



KRONES Aktiengesellschaft, Neutraubling
Annual general meeting of KRONES Aktiengesellschaft
on Tuesday, 4 June 2024, 2:00 pm (CEST),
in the marinaforum Regensburg, Johanna-Dachs-Strasse 46,
93055 Regensburg, Germany.

Report of the **Supervisory Board**

AGM24



Report of the **Supervisory Board**



*Volker Kronseder
Chairman of the
Supervisory Board*

Ladies and Gentlemen,

Krones once again faced a range of challenges in 2023. One example was the short supply of electrical components for much of the year. The company was also affected by the global economic impacts of the Russia-Ukraine conflict and other geopolitical tensions. Krones mastered all challenges well to complete a very successful 2023 financial year. This was only possible because the entire Krones team worked hard for the company's success.

The Supervisory Board and Executive Board of Krones AG worked together efficiently and in a spirit of trust in 2023. Looking ahead, the Supervisory Board will continue to provide the Executive Board with support and advice, particularly in the implementation of the company's strategic goals. In this way, the Supervisory Board helps ensure that the Krones team will be successful in shaping the future around the company's new target picture, "Solutions beyond tomorrow".

Advice and oversight

As prescribed by the German Stock Corporation Act and the company's articles of association, the Supervisory Board of Krones AG continuously oversaw and advised the Executive Board during the 2023 financial year and discharged its responsibilities with due care.

Provisions of the German Stock Corporation Act and the German Corporate Governance Code concerning the Executive Board's reporting obligations to the Supervisory Board were complied with at all times. The Executive Board regularly informed the Supervisory Board about the company's business and financial situation and risk management in written and oral reports both during and outside of Supervisory Board meetings. With regard to decisions of particular significance to Krones AG and the Krones Group, the Supervisory Board was informed and involved by the Executive Board at an early stage. The Chairman of the Supervisory Board and the Chief Executive Officer in particular maintained regular personal contact between meetings. In that connection, they jointly discussed matters of corporate strategy, current business performance, the risk situation, risk management and compliance.

Over the course of the 2023 financial year, the Supervisory Board focused on strategic issues such as sustainability and M&A, together with issues relating to corporate governance at Krones.

Changes in membership of the Supervisory Board

The end of the annual general meeting on 23 May 2023 brought changes in the membership of the Supervisory Board of Krones AG. On the shareholder side, Hans-Jürgen Thaus and Norbert Samhammer stepped down. On the employee side, Jürgen Scholz left the Supervisory Board prior to his retirement on 1 June. On behalf of the entire Supervisory Board, I would like to thank all three former members for their many years of exceptional service on the Supervisory Board. They have made a major contribution to Krones' success.



For the two members who stepped down on the shareholder side, the annual general meeting on 23 May 2023 elected Norbert Broger and Stephan Seifert as new members of the Supervisory Board. Olga Redda joined as a new representative of the employee side.

Krones provided the new Supervisory Board members with appropriate support during their induction. Among other things, they were provided with a virtual Supervisory Board handbook. This contains key information on the role of the Supervisory Board as a body and of its tasks and duties, the rules of procedure for the Supervisory Board and Management Board, including transactions requiring approval, and other documents relating to corporate governance at Krones. The Supervisory Board handbook is continually updated and regularly distributed to all Supervisory Board members in digital form.

Undergoing suitable further training and professional development is at the personal discretion of the members of the Supervisory Board. In the reporting year, individual Supervisory Board members underwent further training, with the support of Krones, on topics such as artificial intelligence, new working conditions on the Supervisory Board and sustainability reporting.

No conflicts of interest

According to recommendation E.1 of the German Corporate Governance Code, each member of the Supervisory Board is required to disclose conflicts of interest to the Chairman of the Supervisory Board without delay. No conflicts of interest were disclosed in the reporting period.

Attendance at Supervisory Board meetings

In total, six ordinary Supervisory Board meetings and two extraordinary Supervisory Board meetings were held in 2023. The Executive Board attended some meetings in a guest capacity. As a rule, however, the Supervisory Board met without the Executive Board. All six ordinary Supervisory Board meetings

in the 2023 financial year and the extraordinary Supervisory Board meeting on 13 September 2023 were held in person, although it was possible for individual Supervisory Board members to take part in the meetings by video link or telephone if required. The extraordinary Supervisory Board meeting on 15 December 2023 was held as a video and telephone conference.

