KION GROUP

2024

Annual report

KEY FIGURES

KION Group – Overview financial figures

in € million	2024	2023	2022	Change 2024/2023
Revenue and financial performance				
Revenue	11,503.2	11,433.7	11,135.6	0.6%
EBITDA	1,917.0	1,713.6	1,201.8	11.9%
Adjusted EBITDA[1]	1,945.0	1,748.7	1,218.7	11.2%
Adjusted EBITDA margin[1]	16.9%	15.3%	10.9%	–
EBIT	777.8	660.6	168.3	17.7%
Adjusted EBIT[1]	917.2	790.5	292.4	16.0%
Adjusted EBIT margin[1]	8.0%	6.9%	2.6%	–
Net income	369.2	314.4	105.8	17.5%
Basic earnings per share (in €)	2.75	2.33	0.75	17.8%
Dividends per share (in €)[2]	0.82	0.70	0.19	17.1%
Financial position[3]				
Total assets	18,805.4	17,388.4	16,599.4	8.1%
Equity	6,207.1	5,772.7	5,607.8	7.5%
Net working capital[4]	1,783.2	2,009.0	2,050.2	–11.2%
Net financial debt[5]	913.2	1,210.6	1,670.5	–24.6%
ROCE[6]	8.7%	7.7%	2.9%	–
Cash flow				
Free cash flow[7]	702.0	715.2	–715.6	–1.8%
Capital expenditure[8]	462.9	442.8	382.7	4.5%
Orders[9]				
Order intake	10,320.9	10,849.9	11,670.6	–4.9%
Order book[3]	4,635.1	6,045.2	6,775.8	–23.3%

1 Adjusted for PPA items and non-recurring items
2 For 2024: Proposed dividend for the fiscal year 2024
3 Figures as at balance sheet date Dec. 31
4 Net working capital comprises inventories, trade receivables and contract assets less trade payables and contract liabilities
5 Key figure comprises financial liabilities less cash and cash equivalents
6 ROCE is defined as the proportion of adjusted EBIT to capital employed
7 Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities
8 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs
9 Prior-year figures for order intake and for the order book have been adjusted for definition-related reasons

KION Group – Overview sustainability figures

	2024	2023	2022	Change 2024/2023
Environment				
GHG emissions (scope 1+2) (in kt CO_2e)[1]	147	146	143	0.3%
GHG emissions (scope 3) (in kt CO_2e)[1]	16,011	17,581	21,297	–8.9%
Energy consumption (in MWh)	630,191	638,042	623,960	–1.2%
Water withdrawl (in m³)	606,030	595,854	552,888	1.7%
Waste produced (in tons)	68,620	75,617	101,287	–9.3%
ISO 14001 certification rate (all locations)	99%	90%	72%	–
Social				
Employees[2]	42,719	42,325	41,149	0.9%
Proportion of female employees[3, 6]	18.9%	18.6%	18.1%	–
Lost time injury frequency rate (LTIFR)[4]	4.4	5.2	5.9	–15.4%
ISO 45001 certification rate[5]	99%	89%	80%	–
Governance				
Proportion of women in Administrative, Management and Supervisory Bodies of KION Group (AMSB)[6]	27.3%	27.3%	22.7%	–
ESG targets incorporated into Executive Board remuneration	Yes	Yes	Yes	–

1 Greenhouse gas emissions (GHG) in thousand tons CO_2 equivalents (CO_2e) in accordance with GHG protocol (location-based for scope 1 and scope 3, market-based for scope 2)

2 Number of employees (full-time equivalents; incl. apprentices; excl. inactive employees) as at balance sheet date Dec. 31

3 According to ESRS; as defined by KION (incl. apprentices; excl. inactive employees), the proportion was 18.6% (2023: 18.2%)

4 Occupational accidents of active employees with one or more working days lost per million hours worked

5 ISO 45001 or equivalent occupational health and safety standards, based on all sites

6 Headcount as at balance sheet date Dec. 31

All amounts in this annual report are disclosed in millions of euros (€ million) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros (€ thousand).

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COMPANY PROFILE

The KION Group is among the world’s leading providers of industrial trucks and supply chain solutions.* Its portfolio encompasses industrial trucks, such as forklift trucks and warehouse trucks, as well as integrated automation technology and software solutions for the optimization of supply chains, including all related services. Across more than 100 countries worldwide, the KION Group’s logistics solutions improve the flow of material and information within factories, warehouses, and distribution centers. The KION Group, which is included in the MDAX, is the largest manufacturer of industrial trucks in the EMEA region. In China, it is the leading foreign manufacturer. In the market for warehouse automation, the KION Group is the world's leading provider.

