

Krones Group

Q1

Quarterly statement for the period
from 1 January to 31 March 2022

 **KRONES**



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TO OUR SHAREHOLDERS

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Highlights and key figures

Krones benefits from strong market recovery with record order intake and increases revenue and earnings in first quarter of 2022

- Order intake picked up strongly in the first quarter of 2022, rising by 45.4% to €1,553.8 million – the highest figure for a single quarter in the company's entire history.
- Krones increased revenue by 12.9% to €987.2 million between January and March 2022.
- Despite shortages and higher material procurement costs, Krones generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of €87.0 million in the reporting period, an increase of 13.7%. The EBITDA margin was 8.8% (previous year: 8.7%).
- Based on the positive first-quarter trend, Krones has confirmed the guidance for 2022. For the full year, the company expects revenue growth of 5% to 8%, an EBITDA margin of 8% to 9% and ROCE of 10% to 12%. These forecasts are based on the assumption that the war in Ukraine does not further escalate and that the pandemic-related shutdown in China will be limited to a few weeks.

		1 Jan – 31 Mar 2022	1 Jan – 31 Mar 2021	Change
Revenue	€ million	987.2	874.6	+12.9%
Order intake	€ million	1,553.8	1,068.8	+45.4%
Orders on hand at 31 March	€ million	2,459.6	1,405.5	+75.0%
EBITDA	€ million	87.0	76.5	+13.7%
EBITDA margin	%	8.8	8.7	+0.1 PP*
EBIT	€ million	53.9	43.0	+25.3%
EBT	€ million	54.7	44.6	+22.6%
EBT margin	%	5.5	5.1	+0.4 PP*
Consolidated net income	€ million	40.1	32.8	+22.3%
Earnings per share	€	1.27	1.04	+22.1%
Capital expenditure for PP&E and intangible assets	€ million	26.0	20.7	+€5.3 million
Free cash flow	€ million	77.4	30.3	+€47.1 million
Net cash and cash equivalents at 31 March**	€ million	447.6	208.2	+€239.4 million
ROCE	%	11.7	9.3	+2.4 PP*
Working capital to revenue***	%	23.0	28.7	-5.7 PP*
Employees at 31 March				
Worldwide		16,386	16,450	-64
Germany		9,829	10,126	-297
Outside Germany		6,557	6,324	+233

* PP = percentage points ** Cash and cash equivalents less debt *** Average of last 4 quarters



Letter from the **Executive Board**

Dear shareholders and friends of Krones,

Krones made a very good start to 2022 and the outlook is likewise positive for the full year provided that the war in Ukraine does not escalate further and the pandemic-related shutdown in China will be limited to a few weeks. At €1.55 billion, our first-quarter order intake set a record and was 45% higher than in the previous year. Krones had an order backlog of around €2.5 billion at the end of March. This ensures capacity utilisation for the coming quarters.

Following the positive first quarter of 2022, subject to the conditions mentioned above, Krones is confirming its guidance for the full year. There is a good chance that our revenue growth will be at the upper end of the 5% to 8% guidance range. Revenue from January to March 2022 increased by 12.9% relative to the prior-year quarter, which was still affected by Covid. For the EBITDA margin, which was 8.8% in the first quarter of 2022, the figure for the full year is unchanged at 8% to 9%.

This good news is regrettably overshadowed by the war in Ukraine. We are all shocked by the suffering that this war has brought to people. Besides the humanitarian catastrophe, the war is also affecting the global economy with impacts such as rising energy and commodity prices. The global economic recovery was already stalling in any case. The Covid-19 pandemic is not yet over, and global supply chain problems and high inflation rates are also causing

concern. Accordingly, in mid-April, the experts at the International Monetary Fund reduced their forecast for global economic growth forecast in 2022 from 4.4% to 3.6%.

For Krones, too, the business environment is very challenging. We are countering the rising cost of materials by increasing our prices. Krones is also affected by the global material shortages and the problems in supply chains. It is only thanks to the enormous creativity of our entire workforce and to our high degree of flexibility, especially in production management to optimise capacity utilisation, that we are able to process the many customer orders within the stated lead times and in accustomed Krones quality. We do not expect any significant short-term improvement in the tight situation on procurement markets. The limiting factor in the whole of 2022, as in the first quarter, will not be production capacity but material availability.

Krones is well positioned, and together as a team we will also master this challenge. The company has a strong technological and financial base. With our focus on system and line expertise, digitalisation and sustainability, we will continue to operate successfully and profitably.

Christoph Klenk
CEO



The Krones share

Stock markets negatively impacted by the Ukraine war and rising interest rates

In the first few trading days of 2022, the stock markets were still on an upward trend. The DAX reached its first-quarter high at 16,285 points during the course of 5 January. This means the leading German equity index just missed the all-time high recorded in 2021 (16,290 points). After the strong start, share prices began to slide. This was mainly triggered by the US Federal Reserve, which made clear that it would raise short-term interest rates several times in 2022 due to high inflation. As a result, capital market interest rates rose sharply, not only in the USA, but also in Europe. The invasion of Ukraine by Russian troops accelerated the downward trend on the stock markets.

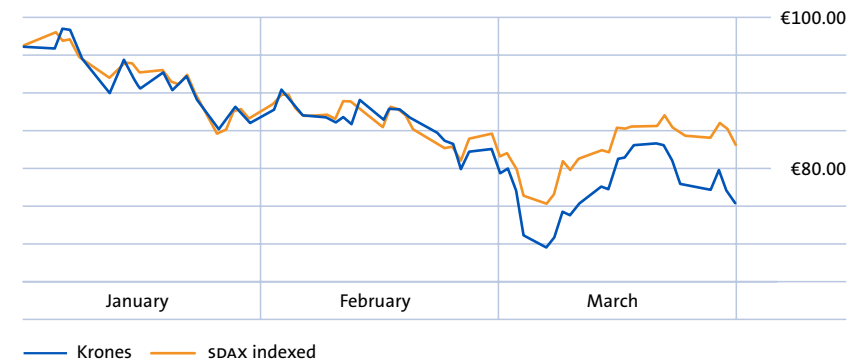
The DAX marked its low for the first quarter at 12,439 points on 7 March 2022. By the end of March, the index had made up a lot of the lost ground, but at 14,415 points was still 9.3% down on the beginning of the year. The German mid-cap index, the MDAX, fell by 11.7% between January and March 2022.

Performance 1 January to 31 March 2022
Krones share price: -21.3%
SDAX: -13.2%

Krones share data	First quarter 2022	First quarter 2021
Earnings per share (€)	1.27	1.04
High (€)	99.25	78.35
Low (€)	67.50	64.30
Price at 31 March (€)	75.45	69.20
Market capitalisation at 31 March (€ billion)	2.38	2.19

Source share price data: Xetra

The Krones share from 1 January to 31 March 2022



Krones shares fall 21.3% in value in first quarter

Krones shares also got off to a good start in the 2022 stock market year, reaching a first-quarter high of €99.25 on 5 January. In the weeks that followed, Krones' share price trended downwards along with the market as a whole. The announcement of the positive preliminary annual figures for 2021 on 24 February coincided with the onset of the Russian war of aggression against Ukraine. As a result, the good business results and positive analysts' assessments had no effect on the stock market.

Along with all other stock market barometers, the Krones share price fell sharply after the Russian troops invaded. Our shares marked their low for the first quarter at €67.50 on 7 March 2022. After that, our share price began a strong upward movement to around €83 before falling slightly again towards the end of the quarter. At the end of March, our share price stood at €75.45. This means the Krones share price lost 21.3% in the first quarter. The SDAX, of which Krones is a component, went down by 13.2% in the same period. This reflected the fact that the SDAX was supported in the first quarter by the out-performance of shares in the construction and renewable energy sectors.



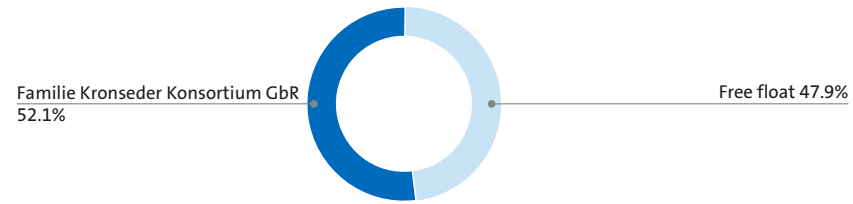
Shareholder structure

There were no significant changes in Krones' shareholder structure in the first quarter of 2022. At 31 March 2022, Familie Kronseder Konsortium GbR held the majority of Krones AG's shares, with 52.1%. The family intends to remain a stable majority shareholder of Krones AG. The free float came to 47.9% at the end of March 2022.