In accordance with Recommendation D.7 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual members of the Supervisory Board:

Supervisory Board member	Number of meetings	Meetings attended
Volker Kronseder	8	8
Josef Weitzer	8	8
Norbert Broger ¹	7	7
Nora Diepold	8	4
Robert Friedmann	8	6
Oliver Grober	8	8
Thomas Hiltl	8	8
Markus Hüttner	8	8
Prof. Dr. jur. Susanne Nonnast	8	8
Dr. phil. Verena Di Pasquale	8	8
Beate Eva Maria Pöpperl	8	8
Stefan Raith	8	8
Olga Redda ¹	7	6
Norbert Samhammer ²	1	1
Petra Schadeberg-Herrmann	8	8
Jürgen Scholz ²	1	1
Stephan Seifert ¹	7	5
Hans-Jürgen Thaus ²	1	1
Matthias Winkler	8	8

¹ Member of the Supervisory Board since 23 May 2023

² Member of the Supervisory Board until 23 May 2023



Supervisory Board meeting reports

The first meeting of the Supervisory Board in the 2023 financial year took place on 22 March. At this meeting, the Supervisory Board primarily dealt with the annual financial statements of Krones AG and the Krones Group for 2022. A representative of Krones' auditors attended for a portion of the meeting as a guest. CFO Uta Anders provided the Supervisory Board with a presentation of how the key financial performance indicators developed in the 2022 financial year. Following that, the representative of Krones' auditor gave the Supervisory Board an explanation of the audit engagement together with the focal points of the review of the annual financial statements and details of the audit. He remained available for the Supervisory Board's questions and answered them in full. The Supervisory Board's Audit and Risk Management Committee commented on the results of the audit. Finally, the Supervisory Board ratified the annual financial statements and management report of Krones AG for 2022 and approved the 2022 consolidated financial statements and group management report. The Supervisory Board also approved the non-financial statement for 2022.

Under the "Supervisory Board and Executive Board matters" agenda item, the remuneration report of the Executive Board and the Supervisory Board was endorsed for approval at the annual general meeting. The findings of the efficiency review on the work of the Supervisory Board were also presented.

Also at its first meeting of 2023, the Supervisory Board dealt with the agenda for the 2023 annual general meeting and the necessary resolutions. With regard to the Supervisory Board's nomination for the election of new shareholder representatives, the Chairman of the Supervisory Board explained to the Supervisory Board the legal requirements for Norbert Broger to be elected to the Supervisory Board at the 2023 annual general meeting despite the cooling-off period rule under section 100 (2) sentence 1 no. 4 of the German Stock Corporation Act. Satisfying the requirement for this to be permitted under section 100 (2) sentence 1 no. 4 of the German Stock Corporation Act, the Supervisory Board had before it a nomination for election from shareholders holding more than 25% of the

voting rights in Krones AG. With regard to the profit distribution, the Supervisory Board determined that a dividend of €1.75 per share for the 2022 financial year was to be proposed to the annual general meeting. A further topic of the Supervisory Board meeting was the Executive Board's economic report. This provided the Supervisory Board with an explanation of the current business situation and economic conditions. In addition, CEO Christoph Klenk informed the Supervisory Board about potential acquisition targets. The Supervisory Board passed a resolution in this connection on the intended acquisition of Ampco Pumps, USA.

Following the annual general meeting, the Supervisory Board met on 23 May for its second and constitutive meeting of the reporting year. Supervisory Board Chairman Volker Kronseder took leave of Hans-Jürgen Thaus, Norbert Samhammer and Jürgen Scholz, who stepped down at the end of the annual general meeting, and thanked them for their successful work. At the same time, the Chairman of the Supervisory Board welcomed the new Supervisory Board members Norbert Broger, Stephan Seifert and Olga Redda. At the constitutive meeting, the Supervisory Board re-elected Volker Kronseder as Chairman of the Supervisory Board and Josef Weitzer as his deputy. In addition, the Audit and Risk Management Committee and the Standing Committee of the Supervisory Board were established and their membership decided. In the Executive Board's report, the Executive Board informed the Supervisory Board about the key figures for the first quarter of 2023, the current business situation and the status of the planned acquisition of Ampco Pumps.

