27,994 thousand (previous year: €28,043 thousand), and the net amount of the two items reconcile as follows:

€ thousand	Present value of benefit commitments	Fair value of plan assets	Total
<b>At 1 January 2022</b>	<b>281,246</b>	<b>-30,090</b>	<b>251,156</b>
Consolidated additions	0	0	0
Current service cost	1,708	0	1,708
Interest expense (+)/interest income (-)	3,773	-363	3,410
Actuarial gains (+)/losses (-)	-84,294	1,066	-83,228
Employer contributions	0	-1,544	-1,544
Benefits paid	-7,573	2,990	-4,583
Recognised past service cost	-399	0	-399
Exchange differences	166	-102	64
<b>At 31 December 2022</b>	<b>194,627</b>	<b>-28,043</b>	<b>166,584</b>

€ thousand	Present value of benefit commitments	Fair value of plan assets	Total
<b>At 1 January 2023</b>	<b>194,627</b>	<b>-28,043</b>	<b>166,584</b>
Consolidated additions	0	0	0
Current service cost	829	0	829
Interest expense (+)/interest income (-)	7,313	-1,028	6,285
Actuarial gains (+)/losses (-)	11,759	316	12,090
Employer contributions	0	-1,164	-1,164
Benefits paid	-8,719	1,993	-6,786
Recognised past service cost	577	0	577
Exchange differences	52	-8	29
<b>At 31 December 2023</b>	<b>206,438</b>	<b>-27,994</b>	<b>178,444</b>

The actuarial gains or losses mainly relate to changes in financial assumptions. Krones Unterstützungsfonds e.V., an occupational pension scheme, is responsible for administrating and managing a portion of the plan assets. Krones 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 €28 million as of 31 December 2023 (previous year: €28 million). Of that, €28.0 million consist of pension liability insurance policies (previous year: €28.0 million). The remaining plan assets are mainly attributable to Krones Unterstützungsfonds 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 2023, the AGI fund consisted of 54.2% government bonds, 24.9% Pfandbriefe (covered bonds governed by the German Pfandbrief Act), and 14.8% investment-grade corporate bonds. The amount held as cash in hand came to 3.0%. The remainder was primarily equity funds. Interest rate risk is actively managed using interest rate futures. The duration of the investment volume is 1.72 years. Management of currency risk: No direct currency investments are made. The overall rating of the fund assets is AA-. Kronen AG's plan assets are 100% covered by pension liability insurance policies from Allianz.

The expected contributions to plan assets in 2023 are €681 thousand.

The expected pension benefit payments to be paid out of plan assets in 2024 amount to €1,513 thousand.

In 2023, a total of €57,348 thousand (previous year: €55,700 thousand) was spent on the employer contribution to defined contribution plans (contributions to pension insurance).

## 15 Other provisions

€ thousand	1 Jan 2023	Consolidated additions	Utilisation	Reversal	Unwinding of discount/ change in discount rate	Additions	Exchange differences	31 Dec 2023	Due within 1 year
Personnel obligations	74,797	0	16,267	2,715	1,721	8,430	-586	65,380	8,176
Provisions for anticipated losses	38,511	0	28,104	3,980	0	37,967	-363	44,031	43,663
Provisions for warranties	70,775	0	9,514	5,019	37	11,230	-587	66,922	54,525
Other remaining provisions	58,167	0	15,839	12,754	88	24,909	-1,363	53,208	41,705
<b>Total</b>	<b>242,250</b>	<b>0</b>	<b>69,678</b>	<b>24,468</b>	<b>1,846</b>	<b>82,536</b>	<b>-2,899</b>	<b>229,541</b>	<b>148,069</b>

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%	6.8% decrease	7.7% increase
Change in state pensions	0.50%	6.0% increase	5.5% decrease
Life expectancy	1 year	3.4% increase	3.0% 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.