For further information on Krones shares, please see the Krones website:
<https://www.krones.com/en/company/investor-relations/share.php>

Shareholder structure as of 31 March 2022



Key data for the Krones share

Number of shares	31,593,072
German securities identification number	633500
ISIN	DE 0006335003
XETRA ticker symbol	KRN



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ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS

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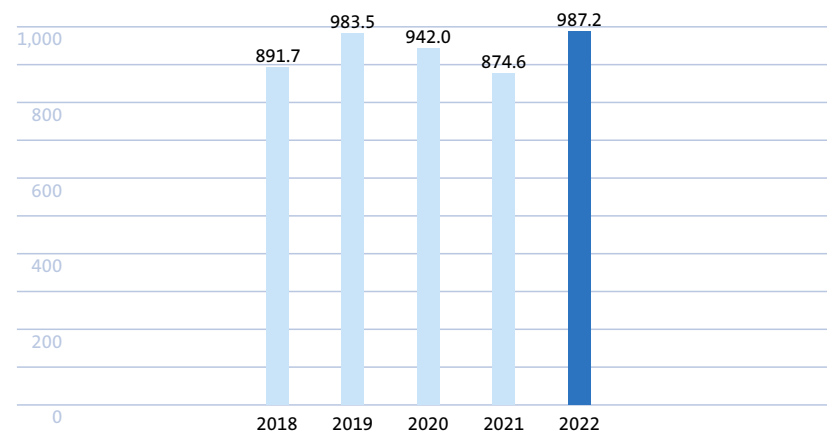


Revenue

Krones increases revenue by 12.9% in first quarter of 2022

Krones benefited in the first quarter of 2022 from the company's high degree of flexibility. In particular, flexible production management made it possible to maintain stable capacity utilisation. Revenue grew significantly despite global material shortages and problems in international supply chains. From January to March, revenue increased by 12.9% year on year, from €874.6 million to €987.2 million. Revenue was not materially affected in the reporting period by exchange rates, acquisitions or divestments. After the first quarter of 2022, Krones is confident of achieving the upper end of its 5% to 8% guidance range for the full year.

Revenue from 1 January to 31 March (€ million)

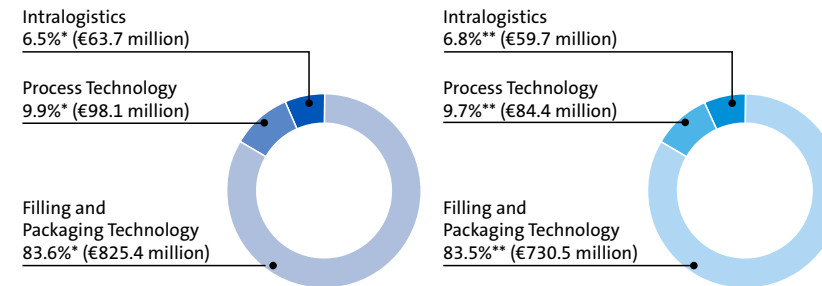


Revenue of new machinery and lines increased more strongly in the first quarter of 2022 than service revenue, although this was also up year on year. In the new machinery business, revenue performance reflects the high order intake in the preceding quarters. The service business was significantly less affected by travel restrictions in the reporting period than in the previous year.

Krones' revenue of €987.2 million in the first quarter of 2022 was not only 12.9% up on the previous year.

Segment revenue from 1 Jan to 31 Mar 2022

Segment revenue from 1 Jan to 31 Mar 2021



* Share of consolidated revenue of €987.2 million

** Share of consolidated revenue of €874.6 million



Revenue by region

Quarterly revenue figures for the various regions are generally not very meaningful because orders and revenue can fluctuate significantly from one quarter to the next.

In Germany, revenue in the first quarter of 2022 went up at a slightly lower rate than total Group revenue, increasing by 9.5% year on year from €94.8 million to €103.8 million. This corresponded to 10.5% of first-quarter consolidated revenue (previous year: 10.8%).

Krones generated almost 90% of first quarter revenue internationally

Revenue performance in Europe was positive overall in the first quarter of 2022. The major Western Europe sales region showed the strongest revenue growth. Revenue there went up by 15.8% year-on-year to €153.0 million between January and March 2022. It should be noted here that last year's revenue in Western Europe was still relatively severely affected by corona. Eastern European revenue increased in the reporting period by 11.8% to €44.6 million. Revenue in Central Europe (Austria, Switzerland and the Netherlands) was stable at €66.3 million, falling only 0.5% short on the previous year.

In all, Krones' revenue in Europe (excluding Germany) improved in the first quarter of 2022 by 10.6% to €263.9 million (previous year: €238.6 million). This corresponded to 26.7% of first-quarter consolidated revenue (previous year: 27.3%).

In the non-European markets, revenue rose in the first quarter by 14.5% overall and thus outperformed the increase in total Group revenue. Its share of consolidated revenue grew to 62.8% (previous year: 61.9%). The strongest percentage revenue increase was in China. At €100.4 million in the first quarter of 2022, revenue there exceeded previous year's figure, which was severely affected by corona, by 89.8%. As a result, Krones revenue in China regained the level from before the pandemic. Revenue in the Asia/Pacific region increased by 28.2% to €102.3 million. There, too, the previous year's figure was affected by corona. Revenue in the Middle East/Africa region was slightly down in the first quarter

of 2022, with a 2.3% year-on-year decrease to €121.1 million. However, it should be noted that revenue there increased in the first quarter of 2021 despite the coronavirus crisis. Business declined significantly in the Russia/CIS region, where Krones generates less than 2% of consolidated revenue, with a 25.1% decrease in the first quarter of 2022 to €17.3 million.

Despite the high prior-year level, Krones' business in North and Central America region grew substantially in the reporting period. Revenue there increased by 14.8% year on year to €206.8 million in the first quarter of 2022. Conversely, revenue in South America/Mexico fell by 12.0% to €71.6 million.

Krones retained its very balanced revenue spread overall in the first quarter of 2022. The proportion of revenue generated by the company in emerging markets was 46.3% (previous year: 45.9%). Mature industrialised economies accounted for 53.7% (previous year: 54.1%) of revenue.

Krones Group revenue by region

Share of consolidated revenue	1 Jan to 31 Mar 2022		1 Jan to 31 Mar 2021		Change %
	€ million	%	€ million	%	
Germany	103.8	10.5	94.8	10.8	+9.5
Central Europe (excluding Germany)	66.3	6.7	66.6	7.6	-0.5
Western Europe	153.0	15.5	132.1	15.1	+15.8
Eastern Europe	44.6	4.5	39.9	4.6	+11.8
Russia, Central Asia (CIS)	17.3	1.8	23.1	2.7	-25.1
Middle East/Africa	121.1	12.3	123.9	14.2	-2.3
Asia-Pacific	102.3	10.4	79.8	9.1	+28.2
China	100.4	10.2	52.9	6.0	+89.8
South America/Mexico	71.6	7.3	81.4	9.3	-12.0
North and Central America	206.8	20.8	180.1	20.6	+14.8
Total	987.2	100.0	874.6	100.0	+12.9



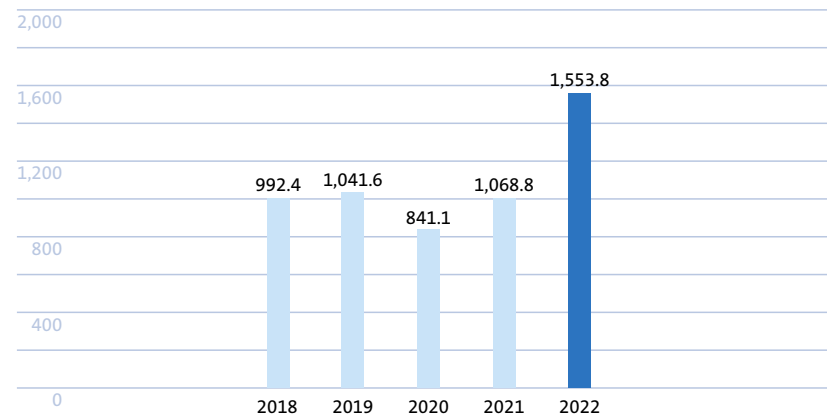
Order intake and order backlog

Substantial 45.4% growth in Krones' order intake

The upward trend in customer orders continued in the first quarter of 2022. The order intake figure was not materially affected by exchange rates, acquisitions or divestments.