The third meeting of the Supervisory Board in 2023 took place on 19 July in Fiorano Modenese, the headquarters of Krones' Italian subsidiary System Logistics. At this meeting, among other things, Executive Board provided the Supervisory Board with detailed information on the business situation and on the market and competitive situation. In addition, the Executive Board briefed the Supervisory Board with an update on the M&A strategy and on potential acquisition targets.



The Supervisory Board held an extraordinary meeting on 13 September 2023. The reason for the meeting was the removal of Krones shares from the DAX index family, as announced by STOXX Ltd., a subsidiary of Deutsche Börse AG, on 5 September 2023 following the periodic review of the composition of the indices. The background to the removal of Krones shares from the DAX index family was as follows: In July 2023, Krones published on its website an updated version of the declaration of conformity from January 2023. In it, the company gave the reasons for a partial departure from Recommendation C.10 of the German Corporate Governance Code (the “Code”). Krones had thus complied with the “comply or explain” approach under the Code. However, due to the partial departure from recommendation C.10 of the Code, a basic criterion for inclusion in the DAX index family specified in the rules and regulations of STOXX Ltd. was no longer fulfilled. With the election of Matthias Winkler as the new Chairman of the Audit and Risk Management Committee at the meeting of that committee on 13 September 2023, Krones once again fully complied with Recommendation C.10 of the German Corporate Governance Code. At the extraordinary meeting, the Supervisory Board adopted an updated declaration of compliance, which was promptly published on the company’s website. In it, the company declared that, as from 13 September 2023, it once again fully complied with Recommendation C.10 of the Code and there was no longer any non-compliance. As a result, Krones once again met all the basic criteria for inclusion in the DAX index family as specified in the rules and regulations of STOXX Ltd., thus clearing the way for a quick return to the index family.

The Supervisory Board held its fourth ordinary meeting and fifth meeting overall of 2023 on 24 October. At this meeting, the Supervisory Board updated its rules of procedure. A key topic at the meeting was cyber security. The Supervisory Board was provided with detailed information on the current status and further development of measures to ensure data security in Krones’ IT systems and production facilities, as well as in the company’s products. A further item on the agenda was the Executive Board’s economic report on the current business situation and further outlook. The Executive Board also informed the Supervisory Board about current developments in Krones’ sustainability

strategy. In addition, the Supervisory Board was provided with an overview of current and upcoming legislative changes affecting Krones.

The Supervisory Board met for its sixth meeting in 2023 on 5 December. A focus of this meeting was Krones’ strategic direction. The members of the Executive Board informed the Supervisory Board in detail about the growth strategy, the expansion of the company’s global footprint and the implementation of the sustainability strategy in the individual segments and business units. A further topic at the Supervisory Board meeting comprised the additional opportunities for Krones involving digitalisation and artificial intelligence. The Executive Board also provided the Supervisory Board with new information on acquisitions.

The Supervisory Board held its seventh meeting of 2023 on 6 December. A major item on the agenda was the report of the Audit and Risk Management Committee addressing the topics of risk management, internal auditing, compliance and the internal control systems. Committee chairman Matthias Winkler explained the subject matter of the committee meeting of 27 November 2023 and the determinations on the risk management system and its effectiveness. He gave the Supervisory Board a detailed presentation on the strategic risks and explained that, in the opinion of the Audit and Risk Management Committee, Krones’ risk management system adequately reflects the risks. He also reported on the review, carried out together with the Executive Board and with the support of external consultants, of the circumstances that led to the removal of Krones shares from the DAX index family. The Executive Board presented the annual and capital expenditure budget for 2024 for the Supervisory Board. The Supervisory Board approved the plans presented by the Executive Board. In addition, the Supervisory Board passed resolutions on the submission of the declaration of compliance in accordance with Section 161 of the German Stock Corporation Act and on an adjustment to the long-term incentive component of Executive Board variable remuneration. A further item on the meeting agenda was the specification and adjustment of the Supervisory Board’s profile of skills and expertise.



The second extraordinary meeting and the eighth Supervisory Board meeting overall of 2023 took place on 15 December. The Supervisory Board met via video link to pass a resolution on the acquisition of Netstal Maschinen AG, Näfels, Switzerland. The Executive Board had provided the Supervisory Board with detailed information about this intended acquisition at earlier meetings during the reporting year. The Supervisory Board gave the Executive Board approval for the purchase of the company.