The provisions for personnel obligations are primarily for non-current obligations relating to partial retirement. The personnel obligations include €1,721 thousand for the effects of the time value of money (previous year: –€3,423 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 0.4% and 3.4%.

## 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 2023
Liabilities to banks	1,244	2,521	0	3,765
Contract liabilities	1,040,990	0	0	1,040,990
Trade payables	723,164	0	0	723,164
Other financial obligations	32,117	29,267	0	61,384
Liabilities from leases	35,792	74,701	25,482	135,975
Other liabilities*	350,987	1,819	0	352,806
<b>Total</b>	<b>2,184,294</b>	<b>108,308</b>	<b>25,482</b>	<b>2,318,084</b>

\* The other liabilities include €89,641 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 2022
Liabilities to banks	0	5,000	0	5,000
Contract liabilities	901,447	0	0	901,447
Trade payables	684,189	0	0	684,189
Other financial obligations	14,830	26,854	0	41,684
Liabilities from leases	23,846	61,912	20,171	105,929
Other liabilities*	391,929	4,224	0	396,153
<b>Total</b>	<b>2,016,241</b>	<b>97,990</b>	<b>20,171</b>	<b>2,134,402</b>

\* The other liabilities include €123,364 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 2023, trade payables include supplier finance liabilities in the amount of €141,360 thousand (previous year: €123,068 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 3.60% (previous year: 0.60%) 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 2022	Other changes	Cash changes	Non-cash change due to acquisitions	31 Dec 2023
Liabilities to banks	5,000		-1,235		3,765
Liabilities from leases	105,929	67,531	-37,573	88	135,975
<b>Total</b>	<b>110,929</b>	<b>67,531</b>	<b>-38,808</b>	<b>88</b>	<b>139,740</b>

€ thousand	31 Dec 2021	Other changes	Cash changes	Non-cash change due to acquisitions	31 Dec 2022
Liabilities to banks	5,098		-98		5,000
Liabilities from leases	97,424	41,398	-35,458	2,565	105,929
<b>Total</b>	<b>102,522</b>	<b>41,397</b>	<b>-35,556</b>	<b>2,566</b>	<b>110,929</b>

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 €4,146 thousand (previous year: €5,086 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 2023
Tax liabilities	41,272	628	0	41,900
Social security liabilities	11,033	0	0	11,033
Payroll liabilities	28,292	943	0	29,235
Accruals	227,757	0	0	227,757
Other	42,633	248	0	42,881
<b>Total</b>	<b>350,987</b>	<b>1,819</b>	<b>0</b>	<b>352,806</b>

The 'other' item includes €2,135 thousand (previous year: €7,477 thousand) in liabilities for severance payments.

Accruals, which amounted to €227,757 thousand (previous year: €253,603 thousand), have significantly less uncertainty 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 2022
Tax liabilities	45,783	176	0	45,959
Social security liabilities	12,432	0	0	12,432
Payroll liabilities	29,193	1,075	0	30,268
Accruals	253,603	0	0	253,603
Other	50,918	2,973	0	53,891
<b>Total</b>	<b>391,929</b>	<b>4,224</b>	<b>0</b>	<b>396,153</b>

## 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 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	Nominal value	Nominal value	Fair value	Fair value
<b>Financial assets</b>				
<b>Currency hedging</b>				
Forward exchange contracts	479,996	104,767	11,543	4,294
of which hedge accounting	389,045	62,843	10,451	2,846
<b>Financial liabilities</b>				
<b>Currency hedging</b>				
Forward exchange contracts	279,637	554,377	4,998	9,926
of which hedge accounting	104,835	346,211	1,096	4,763

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 €3,390 thousand in the reporting period (previous year: net gain of €14,334 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 table below presents the carrying amounts of the financial assets and liabilities underlying these agreements:

€ thousand	31 Dec 2023	31 Dec 2022
<b>Financial assets</b>		
Gross amounts of recognised financial assets	2,359,240	2,292,553
Amounts that are netted in accordance with IAS 32.42	0	0
Net amounts of recognised financial assets	2,359,240	2,292,553
Amounts subject to master netting agreement		
Derivatives	-1,948	-1,330
Net amount of financial assets	2,357,292	2,291,223
<b>Financial liabilities</b>		
Gross amounts of recognised financial liabilities	1,013,929	960,166
Amounts that are netted in accordance with IAS 32.42	0	0
Net amounts of recognised financial liabilities	1,013,929	960,166
Amounts subject to master netting agreement		
Derivatives	-1,948	-1,330
Net amount of financial liabilities	1,011,981	958,836

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 2023		Measurement under IFRS 9				Measurement hierarchy			
€ thousand	Carrying amount at 31 Dec 2023	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
<b>Assets</b>									
Non-current financial assets	17,686	3,042	3,042						
Trade receivables	797,514	797,514	797,514						
Contract assets	1,056,319	1,056,319	1,056,319						
Other assets	226,100	54,001	42,458	1,092	10,451			11,453	
of which derivatives	11,543	11,543		1,092	10,451			11,453	
Cash and cash equivalents	448,364	448,364	448,364						
<b>Liabilities</b>									
Liabilities to banks	3,765	3,765	3,765						
Trade payables	723,164	723,164	723,164						
Other financial liabilities and lease liabilities	197,359	197,359	4,147	57,237		135,975			57,237
Other liabilities and provisions	352,806	89,641	84,643	3,902	1,096			4,998	
of which derivatives	4,998	4,998		3,902	1,096			4,998	



31 Dec 2022									
€ thousand	Carrying amount at 31 Dec 2022	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
<b>Assets</b>									
Non-current financial assets	18,605	3,936	3,936						
Trade receivables	847,235	847,235	847,235						
Contract assets	727,555	727,555	727,555						
Other assets	201,383	39,325	35,031	1,467	2,827			4,294	
of which derivatives	4,294	4,294		1,467	2,827			4,294	
Cash and cash equivalents	674,502	674,502	674,502						
<b>Liabilities</b>									
Liabilities to banks	5,000	5,000	5,000						
Trade payables	684,189	684,189	684,189						
Other financial liabilities and lease liabilities	147,613	147,613	6,010	35,674		105,929			35,674
Other liabilities and provisions	396,153	123,364	113,438	5,163	4,763			9,926	
of which derivatives	9,926	9,926		5,163	4,763			9,926	



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

€ thousand	2023	2022
Net carrying amount at 1 January	35,674	18,980
Additions resulting from acquisitions	35,292	24,756
Changes	-13,729	-8,062
(of which currency effects)	-1,792	10
(of which payouts)	-332	-7,112
Net carrying amount at 31 December	57,237	35,674

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 acquisitions. 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 is between €11,000 thousand and €13,000 thousand at the reporting date. On this basis, the fair value at the reporting date was €10,828 thousand.

The fair value of several contingent purchase price payments totalling €4,364 thousand for R+D Custom Automation was measured using a probability-weighted expected value method; the estimated range of the undiscounted payments to be made is between €0 thousand and €13,541 thousand. The main input factors are the expected revenue and the discount rate. The fair value of a further contingent purchase price payment of €0 thousand for R+D Custom Automation was measured using a Monte Carlo simulation. The estimated range of the undiscounted payment to be made is between €0 thousand and €27,083 thousand at the reporting date. The main input factors are the expected earnings and the discount rate. The fair value of the put/call option for R+D Custom Automation 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 is between €0 thousand and €36,110 thousand at the reporting date. On this basis, the fair value at the reporting date was €3,012 thousand.

The fair value of several contingent purchase price payments totalling €25,819 thousand for Ampco Pumps was measured using the discounted cash flow method; the estimated range of the undiscounted payments to be made is between €0 thousand and €37,014 thousand. The main input factors are medium-term planning and the discount rate. The fair value of the put/call option for Ampco Pumps 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 is between €12,638 thousand and €21,666 thousand at the reporting date. On this basis, the fair value at the reporting date was €13,214 thousand.