Companies in the international beverage industry showed strong willingness to invest during the first quarter of 2022. Krones was able to benefit from this as the market leader in filling and packaging technology with innovative products and services and as a reliable partner in the implementation of investment projects. Order intake from January to March 2022 increased a substantial 45.4% year on year, from €1,068.8 million to €1,553.8 million. This is the highest order intake for a single quarter in the company's entire history. A 6% price increase on all filling and packaging equipment and for process technology with effect from 1 August 2021 did not slow down investment by customers. The 4% price increase as of 1 April 2022 likewise did not result in any spending being brought forward.

Order intake from 1 January to 31 March (€ million)

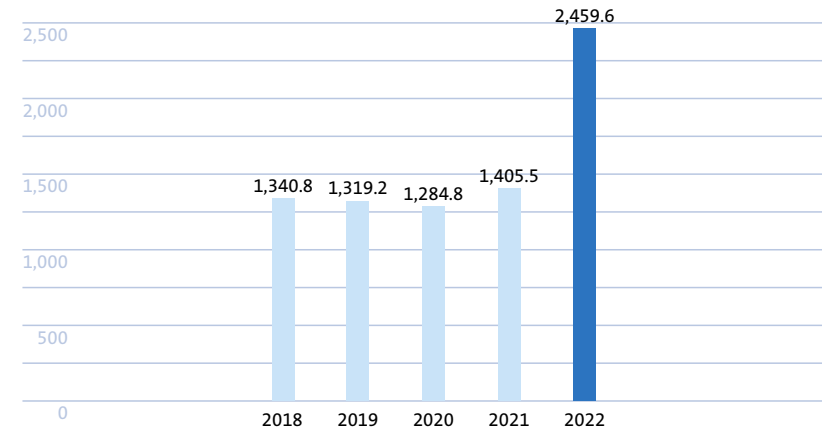


The first quarter of 2022 brought disproportionately strong year-on-year growth in the contract value of orders the Middle East/Africa region and in North and Central America. In the China, Asia/Pacific and South America sales regions, the contract value of orders grew nearly at a similar rate to the Group average. The European order intake remained at the same high level as in the previous year.

Krones has a very large order backlog of €2.46 billion

The strong customer demand is also reflected in Krones' order backlog. As of 31 March 2022, the company had an order backlog totalling €2,459.6 million. The order backlog was consequently €1,054.1 million or 75.0% up on the previous year. Compared to the beginning of 2022, the increase is 29.9%. The forward reach of Krones' order backlog is exceptionally large and secures stable production capacity utilisation for the coming quarters, with supply chain challenges as the limiting factor. It should be noted, however, that some orders will not be completed until 2023. As a result of the large order backlog, the delivery lead time is up to 60 weeks.

Order backlog at 31 March (€ million)





Earnings

EBITDA margin of 8.8% in the first quarter of 2022

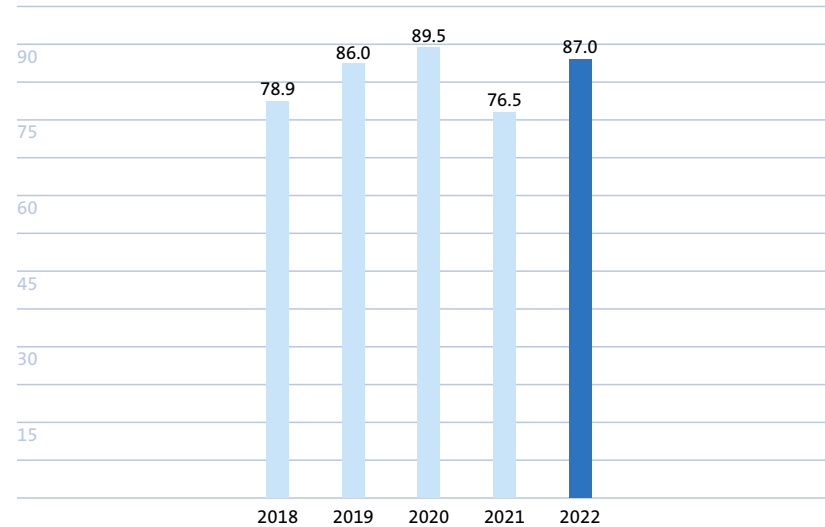
Despite challenging conditions, Kronos generated an EBITDA margin of 8.8% in the first quarter of 2022. The income statement was not materially affected in the reporting period by exchange rates, acquisitions or divestments.

Despite the material shortages, Kronos was able to maintain stable production capacity utilisation in the first quarter of 2022. The company increased earnings before interest, taxes, depreciation and amortisation (EBITDA) by 13.7% year on year to €87.0 million (previous year: €76.5 million). The EBITDA margin was 8.8% in the reporting period (previous year: 8.7%), which is in line with the intra-year budget. Kronos was able to offset higher

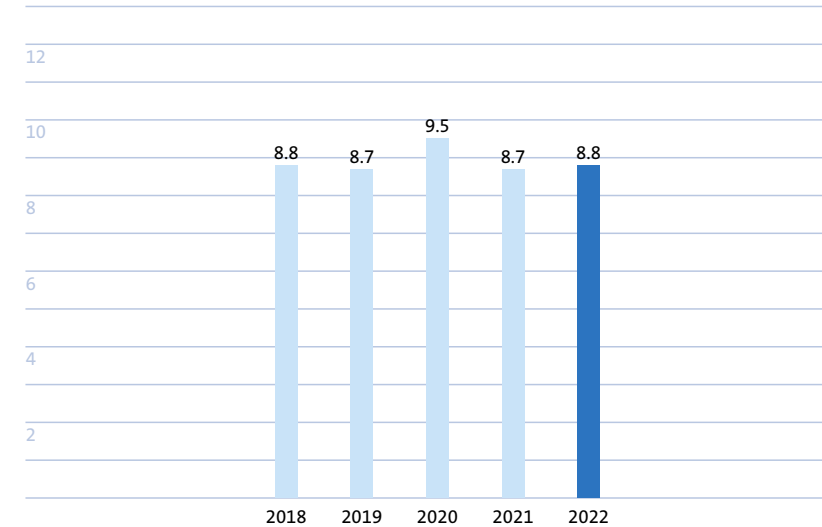
material, freight and travel costs thanks to extensive measures to increase efficiency and to the initial effects of the price increases. With the first-quarter earnings, the company has laid a solid basis for achieving its EBITDA margin target of 8% to 9% for the full year 2022.

Earnings before taxes (EBT) increased 22.6% year on year in the first quarter of 2022, from €44.6 million to €54.7 million. The EBT margin consequently improved from 5.1% in the previous year to 5.5%. In total, Kronos generated consolidated net income of €40.1 million in the first quarter of 2022, up 22.3% year on year (previous year: €32.8 million). This corresponds to earnings per share of €1.27 (previous year: €1.04).

EBITDA from 1 January to 31 March (€ million)



EBITDA margin from 1 January to 31 March (%)





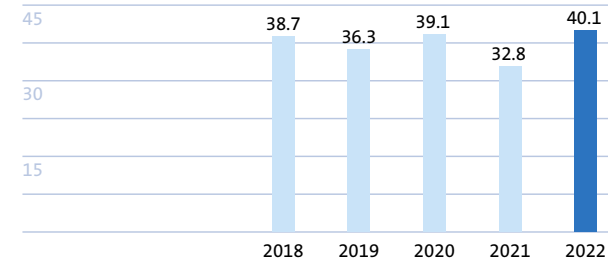
Krones Group earnings structure

€ million	2022 1 Jan – 31 Mar	2021 1 Jan – 31 Mar	Change %
Revenue	987.2	874.6	+12.9
Changes in inventories of finished goods and work in progress	16.3	19.1	-14.6
Total operating performance	1,003.5	893.7	+12.3
Goods and services purchased	-486.1	-430.7	+12.9
Personnel expenses	-317.3	-303.2	+4.7
Other operating income/expenses and own work capitalised	-113.1	-83.3	+35.8
EBITDA	87.0	76.5	+13.7
Depreciation and amortisation on fixed assets	-33.1	-33.5	-1.2
EBIT	53.9	43.0	+25.3
Financial income/expense	0.8	1.6	-50.0
EBT	54.7	44.6	+22.6
Income tax	-14.6	-11.8	+23.7
Konzernergebnis	40.1	32.8	+22.3

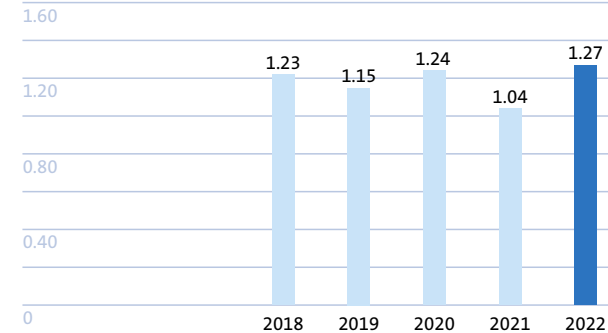
Despite higher freight and material costs, Krones' profitability in the first quarter of 2022 was slightly improved, with an EBITDA margin of 8.8% compared with 8.7% in the previous year. Earnings were not materially affected in the reporting period by exchange rates, acquisitions or divestments.