The work of the Audit and Risk Management Committee

The Audit and Risk Management Committee comprises Volker Kronseder, Josef Weitzer, Norbert Broger, Markus Hüttner, Olga Redda and Matthias Winkler. Matthias Winkler chairs the committee. As tax adviser and partner in a tax consulting firm, he has the necessary expertise in accounting and auditing required by law, as does Norbert Broger (former Chief Finance Officer of Kronen AG).

The Audit and Risk Management Committee oversees the company's accounting and financial reporting, the audit of the financial statements and other reporting, and prepares related proposals for Supervisory Board resolutions. The Committee also prepares the Supervisory Board's review of the annual financial statements, the management report and the auditor's report for the separate and consolidated financial statements and makes recommendations. Furthermore, the Audit and Risk Management Committee monitors the quality of the financial statements and the effectiveness of the internal control, risk management and compliance system.

The Audit and Risk Management Committee held six meetings in 2023. Both took place as in-person meetings, although it was possible for individual committee members to take part in meetings by video conference or telephone if required. In accordance with Recommendation D.7 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual members of the Audit and Risk Management Committee:

Committee member	Number of meetings	Meetings attended
Matthias Winkler	6	6
Josef Weitzer	6	6
Norbert Broger ¹	5	5
Markus Hüttner	6	6
Volker Kronseder	6	6
Jürgen Scholz ²	1	1
Olga Redda ¹	5	5
Hans-Jürgen Thaus ²	1	1

¹ Member of the committee since 23 May 2023

² Member of the committee until 23 May 2023

At its first meeting of the year on 16 March 2023, the Audit and Risk Management Committee dealt mainly with the reporting on the annual financial statements and consolidated financial statements of Kronen AG as of 31 December 2022, the auditor's report on the audit of the annual financial statements and consolidated financial statements of Kronen AG as of 31 December 2022, and the non-financial statement for 2022. The Audit and Risk Management Committee prepared recommendations on these matters for resolutions of the Supervisory Board at its meeting on 22 March 2023. The committee also prepared the Supervisory Board's resolution on the election of the auditor for Kronen AG and the Kronen Group at the 2023 annual general meeting.

The second and constitutive meeting of the Audit and Risk Management Committee took place on 23 May after the Supervisory Board meeting. The membership of the Audit and Risk Management Committee was decided at the Supervisory Board meeting, which was held following the annual general meeting. Norbert Broger and Olga Redda joined the committee to replace Hans-Jürgen Thaus and Jürgen Scholz, who ceased to be members of the Supervisory Board at the end of the annual general meeting. At the committee's constitutive meeting, the committee members elected Norbert Broger as chairman and Josef Weitzer as deputy chairman of the Audit and Risk Management Committee.



The Audit and Risk Management Committee held its third meeting of the reporting year on 13 September. At the meeting, Norbert Broger stepped down as committee chairman. Matthias Winkler was elected as the new chairman. The election of the new chairman was occasioned by the removal of Krones shares from STOXX Ltd.'s DAX index family. The shareholder representatives on the Supervisory Board had decided as a precautionary measure that Norbert Broger, as a former Chief Finance Officer, should be classified as not being independent of the company and of the Executive Board within the meaning of Recommendation C.7 of the German Corporate Governance Code. Krones consequently partially ceased to comply with Recommendation C.10 of the Code and gave the reasons for this in the updated declaration of conformity published in July 2023. Krones had thus complied with the “comply or explain” approach under the Code. However, due to the partial departure from recommendation C.10 of the Code, a basic criterion for inclusion in the DAX index family specified in the rules and regulations of STOXX Ltd. was no longer fulfilled.

The Audit and Risk Management Committee was provided with further information and reporting on the causes and consequences of the removal of Krones shares from the DAX index family at the meetings held on 28 September, 19 October and 27 November. The committee worked together with the Executive Board and with the support of external consultants on a review of the circumstances that led to the removal from the DAX index family.