There were no transfers between levels of the hierarchy.



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 2023	Gross carrying amount in € thousand	Average loss rate	Loss allowance in € thousand
Key accounts	527,244	0.26%	1,225
Major customers	887,220	1.58%	9,584
<b>Total</b>	<b>1,414,464</b>		<b>10,809</b>

Rating-based at 31 Dec 2022	Gross carrying amount in € thousand	Average loss rate	Loss allowance in € thousand
Key accounts	448,397	0.17%	696
Major customers	813,233	1.48%	10,316
<b>Total</b>	<b>1,261,630</b>		<b>11,012</b>

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

	Category					
31 Dec 2023	A	B	C	D	E	Total
Average loss rate (%)	0.78%	0.68%	5.95%	11.17%	19.41%	
Gross carrying amount in € thousand	390,982	65,757	15,334	14,112	22,962	<b>509,147</b>
Loss allowance in € thousand	3,066	445	913	1,576	4,458	<b>10,458</b>

	Category					
31 Dec 2022	A	B	C	D	E	Total
Average loss rate (%)	0.79%	0.69%	5.26%	10.82%	13.15%	
Gross carrying amount in € thousand	288,491	41,586	5,751	11,840	21,538	<b>369,206</b>
Loss allowance in € thousand	2,266	287	303	1,281	2,833	<b>6,970</b>





In addition, there are specific valuation allowances in the amount of €48,432 thousand (previous year: €38,063 thousand) for uncollectible receivables.

The following overview of maturities shows how the undiscounted cash flows relating to liabilities as of 31 December 2023 influence the company's liquidity situation.

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

€ thousand	Carrying amount at 31 Dec 2022	Cashflow 2023		Cashflow 2024–2027		Cashflow beyond 2027	
		Interest	Repayment	Interest	Repayment	Interest	Repayment
Derivative financial instruments	9,926	0	9,320	0	606	0	0
Liabilities to banks	5,000	30	0	52	5,000	0	0
Trade payables	684,189	0	684,189	0	0	0	0
Liabilities from leases	105,929	401	23,846	2,198	61,912	1,107	20,171
Other financial liabilities	155,122	0	126,348	0	28,774	0	0
	<b>960,166</b>	<b>431</b>	<b>843,703</b>	<b>2,250</b>	<b>96,292</b>	<b>1,107</b>	<b>20,171</b>



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

31 Dec 2022 € thousand	Currency USD	Currency CAD	Currency CNY	Currency GBP
Consolidated statement of profit and loss	15,134	-9	118	629
Consolidated equity	21,011	1,480	4,386	10



## Notes to the consolidated statement of profit and loss

### 19 Revenue

The Krones Group's revenue of €4,720,676 thousand (previous year: €4,209,339 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	2023			2022		
	Filling and Packaging Technology	Process Technology	Intralogistics	Filling and Packaging Technology	Process Technology	Intralogistics
Germany	364,098	74,675	13,628	318,353	75,040	30,573
Central Europe (excluding Germany)	247,714	14,427	2,922	296,291	9,604	4,096
Western Europe	429,166	86,417	101,561	474,480	58,339	129,810
Middle East/Africa	398,948	46,779	152	436,271	49,562	249
Eastern Europe	167,700	9,357	19,395	150,290	10,734	24,562
Central Asia (CIS)	41,109	1,908	32	45,572	4,041	549
Asia-Pacific	577,048	67,815	37,084	394,406	53,374	19,592
China	334,754	15,049	28	332,397	11,556	970
North and Central America	957,856	107,189	128,677	755,546	65,939	98,626
South America/Mexico	406,348	29,725	39,116	293,710	29,310	35,497
<b>Total</b>	<b>3,924,740</b>	<b>453,341</b>	<b>342,595</b>	<b>3,497,316</b>	<b>367,499</b>	<b>344,524</b>