The KION Group’s world-renowned brands are well established. Dematic is the global leader in intelligent supply chain and automation solutions. The Linde and STILL brands serve the premium and higher value segments of the industrial truck market. Baoli focuses on industrial trucks in the lower value and economy segments. The regional industrial truck brand Fenwick is one of the leading suppliers of material handling products in France, while OM is among the leading vendors in the Indian market.

With more than 1.9 million industrial trucks worldwide as at December 31, 2024, the KION Group counts companies of various sizes in numerous industries on six continents among its customers.

We keep the world moving.

* The market position of the KION Group as a whole, its market position in China, and Dematic’s market position are measured by the respective volumes of revenue generated in 2023; unit sales in 2023 serve as the basis for determining the market position in the EMEA region and the market positions of Fenwick and OM

SEGMENTS

Industrial Trucks & Services

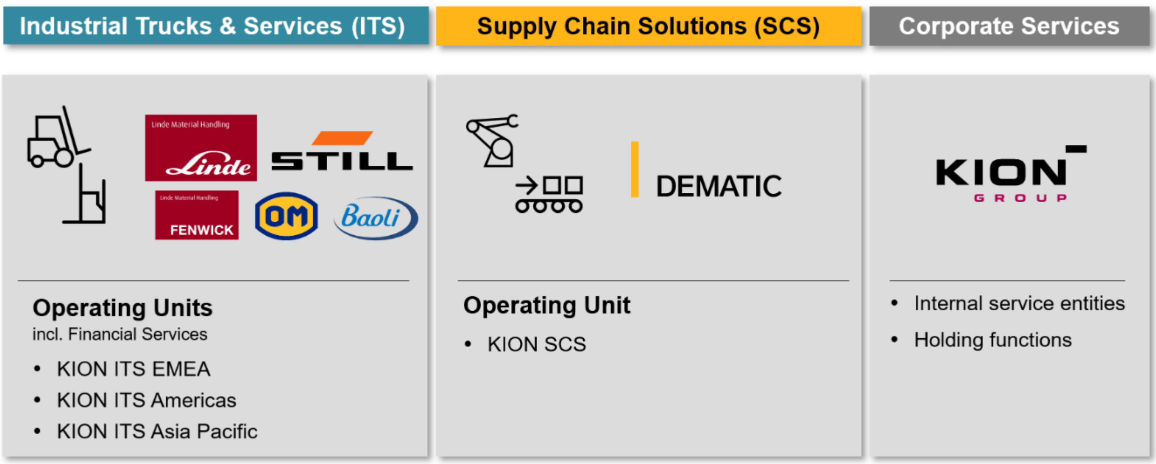
The Industrial Trucks & Services segment encompasses forklift trucks, warehouse technology, and related services, including complementary financial services. It pursues a multi-brand strategy involving the three international brands Linde, STILL, and Baoli plus the regional brands Fenwick and OM.

Supply Chain Solutions

The Supply Chain Solutions segment encompasses integrated technology and software solutions that are used to optimize supply chains. Manual and automated solutions are provided for all functions along customers' supply chains, from goods inward and Multishuttle warehouse systems through to order picking. The Supply Chain Solutions segment comprises the Operating Unit KION SCS with the Dematic brand.

Corporate Services

Corporate Services comprises holding companies and other service companies that provide services such as IT, and general administration across all segments.



TO OUR SHAREHOLDERS

LETTER TO SHAREHOLDERS

Dear shareholders, customers, partners, and friends of the KION Group,

Our company operates in a very exciting industry: We strongly benefit from global megatrends: Increasing urbanization and shortage of labor in many industries, technological innovation, automation, digitalization and artificial intelligence are driving our business. And there's increasing demand globally for speed in delivery and full traceability throughout the supply chain. We address these trends with our tailor-made solutions and product portfolio for our customers on a global scale.