Krones recorded a significant increase in revenue and total operating performance between January and March 2022 relative to the first quarter of 2021, which was still slightly affected by corona. Revenue in the first three months went up by 12.9% year on year to €987.2 million. Total operating performance increased by a slightly smaller rate of 12.3% to €1,003.5 million. This is due to lower additions to finished goods and work in progress. These increased slightly by €16.3 million in the reporting period, compared with €19.1 million in the prior-year period.

Net income from 1 January to 31 March (€ million)

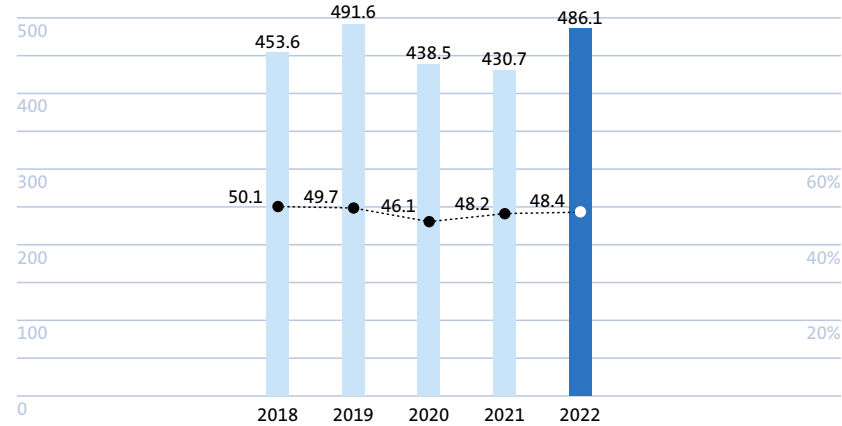


Earnings per share from 1 January to 31 March (€)





Goods and services purchased and material expense ratio from 1 January to 31 March (€ million, %)



Material expense ratio: 48.4%

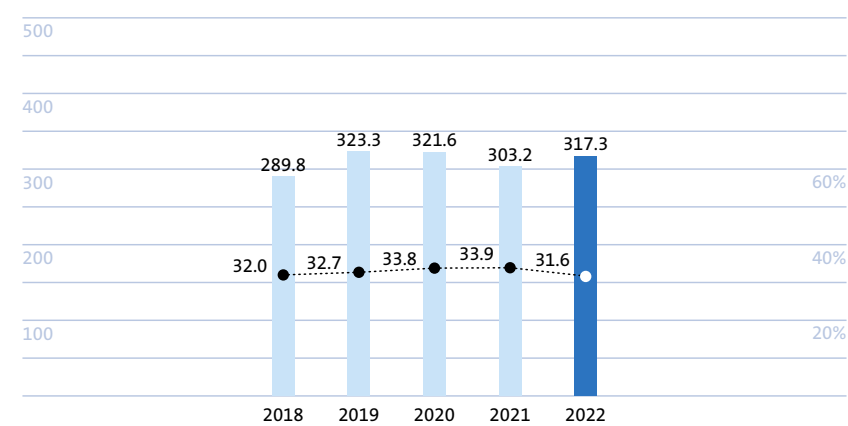
Personnel expense ratio: 31.6%

Goods and services purchased went up only slightly more strongly than total operating performance in the first quarter of 2022, increasing by 12.9% to €486.1 million. This means that Krones has been able to almost fully offset the price increases in materials procurement in the reporting period. The material expense ratio – the ratio of goods and services purchased to total operating performance – was 48.2% in the reporting period, compared to 48.4% in the previous year.

Personnel expenses rose less strongly than total operating performance between January and March 2022, increasing by 4.7% to €317.3 million. The personnel expense ratio – the ratio of personnel expenses to total operating performance – was significantly down in the first quarter of 2022, at 31.6% (previous year: 33.9%). Personnel expenses were lower mainly because of the workforce adjustment measures implemented and completed last year.

At €148.4 million, other operating expenses were 23.3% higher in the reporting period than the very low figure of €120.4 million recorded in the previous year. This was mainly because of a significant increase in freight and travel expenses due to the higher volume of business. Other operating income decreased

Personnel expenses and personnel expense ratio from 1 January to 31 March (€ million, %)



slightly from €26.0 million to €25.3 million and own work capitalised from €11.1 million to €10.0 million. The net balance of other operating income and expenses and own work capitalised changed from –€83.3 million in the prior-year period to –€113.1 million in the first quarter of 2022. As a percentage of total operating performance, this represented an increase from 9.3% to 11.3%.

In total, Krones improved EBITDA (earnings before interest, taxes, depreciation and amortisation) by 13.7% in the reporting period from €76.5 million to €87.0 million. The EBITDA margin of 8.8% was slightly higher than in the previous year (8.7%). Due to a decrease in depreciation and amortisation of fixed assets to €33.1 million (previous year: €33.5 million), earnings before interest and taxes (EBIT) went up in the first quarter of 2022 by 25.3% to €53.9 million. Because financial income/expense, at plus €0.8 million, was slightly lower than last year (plus €1.6 million), earnings before taxes (EBT) increased by 22.6% in the reporting period to €54.7 million (previous year: €44.6 million). This results in an EBT margin of 5.5%, compared with 5.1% in the previous year. As the company's tax rate of 26.7% in the first quarter was almost at the same level as in the prior-year quarter (26.5%), consolidated net income improved by 22.3% to €40.1 million (previous year: €32.8 million).



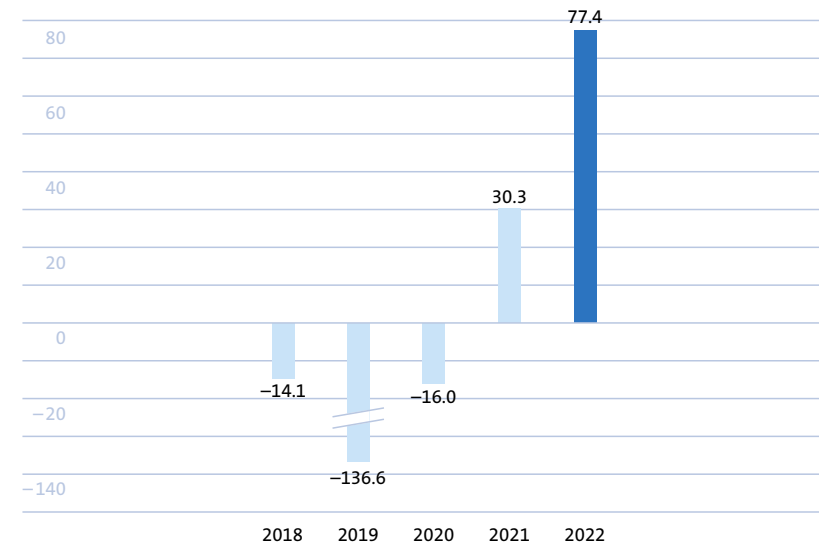
Consolidated cash flow

€ million	2022 1 Jan – 31 Mar	2021 1 Jan – 31 Mar
Earnings before taxes	54.7	44.6
Other non-cash changes	+95.9	+127.4
Changes in working capital	-48.7	-65.0
Changes in other assets and liabilities	+6.3	-59.5
Cash flow from operating activities	108.2	47.5
Capital expenditure for PP&E and intangible assets	-26.0	-20.7
M&A activities	0.0	0.0
Other	-4.8	+3.5
Free cash flow	77.4	30.3
Cash flow from financing activities	-8.1	+41.8
Other	0.0	0.0
Net change in cash and cash equivalents	+69.3	+72.1
Cash and cash equivalents at the end of the period	452.7	289.1

Krones improved cash flow from operating activities by €60.7 million and free cash flow by €47.1 million in the first quarter of 2022.

Krones improved cash flow from operating activities in the first quarter of 2022 by €60.7 million year on year to €108.2 million. Cash flow from operating activities was positively impacted by the €10.1 million higher earnings before taxes and by a €6.3 million positive change in other assets and liabilities (previous year: negative change of €59.5 mil-

Free cash flow from 1 January to 31 March (€ million)



lion), which in the previous year were still significantly influenced by payments for the workforce program. The smaller growth in working capital by €48.7 million (previous year: €65.0 million) also contributed to the increase. Non-cash changes contributed less strongly than in the previous year to cash flow from operating activities in the reporting period, with a positive effect of €95.9 million (previous year: positive effect of €127.4 million).