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

€ thousand	31 Dec 2023	31 Dec 2022
Contract assets	1,056,319	727,555
Contract liabilities	1,040,990	901,447

The amount of revenue recognised in 2023 that was included in the contract liability balance at the beginning of the reporting period was €901,447 thousand (previous year: €600,236 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 €33,325 thousand (previous year: €36,756 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 Filling and Packaging Technology segment and almost all revenue in the Process Technology and Intralogistics segments 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 €186,819 thousand (previous year: €165,039 thousand) includes prior-period income from reversal of provisions and accruals (€4,735 thousand; previous year: €10,288 thousand), gains from disposals of non-current assets (€9,461 thousand; previous year: €1,716 thousand) and from the reversal of loss allowances on receivables and contract assets (€251 thousand; previous year: €10,134 thousand) and – as the main item – currency translation gains of €137,058 thousand (previous

year: €108,585 thousand). This compares with additions to loss allowances of €14,643 thousand (previous year: €10,312 thousand) and currency translation losses of €135,764 thousand (previous year: €130,841 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 €1,866,716 thousand (previous year: €1,610,862 thousand) and expenses for services purchased amounting to €515,221 thousand (previous year: €502,983 thousand).

#### 23 Personnel expenses

Within the Kronen Group, 17,435 people (previous year: 16,222) including trainees (544; previous year: 480) were employed on average over the year. The workforce of the Kronen Group is composed as follows (average for the year):

	2023	2022
White-collar employees exempt from collective agreements	2,765	2,699
Employees covered by collective agreements	14,126	13,523
<b>Total</b>	<b>17,435</b>	<b>16,222</b>

Expenses for the employer share of social insurance contributions in the amount of €0 thousand were reimbursed in 2023 by the German Federal Employment Agency (previous year: €1,035 thousand). The reimbursement amounts were offset against personnel expenses.



## 24 Other operating expenses

The other operating expenses include €159 thousand in prior-period losses from disposals of non-current assets (previous year: €483 thousand), additions to loss allowances on receivables and contract assets (€14,643 thousand; previous year: €10,312 thousand), other taxes (€7,489 thousand; previous year: €8,302 thousand) and – as the main items – freight costs (€141,457 thousand; previous year: €156,203 thousand), travel costs (€132,509 thousand; previous year: €114,811 thousand), currency translation losses (€135,764 thousand; previous year: €130,841 thousand), rent and cleaning costs (€12,426 thousand; previous year: €6,962 thousand), and maintenance costs (€48,477 thousand; previous year: €43,643 thousand).

## 25 Financial income/expense

The financial income of €19,510 thousand (previous year: €11,659 thousand) breaks down as follows:

€ thousand	2023	2022
Income from other securities and long-term loans	0	0
Interest and similar income	32,258	11,956
Interest and similar expenses	-16,471	-3,356
Interest income/expense	15,787	8,600
Investment income	3,723	3,052
Profit or loss shares attributable to associates that are accounted for using the equity method	0	7
<b>Net financial income/expense</b>	<b>19,510</b>	<b>11,659</b>

Financial income/expense includes interest and similar income of €32,258 thousand (previous year: €11,956 thousand) and interest and similar expenses of €16,471 thousand (previous year: €3,356 thousand). Also included

in the financial year is income from investments in non-consolidated entities in the amount of €3,723 thousand (previous year: €3,052 thousand). The interest and similar income includes €16,879 thousand (previous year: €960 thousand) for reductions in put options and earn-out obligations. Interest and similar expenses include €2,126 thousand (previous year: €1,629 thousand) for interest on lease liabilities and €5,201 thousand (previous year: €- thousand) for an increase in earn-out obligations and obligation relating to put options. Further information on investments accounted for using the equity method is provided in Note 4 (page 247).