We have made very good progress in both operating segments and on KION level since the difficult year 2022, which was impacted by inflation and severe supply chain disruptions. Our operational and commercial agility measures have proven to be successful, and 2024 was a strong year for us: We were quickly able to return the adjusted EBIT margin of the segment Industrial Trucks & Services to 10.0 percent in 2023 and 10.7 percent in 2024 while the margin of the segment Supply Chain Solutions has been continuously improving as we work through the legacy backlog and reap the benefits of the project management improvements and the growing service business. This together with the market eventually returning to growth should ensure Supply Chain Solutions return to double-digit adjusted margins.

In an environment of macroeconomic and geopolitical challenges and constant change, we have proven our resilience. KION shareholders will benefit: The Executive Board and Supervisory Board of KION GROUP AG will propose a dividend of € 0.82 (previous year: € 0.70) per share at the Annual General Meeting on May 27, 2025. All KION teams around the world contributed to this success.

The world and our markets are changing fast. We are at a pivotal moment in KION's history: we create a company that is even more agile and resilient for the benefit of all our stakeholders. To prepare now for the next, we worked on various exciting projects during 2024. For example, KION designed a new strategy ('Playing to Win').

KION is becoming the Supply Chain Solutions Company

Our people's passion is innovating, automating, and orchestrating solutions for our customers' supply chains. We are making automation easily accessible and scalable – from partial to full. We are providing intelligent industrial trucks, automation solutions, software and services for smooth material flows. With 'Playing to Win', KION is becoming the Supply Chain Solutions Company.

Through our commitment to *Innovation and Growth*, we enhance our business within our two operational segments by offering even more customer-centric products and regional expansion. Furthermore, we strengthen our presence in the growing automation market by focusing decisively on innovative technologies and solutions.

Sustainable Performance underlines our dedication to consistently enhancing profitability and competitiveness, paving the way for future investments. Our technology organization (CTO) will prioritize initiatives aimed at accelerating new innovation time-to-market and reducing product costs. In product development, we are strengthening cross-brand collaboration, particularly in areas like automated forklift trucks and autonomous mobile robots.

Organizational Development is dedicated to the further activation of groupwide management principles which are ingrained in our business and HR processes to support our strategic goals. We embrace an agile mindset, working quickly and with focus to find pragmatic, and creative solutions.

Playing to win, we push the boundaries of our industry, strengthen our thought leadership role, and leverage AI-driven solutions as an integral part of our strategy to optimize our customers' supply chains and increase their productivity.

Rob Smith

Chief Executive Officer of KION GROUP AG

KION is reshaping the warehouse of the future

In 2024, we worked with high intensity on our cooperation with NVIDIA and Accenture. We are the first in our industry to adopt NVIDIA's physical AI, creating a vision for warehouses that are part of a smart agile system, evolve with the world around them, and can handle nearly any supply chain challenge. At the Consumer Electronics Show in Las Vegas at the beginning of 2025, we announced first results: KION will be able to define ideal set-ups for new warehouses and continuously enhance existing facilities with Mega, an NVIDIA Omniverse blueprint for large-scale industrial digital twins. This includes a digital twin powered by physical AI – AI models that embody principles and qualities of the physical world – to improve the performance of intelligent warehouses that operate with automated forklifts, smart cameras and the latest automation and robotics solutions.

We are reinventing warehouse automation. In essence, the warehouse of the future will create an environment where both human workers and machines can collaborate seamlessly and safely. It predicts, visualizes and adapts to potential issues and generates data-driven insights for operators. This ultimately helps us design warehouses that are not only more efficient but also more resilient.

We are close to our customers in all regions around the world

KION's two operating segments are driving growth by aligning closely with the demands of their regional and local markets. In 2024, we expanded our capacities and our sales and service network in the APAC and Americas regions to be well prepared for all geopolitical scenarios. We expanded the new Supply Chain Solutions plant and integrated technology center in Jinan, China. Additionally, investments were made to expand the industrial truck plant at the Summerville, South Carolina, site. We enhance local in-house production while improving procurement, supply chain efficiency, and overall productivity.

In the EMEA region, the KION Automation Center Antwerp, Belgium, opened in October 2024 and is the Group's center of excellence for automation solutions. By bringing various capacities of KION's brands under one roof, we can now respond to market needs and deliver automation projects faster – more innovative and cost-effective. Our teams design tailor-made automation solutions for our customers and support our regional sales teams.