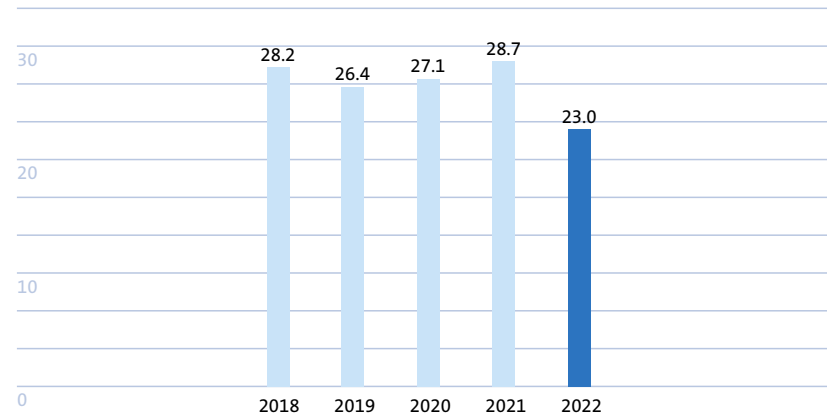


Significant improvement in working capital and free cash flow

Average working capital improved significantly relative to revenue in the first quarter of 2022, falling from 28.7% to 23.0%.

Krones improved average working capital over the past four quarters as a percentage of revenue to 23.0% in the first quarter of 2022 (previous year: 28.7%). The large decrease reflects the higher revenue and rising advance payments from customers due to the greater order intake. The working capital to revenue ratio was 20.8% as of the 31 March reporting date (previous year: 28.3%). The average value was not only well below the first-quarter level of past years, but also below the 2021 year-end average (24.8%).

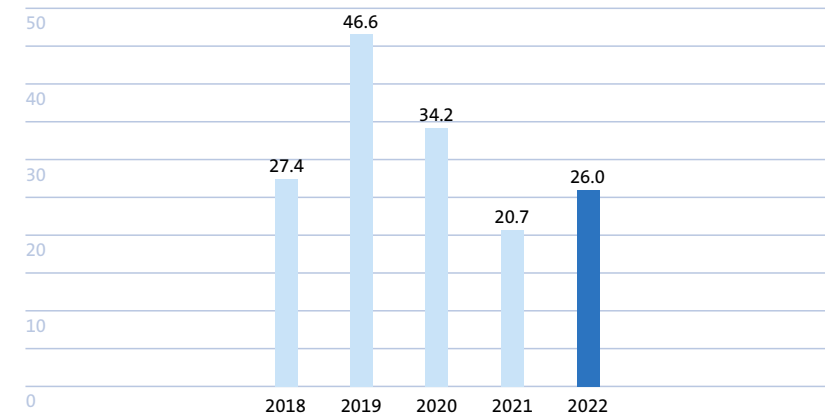
Working capital to revenue at 31 March (% , average over 4 quarters)



Krones invested €26.0 million in property, plant and equipment and intangible assets in the reporting period, a planned increase relative to the very low figure of €20.7 million in the previous year. Free cash flow improved by €47.1 million to €77.4 million (previous year: €30.3 million).

As a result of the repayment of lease liabilities in the first quarter of 2022, financing activities generated a cash outflow of €8.1 million, compared with a cash inflow of €41.8 million in the previous year that was mainly due to an increase in short-term bank debt. Krones had cash and cash equivalents totalling €452.7 million at 31 March 2022 (previous year: €289.1 million).

Capital expenditure for PP&E and intangible assets from 1 January to 31 March (€ million)





Assets and capital structure

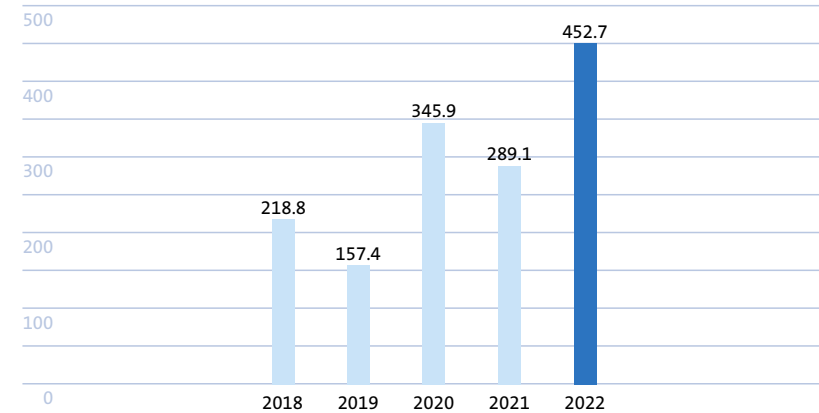
€ million	31 Mar 2022	31 Dec 2021	31 Mar 2021	31 Dec 2020
Non-current assets	1,141	1,133	1,103	1,093
of which fixed assets	997	1,001	985	990
Current assets	2,557	2,362	2,129	1,957
of which cash and equivalents	453	383	289	217
Equity	1,453	1,392	1,237	1,200
Total debt	2,245	2,103	1,995	1,850
Non-current liabilities	439	434	476	476
Current liabilities	1,806	1,669	1,519	1,374
Total	3,698	3,495	3,232	3,050

Krones' total assets rose by 5.8% in the first quarter, a significantly smaller increase than the rise in total operating performance (+12.3%).

Krones' total assets increased due to the growth in business volume in the first quarter by 5.8%, a smaller increase than the 12.3% rise in total operating performance. Total assets came to €3,698.5 million as of 31 March 2022 (31 December 2021: €3,494.9 million). The increase was mostly due to the rise in current assets and liabilities.

Non-current assets were virtually unchanged in the first quarter, at €1,141.3 million (31 December 2021: €1,132.8 million). The same applies to fixed assets, which stood at €997.1 million as of 31 March 2022 (31 December 2021: €1,001.4 million). The slight decrease in fixed assets mostly related to property, plant and equipment and right-of-use assets, which went down from €667.0 million at the end of 2021 to €662.1 million. At €303.4 million, intangible assets were at the same level at the end of the first quarter as at the 2021 year-end (€303.2 million).

Cash and cash equivalents at 31 March (€ million)



Krones' current assets showed a marked increase. Current assets came to €2,557.2 million at the end of the reporting period, a rise of 8.3% on the figure as of 31 December 2021. This was mainly due to the increase in trade receivables and inventories because of the sharp growth in business volume. Trade receivables went up in the first quarter by €127.4 million to €870.7 million and inventories by €49.2 million to €482.8 million. Conversely, contract assets decreased by €64.9 million to €529.1 million. Due to the strong free cash flow, Krones' cash and cash equivalents went up in the reporting period from €383.4 million to €452.7 million.



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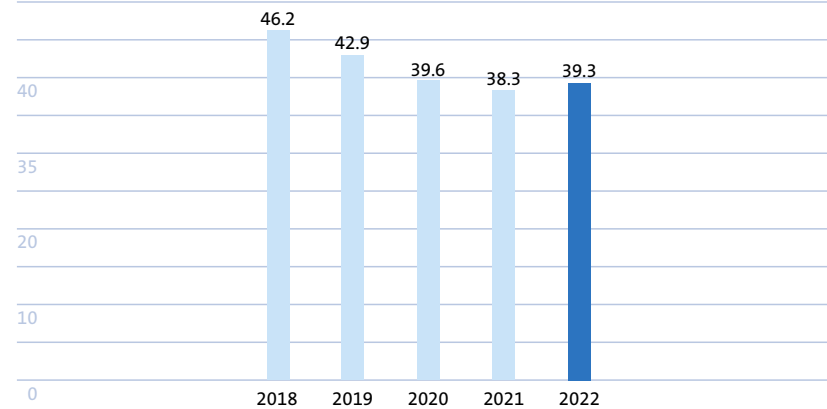
Net cash and cash equivalents:
€447.6 million

Equity ratio:
39.3%

Current liabilities also increased between January and March 2022, rising by 8.2% to €1,806.3 million. This was primarily due to an €88.9 million rise in contract liabilities to €689.2 million (31 December 2021: €600.3 million). Contract liabilities mainly increased because of higher prepayments from customers. Other liabilities and provisions also went up due to the larger business volume, increasing to €385.1 million (31 December 2021: €319.9 million). Krones reduced trade payables in the reporting period by €19.7 million to €495.4 million.

Non-current liabilities were virtually unchanged at €439.1 million as of 31 March 2022 (31 December 2021: €434.4 million). There were likewise only minor changes within this category relative to the 2021 year-end. The largest item, provisions for pensions, thus changed only minimally to €251.4 million (31 December 2021: €251.2 million). The company had €5.1 million in non-current bank debt at the end of the quarter, the same figure as at the end of 2021.