At the sixth meeting of the Audit and Risk Management Committee on 27 November, the heads of function informed the committee in detail about internal auditing, corporate governance and compliance, and risk management. A major topic was the effectiveness of Krones' risk management system. The Audit and Risk Management Committee was also provided with comprehensive information by the head of function on the subject of cyber security. Sustainability matters focused on new European legislation for reporting (the CSRD and the ESRs).

The work of the Standing Committee

The Standing Committee consists of Volker Kronseder, Josef Weitzer, Markus Hüttner and Prof. Dr. jur. Susanne Nonnast. It is chaired by Volker Kronseder. The committee generally deals with all other topics that are outside the remit of the Audit and Risk Management Committee. These include, for example, human resources strategy and Executive Board and Supervisory Board remuneration.

Two meetings were held in 2023, both as an in-person meeting. In accordance with Recommendation D.7 of the German Corporate Governance Code, we provide the following information on meeting attendance by individual committee members:

Committee member	Number of meetings	Meetings attended
Volker Kronseder	2	2
Josef Weitzer	2	2
Markus Hüttner	2	2
Prof. Dr. jur. Susanne Nonnast	2	2

At its first meeting of 2023 on 16 March, the Standing Committee prepared the recommendation to the Supervisory Board regarding the election of new members to the Supervisory Board at the 2023 annual general meeting. The Standing Committee resolved to recommend to the Supervisory Board that Norbert Broger and Stephan Seifert should be nominated to the annual general meeting for election to the Supervisory Board as new shareholder representatives.

The Standing Committee's second meeting of the reporting period took place on 27 November. A major topic was the recommendation to the Supervisory Board for a revision of the long-term incentive (LTI) performance-related remuneration component of the Executive Board remuneration system with regard to various sustainability aspects.



Supervisory Board concurs with audit results

The annual financial statements of Kronen Aktiengesellschaft prepared by the Executive Board, the consolidated financial statements, the management report for Kronen AG and the group management report for the period ended 31 December 2023 were examined by the auditors elected by the annual general meeting, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (formerly Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft), and each issued with an unqualified audit report. The audited annual financial statements and consolidated financial statements, the management report for Kronen AG and the group management report for the period ended 31 December 2023 were duly submitted to all members of the Supervisory Board for review. The audited financial statements and management reports were the subject of the Supervisory Board meeting held to ratify the financial statements on 21 March 2024. The auditor also attended for part of that meeting and informed the Supervisory Board of the audit results and the focal points of the audit.

The Supervisory Board noted and approved the audit results. No objections were raised following the final review by the Supervisory Board, which covered in particular the matters described in the auditor's audit report including the audit procedures. The Supervisory Board has ratified the annual financial statements of Kronen AG and approved the consolidated financial statements as well as the Executive Board's proposal for the appropriation of earnings available for distribution. The 2023 annual financial statements for Kronen AG are thus ratified.

The auditors included in their audit the Executive Board's report, in accordance with section 312 of the German Stock Corporation Act, on Kronen AG's relations to affiliated companies and submitted their audit report to the Supervisory Board. The audit by the auditors did not give rise to any objections. The auditor issued the following unqualified audit opinion on the dependency report: "Based on our due audit and assessment, we confirm that

1. the statements as to fact made in the report are accurate,
2. the consideration given by the company in respect of the legal transactions referred to in the report was not unreasonably high."

The Supervisory Board's review of the report, in accordance with section 312 of the German Stock Corporation Act, on Kronen AG's relations to affiliated companies did not give rise to any objections. The Supervisory Board therefore concurred with the results of the audit by the auditors. Following the final outcome of its own review, the Supervisory Board did not raise any objections to the Executive Board's concluding declaration on relations with affiliated companies.

In addition to the statutory audit, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft (formerly Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft), also performed a limited assurance review of the combined non-financial statement of Kronen AG and the Kronen Group for the period from 1 January to 31 December 2023, which is part of the group management report. On the basis of that review, the auditor did not raise any objections to the non-financial statement and the fulfilment of the statutory requirements in relation to it.

Thanks to the Executive Board and the workforce

Kronen completed 2023 with very good results. This is largely due to the exceptional work of the committed and motivated Kronen team. The members of the Supervisory Board would like to thank the Executive Board and all of the company's employees for their contribution to the successful 2023 financial year.

Neutraubling, March 2024

The Supervisory Board

Volker Kronseder
Chairman of the Supervisory Board