Sustainable development and ambitions firmly in sight

In 2024, we also made substantial progress in our sustainability efforts: We strive to become not only a resource-efficient but also in all other aspects a sustainable company: In 2024, we continued to integrate sustainability into our core business and support our customers and suppliers in their sustainability journey by further sharpening our sustainability strategy and defining key levers in both operating segments Industrial Trucks & Services and Supply Chain Solutions. Our decarbonization efforts to date bore fruit when the Science-Based Targets Initiative (SBTi) successfully formally validated our climate targets and our commitment to achieve net-zero emissions across our entire value chain by 2050 at the latest.

KION's progress in sustainability has not gone unnoticed. In addition to the confirmation of the EcoVadis rating 'Gold' for KION in 2024, we have been included in the Dow Jones Best-in-Class Europe Index for the first time as one of the longest-running sustainability benchmarks which is based on our best scoring to date in the rating S&P Global CSA. The Group sustainability statement of this annual report underscores our full commitment to sustainability transparency. On a voluntary basis we fully integrated the comprehensive regulations of the European Union's Corporate Sustainability Reporting Directive (CSRD).

Preparing Now for the Next

As already outlined, KION is at a pivotal moment in its history. European economies are struggling to gain momentum – this affects industries in Industrial Trucks & Services, where Chinese competitors have been improving their market position in the aftermaths of the recent pandemics, and Supply Chain Solutions felt the impact of the ongoing reluctance to invest in 2024.

To further drive our development of solutions in both segments to cover future requirements from our customers, we will develop an even more resilient and agile company. While internal programs to continuously improve product costs were already up and running throughout 2024 and will continue, further structural measures will address a more efficient setup in Europe in 2025.

KION is a strong force in redefining our industry: We harness the power of automation and robotics, of connectivity and artificial intelligence. Our markets are growing. We orchestrate supply chains and are a pillar of global trade – now and in the future.

Best regards

Rob Smith

Chief Executive Officer

KION GROUP AG

EXECUTIVE BOARD OF KION GROUP AG

Dr. Richard Robinson Smith

- Chief Executive Officer (CEO)
- Born in 1965 in Augsburg, Germany

Christian Harm

- Chief Financial Officer (CFO)
- Born in 1968 in St. Pölten, Austria

Valeria Gargiulo

- Chief People & Sustainability Officer (CPSO) & Labor Relations Director
- Born in 1972 in Lomas de Zamora, Argentina

Andreas Krinninger

- President KION ITS EMEA
- Born in 1967 in Bergisch Gladbach, Germany

Ching Pong Quek

- Chief Technology Officer (CTO) & President KION ITS Asia Pacific
- Born in 1967 in Batu Pahat / Johor, Malaysia

Hans Michael Larsson

- President KION Supply Chain Solutions & KION ITS Americas
- Born in 1965 in Västerås, Sweden

REPORT OF THE SUPERVISORY BOARD OF KION GROUP AG

Dear shareholders,

For the KION Group, the 2024 financial year was characterized by a challenging market and competitive environment. A large number of external factors and challenges had a negative impact on macroeconomic development. Nevertheless, the KION Group achieved strong results last year and significantly improved its profitability compared with the previous year. This was made possible by the tireless efforts of the employees and the newly formed Executive Board team, for which I would like to thank them all - also on behalf of all the other members of the Supervisory Board.

The 2025 financial year will also remain challenging, as the economic environment is currently expected to remain difficult. The Executive Board has therefore initiated a comprehensive efficiency program that will support the transformation that has already begun and will show clear results over the coming financial years. In line with the sustainable strategy that has been adopted, this program should help to ensure that the KION Group can continue to offer its customers the best products in the future.

The Supervisory Board advised and supported the Executive Board at all times in its management and strategic development and fully performed the tasks and duties incumbent upon it in accordance with the law, the Company's articles of association and the rules of procedure.

Focus of the Supervisory Board's work

At the total of six ordinary and one extraordinary Supervisory Board meetings held in the year under review, the Supervisory Board thoroughly discussed all matters of relevance to the Company and satisfied itself that the Company was being run lawfully, purposefully, and properly. In addition, two resolutions were adopted in writing. Although individual Supervisory Board members were occasionally unable to participate in meetings of the Supervisory Board, they were mostly still able to vote as required using a written voting form.

The Supervisory Board's work in the reporting period particularly focused on the Playing to Win corporate strategy, which was developed by the Executive Board and replaces the existing KION 2027 strategy, and the Company's related sustainability strategy. In addition to analysis of strategic topics during Supervisory Board meetings, the Executive Board presented the new corporate strategy to the members of the Supervisory Board during a multi-day workshop, at which it conducted a thorough and extensive discussion of this strategy with the Supervisory Board.