Equity ratio at 31 March (%)



Equity, net cash and ROCE increased in first quarter of 2022

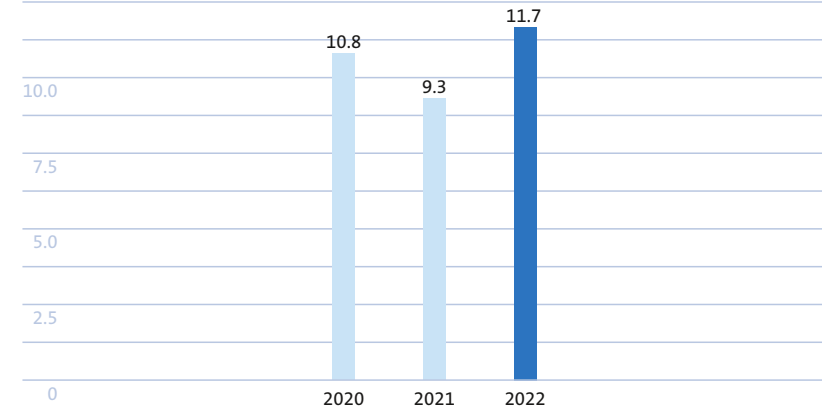
Due to the positive consolidated net income for the quarter, equity increased relative to the 2021 reporting date to €1,453.1 million (31 December 2021: €1,391.6 million). The equity ratio was slightly down due to the larger increase in total assets and came to 39.3% as of 31 March 2022 (31 December 2021: 39.8%). With net cash

The solid 39.3% equity ratio and €447.6 million in net cash give Krones the stability needed in the current volatile economic environment.

(cash and cash equivalents less bank debt) of €447.6 million at the end of the reporting period, Krones continues to have a stable and solid financial and capital structure. In addition, the group had approximately €957 million in unused lines of credit as of 31 March 2022.

Krones improved return on capital employed (ROCE) – the ratio of EBIT to average net capital employed over the last four quarters – in the reporting period to 11.7%, mainly as a result of the higher earnings (previous year: 9.3%).

ROCE from 1 January to 31 March (%)





Report from the segments

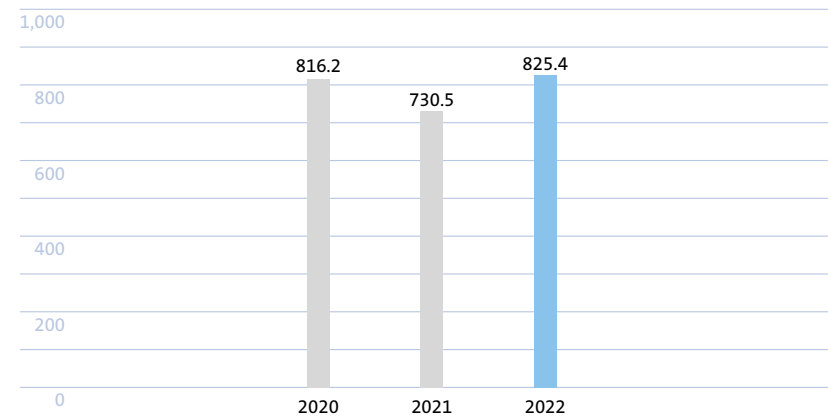
Filling and Packaging Technology

Segment revenue

The core segment recorded double-digit growth in the first quarter of 2022. At €825.4 million, revenue increased by 13.0% year on year.

Revenue in the core segment, Filling and Packaging Technology, increased in the first quarter of 2022 by 13.0% year on year, from €730.5 million to €825.4 million. The new machinery business showed a disproportionately large increase in revenue. In total, segment revenue in the reporting period almost regained the level from before the coronavirus crisis (Q1 2019: €834.3 million). Growth is expected to slow in the coming quarters due to the base effect. For the full year 2022, Krones continues to expect segment revenue to increase by 5% to 7%. The core segment's share of consolidated revenue was 83.6% in the first quarter of 2022 (previous year: 83.5%).

Segment revenue (€ million) from 1 January to 31 March

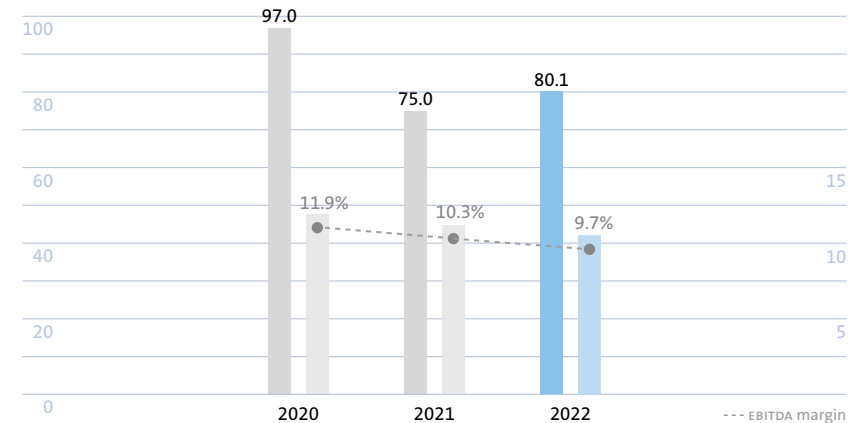


Segment earnings

From January to March 2020, earnings before interest, taxes, depreciation and amortisation (EBITDA) in Filling and Packaging Technology improved by 6.8% year on year, from €75.0 million to €80.1 million. The EBITDA margin consequently narrowed from 10.3% in the previous year to 9.7%. This is partly because new machinery business accounted for a larger share of segment revenue than in the prior-year quarter, thus increasing the material expense ratio. The EBITDA margin target for the core segment for the full year 2022 remains at 9% to 10%.

Core segment earnings before interest, taxes, depreciation and amortisation (EBITDA) went up 6.8% to €80.1 million in the first quarter of 2022. The EBITDA margin was 9.7% (previous year: 10.3%).

Segment EBITDA (€ million) and EBITDA margin (%) from 1 January to 31 March



Krones renamed its segments at the beginning of 2022.

The core segment, which up to the end of 2021 was called Machines and Lines for Product Filling and Decoration, has been renamed to Filling and Packaging Technology.

Krones' second segment, previously Machines and Lines for Beverage Production/Process Technology, is now referred to as Process Technology.

The new segment names better reflect Krones' activities and capabilities.

From 1 January 2022, Krones reports on a third segment, Intra-logistics.



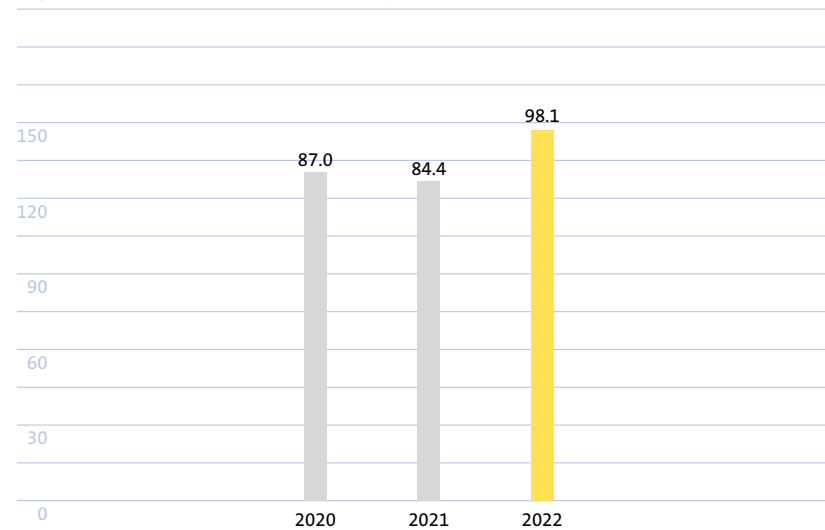
Process Technology

Segment revenue

In the Process Technology segment, Kronos provides products and services for producing and processing, for example, beer, soft drinks, juices, milk and dairy drinks.

Revenue in the Process Technology segment increased more strongly than total revenue in the first quarter of 2022. In the period January to March, revenue went up by 16.2% year on year to €98.1 million. Revenue increased both with breweries and in the non-alcoholic sector in the reporting period. Kronos continues to forecast growth of 10% to 15% for the Process Technology segment in the full year 2022. The segment's share of first-quarter consolidated revenue rose slightly from 9.7% in the previous year to 9.9%.