## 26 Income tax

Income tax amounted to –€85,946 thousand in 2023 (previous year: –€54,984 thousand). Further information is presented under Note 8, “Income tax” (pages 249 to 250).



## 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:

	2023	2022
Consolidated net income less profit or loss shares of non-controlling interests (€ thousand)	224,511	187,025
Weighted average number of ordinary shares in circulation (shares)	31,593,072	31,593,072
<b>Earnings per share (€)</b>	<b>7.11</b>	<b>5.92</b>

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	2023	2022
Audit services	1,637	1,588
Other assurance services	183	136
Tax advisory services	15	11
Other advisory services	1	16
<b>Total</b>	<b>1,836</b>	<b>1,751</b>

#### 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

#### Acquisition of shares in companies

On 6 February 2024, Krones AG, Neutraubling, Germany, signed the contract for the acquisition of 100% of the shares in Netstal Maschinen AG (Netstal), based in Näfels, Switzerland. The Swiss company is a leading supplier of injection moulding technology for the beverage market (PET preforms and closures) as well as for medical applications and thin-wall packaging.

Netstal generated revenue of more than €200 million with more than 500 employees in the 2023 financial year. Krones will account for Netstal within the Filling and Packaging Technology segment. The acquisition is subject among other things to regulatory approval. Krones expects the final closing of the transaction in the first half of 2024.

### 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 €7,444 thousand in 2023 (previous year: €8,738 thousand). The amount of the outstanding amounting balance is €1,501 thousand (previous year: €4,966 thousand). Services received from members of key management personnel amount to €202 thousand in 2023 (previous year: €238 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 €150 thousand in 2023 (previous year: €171 thousand). Services received from shareholders of the



ultimate controlling party of Krones AG and companies affiliated with them amounted to €1,270 thousand in 2023 (previous year: €1,121 thousand). As in the previous year, there are no outstanding balances in this regard.

Sales to subsidiaries that are not consolidated amounted to €11,409 thousand in 2023 (previous year: €14,142 thousand). Commissions received from such subsidiaries amounted to €5,295 thousand in 2023 (previous year: €4,956 thousand). Trade and other payment transactions resulted in assets of €1,335 thousand (previous year: assets of €3,702 thousand). Repayment is normally within twelve months. Loss allowances were recognised on receivables in the amount of €3,192 thousand in the financial year (previous year: €– thousand). As of 31 December 2023, loss allowances are recognised on receivables of €509 thousand (previous year: €1,865 thousand). Income from investments in non-consolidated entities is included in the amount of €3,723 thousand (previous year: €3,052 thousand).

As in the previous year, there are no contingent liabilities relating to guarantees. Trade and other payment transactions with associates totalled €– thousand in 2023 (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**

Executive Board remuneration granted and owed for the 2023 financial year amounted to €7,204 thousand (previous year: €8,228 thousand).

Total remuneration granted to former members of the Executive Board and their surviving dependants amounted to €2,236 thousand (previous year: €1,708 thousand). IFRS pension provisions have been recognised in the amount of €4,583 thousand (previous year: €4,198 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 €7,543 thousand for the 2023 financial year (previous year: €8,205 thousand).

This includes short-term benefits in the amount of €4,945 thousand (previous year: €5,365 thousand), other long-term benefits in the amount of €1,330 thousand (previous year: €1,548 thousand). The benefits mainly comprise fixed remuneration, fringe benefits and variable remuneration components. In addition, €1,268 thousand (previous year: €1,292 thousand) was paid into the contribution-based post-employment benefits plan in 2023. Former Executive Board member Norbert Broger was granted non-competition compensation in the amount of €144 thousand. Provisions of €4,718 thousand (previous year: €5,226 thousand) are recognised for the remuneration entitlements of members of the Executive Board. There is a provision of €512 thousand for former members of the Executive Board for the LTI tranches attributable to Mr. Broger's active period of service. The corresponding pro-rata-temporis payment is made, in application of the regular process, at the end of the respective LTI term (the last tranche affected being LTI 2022-2024 for payment in 2025).