The Supervisory Board regularly obtained information about the Company's business performance at all its meetings and advised the Executive Board on its deliberations, in particular on its initiatives to increase efficiency.

During a number of meetings in 2024, the Supervisory Board discussed sustainability matters of significance to the Company, including the plans for reaching the so called net zero target. Developments in relation to occupational health, safety, and the environment were presented to the Supervisory Board on a regular basis. The Supervisory Board was involved in every key step of the realization of these fundamental initiatives for the future of the Company.

Hans Peter Ring

Chairman of the Supervisory Board of KION GROUP AG

The ordinary meetings of the Supervisory Board in 2024 were also used to address its regular schedule of topics.

At the ordinary meeting on February 28, 2024, this included approval and adoption of the separate financial statements of KION GROUP AG for 2023, examination of the proposal for the appropriation of profit, approval of the consolidated financial statements of KION GROUP AG for 2023, determination of target achievement for the Executive Board members' variable remuneration, the adoption of resolutions on the 2023 financial reporting and non-financial reporting and on the 2023 remuneration report, and the adoption of resolutions on the new Executive Board remuneration system and on the preparations for the 2024 Annual General Meeting.

Topics of relevance to the Annual General Meeting and personnel matters relating to the Executive Board were also on the agenda at the Supervisory Board's ordinary meeting held on the day of the Annual General Meeting on May 29, 2024.

At its meeting on June 27, 2024, the Supervisory Board dealt extensively with reporting on compliance matters (including data protection), the status of the Company-wide transformation and digitalization project 'Business Transformation', and personnel matters relating to the Executive Board.

At its ordinary meeting on September 26, 2024, the Supervisory Board held in-depth discussions on the reports received on the CTO organization, financing, and sustainability. In addition, it discussed the ongoing initiative of the Executive Board for cost savings. At its strategy meeting, which was also held on September 26, 2024, the Supervisory Board devoted its attention to the future Playing to Win corporate strategy, the resulting financial impact, and the plan for implementing the strategy. The Supervisory Board also deliberated on the strategic significance of the Company-wide transformation and digitalization project 'Business Transformation' (already reported on in previous years) and on the progress with its implementation.

At the final ordinary meeting of the reporting year, held on December 18, 2024, the agenda included the Supervisory Board's examination of the budget planning for 2025, various corporate governance matters (including the 2024 declaration of conformity), a discussion of the results of the review of the Supervisory Board's efficiency, personnel matters relating to the Company, and the setting of the 2025 targets for the Executive Board's variable remuneration.

The extraordinary meeting of the Supervisory Board held on May 2, 2024 dealt with personnel matters relating to the Executive Board.

By way of written resolutions, the Supervisory Board decided on personnel matters relating to the Supervisory Board and on transactions requiring its consent.

Collaboration between Supervisory Board and Executive Board

In the reporting year, the Supervisory Board continued to fulfill the tasks and responsibilities imposed on it by the law, the Company's articles of association, and the German Corporate Governance Code (GCGC) with dedication and diligence.

The Supervisory Board worked tirelessly to oversee and monitor the Executive Board and advise it on how to manage the Company.

The Executive Board provided the Supervisory Board with regular written and oral reports on the Company's economic position and on material business transactions, both during meetings and between meetings.

As in previous years, the Supervisory Board – in addition to the areas of focus mentioned above – discussed numerous other issues and transactions requiring consent and made necessary decisions. It was always fully involved in major decisions affecting the Company from an early stage. All members of the Supervisory Board had the opportunity to examine the documents, reports, and proposed resolutions that were presented in the full meetings or in the committees and to analyze and discuss them in detail.

Between meetings of the Supervisory Board and between those of its committees, the chairmen of the Supervisory Board and Audit Committee remained in close contact at all times with the Chief Executive Officer and Chief Financial Officer. There were also regular discussions between the chairman of the Audit Committee and those responsible for internal audit and corporate compliance in the Company.

Work of the committees

Five standing committees support the Supervisory Board's work and prepare resolutions to be adopted by the full Supervisory Board so that it can perform its tasks with the necessary degree of care and efficiency: the Mediation Committee pursuant to section 27 (3) of the German Codetermination Act (MitbestG), the Executive Committee, the Audit Committee, the Nomination Committee, and the Remuneration Committee.