Segment revenue (€ million) from 1 January to 31 March

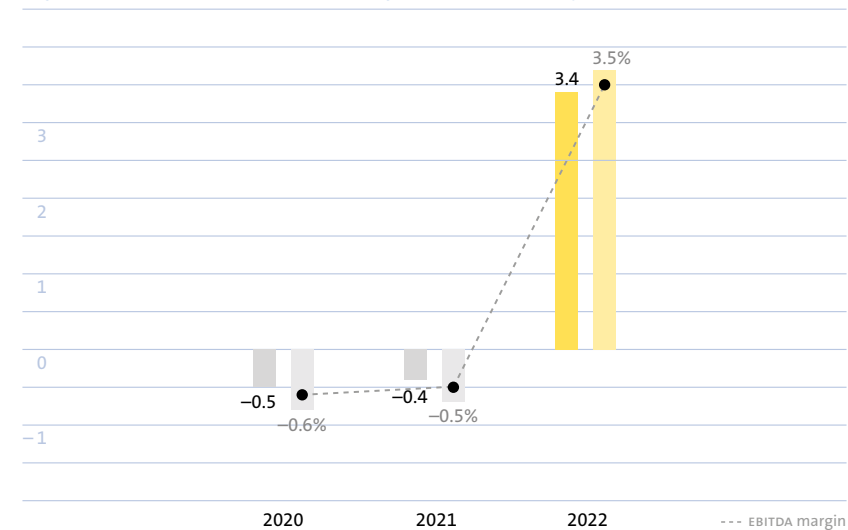


Segment earnings

Segment profitability increased significantly in the first quarter of 2022. Earnings before interest, taxes, depreciation and amortisation (EBITDA) improved from –€0.4 million in the previous year to a positive €3.4 million. As well as from higher revenue, earnings also benefited from measures to improve efficiency. Kronos has spun off its brewery business into a separate company and streamlined the processes in that business. The segment EBITDA margin was 3.5% in the reporting period (previous year: –0.5%). The full year forecast for 2022 is 5% to 7%.

Process Technology was in profit in the first quarter of 2022. EBITDA came to €3.4 million (previous year: –€0.4 million).

Segment EBITDA (€ million) and EBITDA margin (%) from 1 January to 31 March





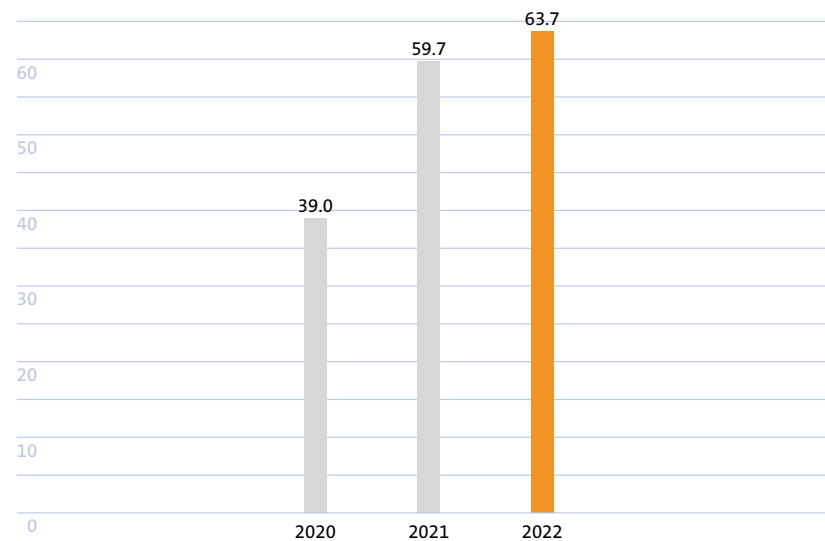
Intralogistics

Segment revenue

The new third segment, Intralogistics, improved revenue by 6.7% in first quarter. In the full year 2022, Intralogistics is expected to grow by 8% to 13%, which is a higher rate than the Group as a whole.

In the Intralogistics segment, which is new from 2022, revenue in the first quarter of 2022 rose less strongly than total Group revenue for seasonal reasons. At €63.7 million, it was 6.7% higher than the €59.7 million recorded in the previous year. The new segment is therefore on target. For the full year 2022, we expect revenue to increase by 8% to 13%. Intralogistics contributed 6.5% to consolidated revenue between January and March (previous year: 6.8%).

Segment revenue (€ million) from 1 January to 31 March

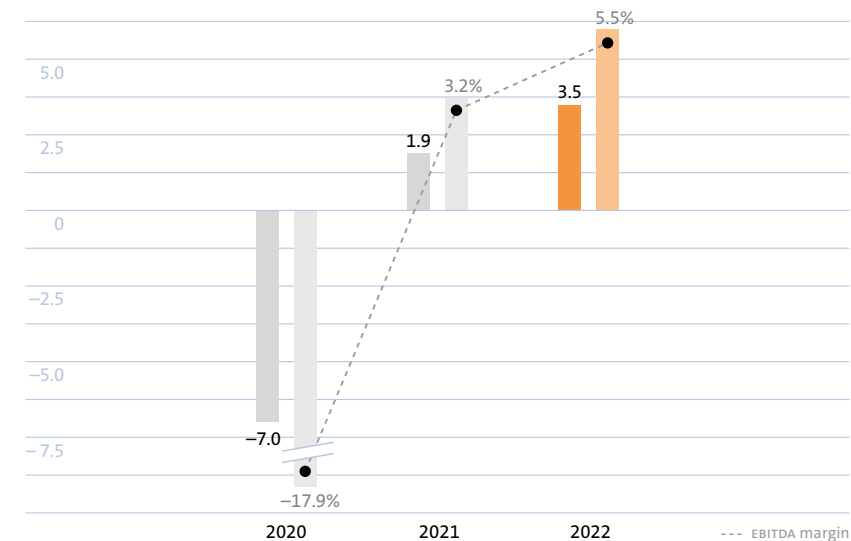


Segment earnings

Profitability in the Intralogistics segment was positively impacted in the first quarter of 2022 by higher revenue and stable capacity utilisation. At €3.5 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) were significantly higher than the €1.9 million recorded in the previous year. This corresponds to an EBITDA margin of 5.5% (previous year: 3.2%). With the earnings in the first three months of 2022, the segment is well on track to achieve its full-year target for the EBITDA margin of 4% to 6%.

The new Intralogistics segment generated EBITDA of €3.5 million in the first quarter of 2022. This corresponds to an EBITDA margin of 5.5%.

Segment EBITDA (€ million) and EBITDA margin (%) from 1 January to 31 March

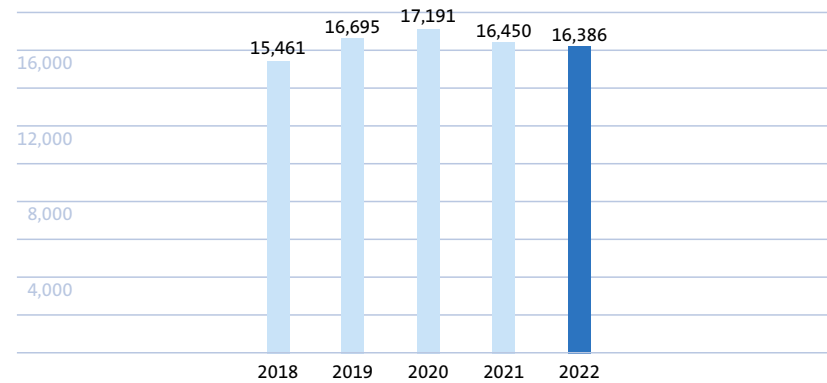




Employees

Employees in
Germany: 9,829
Employees outside
Germany: 6,557

Workforce at 31 March



Krones employs 16,386 people worldwide

The size of the workforce at Krones increased in the reporting period for the first time since the workforce adjustments in the preceding years. This mainly reflects the dynamic recovery of our markets.

Krones' workforce of 16,386 as of 31 March 2022 was down 64 employees on last year. Compared to 31 December 2021, the number of employees worldwide increased by 83. Most of the increase over the first three months of 2022 was in the international workforce, which grew to 6,557 (December 31, 2021: 6,482). The number of people employed in Germany

rose slightly to 9,829 (31 December 2021: 9,821). To ensure a sufficient pool of qualified employees for the long term, we continue to invest heavily in training and employee development. As of 31 March 2022, the Krones Group had 390 young people in training (previous year: 445).