IFRS pension provisions of €417 thousand (previous year: €367 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 €3,548 thousand (previous year: €3,233 thousand).

#### ■ Supervisory Board remuneration

The total remuneration paid to members of the Supervisory Board for the 2023 financial year amounted to €915 thousand (previous year: €869 thousand).

#### ■ Corporate governance

Shareholders can view the declaration of the Executive Board and the Supervisory Board from January 2024 pursuant to Section 161 of the German Stock Corporation Act [AktG] concerning the Corporate Governance Code as amended on 28 April 2022 at Kronos AG's website. The exceptions are also listed there.

#### ■ Risk report



*The risk report is part of the management report and is on pages 180 to 192.*





## Standards and interpretations

The accounting policies used in these consolidated financial statements are the standards and interpretations whose application is mandatory as of 31 December 2023. The following new or amended standards and interpretations applied for the 2023 financial year.

Standard or interpretation		EU Endorsement	Application mandatory for annual periods beginning
IAS 8	Amendments: Definition of Accounting Estimates	completed	1 Jan 2023
IFRS 17	Insurance Contracts	completed	1 Jan 2023
IAS 1	Amendments: Disclosure of Accounting Policies	completed	1 Jan 2023
IAS 12	Amendments: International Tax Reform – Pillar 2 Model Rules	completed	1 Jan 2023
IAS 12	Amendments: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	completed	1 Jan 2023

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 Kronos AG.

The following standards and interpretations have been issued by the IASB but their application is not mandatory until after 31 December 2023.

Standard or interpretation		EU Endorsement	Application mandatory for annual periods beginning
IAS 1	Amendments: Classification of Liabilities as Current or Non-Current	completed	1 Jan 2024
IAS 21	Amendments: Lack of Exchangeability	open	1 Jan 2025
IAS 7	Amendments: Supplier Finance Arrangements	open	1 Jan 2024
IFRS 7	Amendments: Supplier Finance Arrangements	open	1 Jan 2024
IFRS 16	Amendments: Lease Liability in a Sale and Leaseback	completed	1 Jan 2024

These standards and interpretations are not expected to have a material impact on the consolidated financial statements of Kronos 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 (%)
Ampco Pumps GmbH, Herxheim, Germany	90.00
Dekron GmbH, Kelkheim, Germany	100.00
Ecomac Gebrauchtmaschinen 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 Holding GmbH, Neutraubling (formerly Syskron Holding GmbH, Wackersdorf), Germany	100.00
Krones Service Europe GmbH, Neutraubling, Germany	100.00
MHT Mold & Hotrunner Technology AG, Hochheim am Main, Germany	100.00
Milkron GmbH, Laatzen, Germany	100.00
Steinecker GmbH, Freising, Germany	100.00
Syskron GmbH, Wackersdorf, Germany	100.00
System Logistics GmbH, Wackersdorf, Germany	100.00
Kosme FBA SA , Charleroi, Belgium	100.00
s.A. Krones N.V., Louvain-la-Neuve, Belgium	100.00
Krones Service Europe Food, 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
System Logistics S.P.A., Fiorano Modenese (MO), 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 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 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 Digital Solutions India Private Limited, Bangalore, India	100.00
Krones India PVT. Ltd., Bangalore, India	100.00
System Logistics India Private Limited, Mumbai, India	80.00
Unicorn Industries PVT. Ltd., Secunderabad, India	100.00
PT. Krones Machinery Indonesia, Jakarta, Indonesia	100.00
Systorelog Israel Ltd., Tel Aviv, Israel	80.00
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 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
Ampco Pumps Company LLC, Glendale, Wisconsin, USA	90.00
Ampco Pumps Real Estate LLC, Glendale, Wisconsin, USA	90.00
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
R+D Custom Automation LLC, Trevor, Wisconsin, USA	80.50
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, United Arab Emirates	100.00
Krones Meatech FZCO, Dubai, United Arab Emirates	100.00
Krones Middle East Africa FZCO, Dubai, United Arab Emirates	100.00
Krones Vietnam Co. Ltd., Ho-Chi-Minh-City, Vietnam	100.00

\*Direct and indirect shareholdings Krones AG, Neutraubling, the parent company, is registered in Commercial Register B of Regensburg Local Court under HRB 2344.



### Use of exemptions

The following fully consolidated German group companies made use of the exemption in Section 264 (3) HGB in the 2023 financial year.

#### Name and location of the company

Krones Holding GmbH, Neutraubling, Germany

Dekron GmbH, Kelkheim, Germany

Ecomac Gebrauchtmaschinen 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

MHT Mold & Hotrunner Technology AG, Hochheim am Main, Germany

Milkron GmbH, Laatzen, Germany

Syskron GmbH, Wackersdorf, Germany

System Logistics GmbH, Wackersdorf, Germany

Steinecker GmbH, Freising, Germany



## 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 Kronseider

Chairman of the Supervisory Board  
\* University Hospital Regensburg  
\* Economic Advisory Board,  
Bayerische Landesbank

#### Josef Weitzer\*\*

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

#### Norbert Broger

Diplom-Kaufmann  
since 23 May 2023

#### Nora Diepold

Chief Executive Officer of  
nk Immobilienverwaltungs GmbH,  
Regensburg

#### Robert Friedmann

Chairman of the central  
managing board of the  
Würth Group  
\* zF Friedrichshafen AG

#### Oliver Grober\*\*

Chairman of the Works Council,  
Rosenheim

#### Thomas Hilt\*\*

Chairman of the Works Council,  
Nittenau

#### Markus Hüttner\*\*

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

#### Professor Dr. jur. Susanne Nonnast

Professor at Ostbayerische  
Technische Hochschule (OTH)  
Regensburg

#### Dr. Verena Di Pasquale\*\*

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

#### Beate Eva Maria Pöpperl\*\*

Works Council representative  
(released from all other  
responsibilities)

#### Stefan Raith\*\*

Head of Business Line, Line Solutions  
\*re-sult AG

#### Olga Redda\*\*

Second authorised representative  
and managing director, IG Metall  
Regensburg  
\* OSRAM Licht AG  
\* OSRAM GmbH  
\* ams OSRAM International GmbH  
\* Maschinenfabrik Reinhausen GmbH  
since 23 May 2023

#### Norbert Samhammer

Chief executive of  
Samhammer Holding GmbH  
until 23 May 2023

#### 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  
until 23 May 2023

#### Stephan Seifert

Chairman of the Executive Board  
of Körber AG, Hamburg  
\* Board of trustees of the Körber  
Foundation  
since 23 May 2023

#### Hans-Jürgen Thaus

\* Maschinenfabrik Reinhausen GmbH  
until 23 May 2023

#### Matthias Winkler

Partner at Baker Tilly Germany

### Executive Board

#### Christoph Klenk

CEO

#### Uta Anders

CFO

#### Thomas Ricker

CSO

#### Markus Tischer

International Operations  
and Services

#### Ralf Goldbrunner

Operations

\* 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 2023 of €325,504,121.19.

We propose to the annual general meeting on 4 June 2024 that this amount be used as follows:

Proposal for the appropriation of earnings available for distribution	€325,504,121.19
Dividend of €2.20 per share (for 31,593,072 shares)	€69,504,758.40
Amount brought forward to new account	€255,999,362.79

Neutraubling, 12 March 2024

Krones AG

The Executive Board

Christoph Klenk  
CEO

Uta Anders  
CFO

Thomas Ricker  
CSO

Markus Tischer

Ralf Goldbrunner