Report on **expected developments**

Krones confirms full-year guidance for 2022 after good start to the year

Krones got off to a very good start in the new financial year and ended the first quarter of 2022 with a very large order backlog. The outlook is likewise positive for the full year. Krones' business environment nevertheless remains challenging. Uncertainties include material shortages and problems in global supply chains, political risks in Europe and other parts of the world, and also strong inflation in many countries. These forecasts are based on the assumption that the war in Ukraine does not further escalate and that the pandemic-related shutdown in China will be limited to a few weeks.

Based on the prevailing macroeconomic outlook and the current expected development of the markets relevant to Krones, the company forecasts consolidated revenue growth of 5% to 8% in 2022, with good chances of achieving the upper end of this guidance range.

Thanks to higher revenue and continued implementation of the cost optimisation measures, Krones aims to improve its profitability this year compared with 2021. The price increases on our machines and lines will only have a partial effect in 2022 and will mostly only offset rising material costs. At group level for 2022, the company continues to forecast an EBITDA margin of 8% to 9%. For the third performance target, return on capital employed (ROCE), Krones expects an increase this year to between 10% and 12%. Beginning in 2022, ROCE replaces the previous third key performance indicator, working capital as a percentage of revenue.

	Guidance for 2022	Q1 2022 actual
Revenue growth	5–8%	12.9%
EBITDA margin	8–9%	8.8%
ROCE	10–12%	11.7%



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INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2022

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Condensed consolidated **statement of profit or loss**

€ million	2022 1 Jan – 31 Mar	2021 1 Jan – 31 Mar	Change %
Revenue	987.2	874.6	+12.9
Changes in inventories of finished goods and work in progress	16.3	19.1	
Total operating performance	1,003.5	893.7	+12.3
Other own work capitalised	10.0	11.1	-9.9
Other operating income	25.3	26.0	-2.7
Goods and services purchased	-486.1	-430.7	+12.9
Personnel expenses	-317.3	-303.2	+4.7
Other operating expenses	-148.4	-120.4	+23.3
EBITDA	87.0	76.5	+13.7
Depreciation and amortisation on fixed assets	-33.1	-33.5	-1.2
EBIT	53.9	43.0	+25.3
Financial income/expense	0.8	1.6	
Profit or loss shares attributable to associates that are accounted for using the equity method	0.0	0.0	
Earnings before taxes	54.7	44.6	+22.6
Income tax	-14.6	-11.8	+23.7
Consolidated net income	40.1	32.8	+22.3
Profit share of non-controlling interests	0.0	0.0	
Profit share of Krones Group shareholders	40.1	32.8	
Earnings per share (diluted/basic) in €	1.27	1.04	

Condensed consolidated statement of financial position – **Assets**

€ million	31 Mar 2022		31 Dec 2021	
Intangible assets	303.4		303.2	
Property, plant and equipment and right-of-use assets	662.1		667.0	
Non-current financial assets	29.2		28.8	
Investment accounted for using the equity method	2.4		2.4	
Fixed assets	997.1		1,001.4	
Deferred tax assets	75.0		75.2	
Trade receivables	50.9		43.0	
Income tax receivables	5.4		1.6	
Other assets	12.9		11.6	
Non-current assets		1,141.3		1,132.8
Inventories	482.8		433.6	
Trade receivables	870.7		743.3	
Contract assets	529.1		594.0	
Income tax receivables	11.0		12.0	
Other assets	210.9		195.8	
Cash and cash equivalents	452.7		383.4	
Current assets		2,557.2		2,362.1
Total		3,698.5		3,494.9

Condensed consolidated statement of financial position – **Equity and liabilities**

€ million	31 Mar 2022		31 Dec 2021	
Equity		1,453.1		1,391.6
Provisions for pensions	251.4		251.2	
Deferred tax liabilities	6.6		5.3	
Other provisions	81.8		78.8	
Tax liabilities	5.3		4.5	
Liabilities to banks	5.1		5.1	
Other financial obligations and lease liabilities	80.0		79.7	
Other liabilities	8.9		9.8	
Non-current liabilities		439.1		434.4
Other provisions	167.8		164.5	
Liabilities to banks	0.0		0.0	
Contract liabilities	689.2		600.3	
Trade payables	495.4		515.1	
Tax liabilities	34.0		26.1	
Other financial obligations and lease liabilities	34.8		43.0	
Other liabilities and accruals	385.1		319.9	
Current liabilities		1,806.3		1,668.9
Total		3,698.5		3,494.9

Condensed consolidated **statement of cash flows**

€ million	2022	2021
	1 Jan – 31 Mar	1 Jan – 31 Mar
Earnings before taxes	54.7	44.6
Depreciation, amortisation and impairments	33.1	33.5
Increase in provisions and accruals	63.8	94.9
Interest and similar expenses and income	-0.6	-1.0
Gains and losses from the disposal of fixed assets	-0.2	-0.2
Other non-cash expenses and income	-0.2	0.2
Increase in inventories, trade receivables, contract assets, and other assets not attributable to investing or financing activities	-131.1	-107.6
Increase (previous year: decrease) in trade payables, contract liabilities and other liabilities not attributable to investing or financing activities	94.5	-6.8
Cash generated from operating activities	114.0	57.6
Interest paid	-0.5	-2.1
Income tax paid and refunds received	-5.3	-8.0
Cash flow from operating activities	108.2	47.5
Cash payments to acquire intangible assets	-12.8	-12.3
Proceeds from the disposal of intangible assets	0.0	0.0
Cash payments to acquire property, plant and equipment	-13.2	-8.4
Proceeds from the disposal of property, plant and equipment	0.4	1.2
Cash payments to acquire non-current financial assets	-0.4	-0.3
Proceeds from the disposal of non-current financial assets	0.2	1.6
Cash payments to acquire subsidiaries and equity interests	0.0	0.0
Deferred purchase price payment for business acquisitions from prior periods	-7.0	-0.2
Interest received	2.0	0.8
Dividends received	0.0	0.4
Cash flow from investing activities	-30.8	-17.2
Proceeds from new borrowing	0.0	60.8
Cash payments to service debt	0.0	-12.0
Cash payments for the repayment of lease liabilities	-8.1	-7.0
Cash flow from financing activities	-8.1	41.8
Net change in cash and cash equivalents	69.3	72.1
Cash and cash equivalents at the beginning of the period	383.4	217.0
Cash and cash equivalents at the end of the period	452.7	289.1

Consolidated **segment reporting**

	Filling and Packaging Technology		Process Technology		Intralogistics		Krones Group	
	2022	2021	2022	2021	2022	2021	2022	2021
	1 Jan–31 Mar	1 Jan–31 Mar	1 Jan–31 Mar	1 Jan–31 Mar	1 Jan–31 Mar	1 Jan–31 Mar	1 Jan–31 Mar	1 Jan–31 Mar
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Revenue	825.4	730.5	98.1	84.4	63.7	59.7	987.2	874.6
EBITDA	80.1	75.0	3.4	–0.4	3.5	1.9	87.0	76.5
EBITDA margin	9.7%	10.3%	3.5%	–0.5%	5.5%	3.2%	8.8%	8.7%



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OTHER INFORMATION

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Members of the **Supervisory Board** and the **Executive Board**

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

Supervisory Board

Volker Kronseder

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

Josef Weitzer**

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

Markus Hüttner**

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

Nora Diepold

Chief Executive Officer
nk Immobilienverwaltungs GmbH,
Regensburg

Dr. Verena Di Pasquale**

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

Robert Friedmann

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

Oliver Grober**

Chairman of the Employees'
Council, Rosenheim

Thomas Hiltl**

Chairman of the Employees'
Council, Nittenau

Professor Dr. jur. Susanne Nonnast

Professor at Ostbayerische
Technische Hochschule (OTH)
Regensburg

Beate Eva Maria Pöpperl**

Independent Member of the
Employees' Council

Stefan Raith**

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

Norbert Samhammer

Chief executive of
Samhammer Holding GmbH
*Samhammer AG

Petra Schadeberg-Herrmann

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

Jürgen Scholz**

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

Hans-Jürgen Thaus

* Maschinenfabrik Reinhausen
GmbH

Matthias Winkler

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

Executive Board

Christoph Klenk

Chief Executive Officer

Norbert Broger

Chief Financial Officer

Thomas Ricker

Chief Sales Officer

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.



Publishing information

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Note
This English language report is a translation of the original German Krones Quarterly statement for the period from 1 January to 31 March 2022 (Quartalsmitteilung für den Zeitraum vom 1. Januar bis 31. März 2022).

In case of discrepancies the German text shall prevail.

You can find the Quarterly statement in the Investor Relations section at <https://www.krones.com/de/unternehmen/investor-relations/finanzberichte.php>



Financial calendar

31 May 2022	Annual general meeting
2 August 2022	Interim report for the period ended 30 June 2022
4 November 2022	Quarterly statement for the period ended 30 September 2022

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