The Executive Committee held four ordinary meetings in the year under review. One member was unable to take part in one of the meetings, but otherwise all members of the Executive Committee participated in all of its meetings. In 2024, the Executive Committee mainly focused on preparations for the full Supervisory Board meetings, on the Company's financial position and financial performance, and on personnel and organizational matters relating to the Executive Board.

The Audit Committee, which is also the committee responsible for all sustainability and ESG-related matters, held five ordinary meetings and one extraordinary meeting in 2024. All members of the Audit Committee participated in all of its meetings. The meetings focused on the KION Group's business performance and financial planning, on the Company's risk situation, on matters related to the audit, its quality control, and the independence of the auditor, on the audit of the separate and consolidated financial statements of KION GROUP AG, on the quarterly financial statements, and on sustainability matters. It also addressed financial and non-financial reporting and the compliance and internal audit reports. Particular attention was paid to matters relating to the KION Group's internal control and risk management system. The committee satisfied itself that there were no conflicts of interest in respect of the auditor. Supervisory Board resolutions required in this regard were prepared by the Audit Committee and reported to the Supervisory Board. The auditor reported regularly to the Audit Committee on its audit work and findings. The Audit Committee regularly held discussions without the Executive Board.

The Remuneration Committee, which held three ordinary meetings in 2024, discussed the new Executive Board remuneration system, including its implementation in the Executive Board members' service contracts, the setting and achievement of targets for the Executive Board members' variable remuneration, and the 2023 remuneration report. One member was unable to take part in one of the meetings, but otherwise all members of the Remuneration Committee participated in all of its ordinary meetings.

The Nomination Committee convened for three extraordinary meetings in 2024, in which all of its members took part. The committee dealt with the succession planning for shareholder representatives on the Supervisory Board whose term of office is due to finish at the end of the next Annual General Meeting. It also held discussions with potential successors.

There was no need for the Mediation Committee to meet in 2024.

The Supervisory Board meetings included regular reports on the work of the committees. Details of the committees' members are provided in the corporate governance statement.

Summary of the nature of, and members' participation in, the meetings of the Supervisory Board and its committees

Because of the diverse composition of the Supervisory Board and its committees, some of which have members from outside Germany, all meetings of both the Supervisory Board and its committees were held in a hybrid format with a combination of attendance in person and video conferencing. The members of the Supervisory Board and its committees based in Germany routinely attended in person with only a few exceptions; the members of the Supervisory Board based in China predominantly used video conferencing to participate.

A strategy workshop was held during the year under review. There were also a number of working sessions and telephone and video conference calls for the purpose of providing the members of the Supervisory Board or the relevant committees with advance information. The employee representatives and, where necessary, the shareholder representatives too held separate preliminary discussions to deliberate on the agenda items of the full meetings of the Supervisory Board. In some cases, preparatory discussion took place between individual Supervisory Board or committee members.

The rate of participation for the meetings of the Supervisory Board and its committees stood at around 98 percent in total.

Overview of attendance at meetings of the Supervisory Board and committees in fiscal year 2024

Supervisory Board/committee	Meeting attendance	Percentage
SUPERVISORY BOARD PLENARY		
Hans Peter Ring (Chairman)	7/7	100
Özcan Pancarci (Deputy Chairman)	7/7	100
Birgit A. Behrendt	7/7	100
Dr. Alexander Dibelius	7/7	100
Kui Jiang	7/7	100
Dr. Christina Reuter	7/7	100
Dr. Nicolas Peter	7/7	100
Tan Xuguang[1]	2/4	50
Dr. Shaojun Sun[2]	1/1	100
Ping Xu	7/7	100
Dominique Lembke	7/7	100
Martin Fahrendorf	7/7	100
Jan Bergemann	7/7	100
Jörg Milla	7/7	100
Alexandra Schädler	7/7	100
Thomas Mainka	7/7	100
Claudia Wenzel	7/7	100
EXECUTIVE COMMITTEE		
Hans Peter Ring (Chairman)	4/4	100
Özcan Pancarci (Deputy Chairman)	4/4	100
Dr. Alexander Dibelius	4/4	100
Kui Jiang	4/4	100
Alexandra Schädler	3/4	75
Jörg Milla	4/4	100
Dr. Nicolas Peter	4/4	100
Claudia Wenzel	4/4	100
AUDIT COMMITTEE		
Dr. Nicolas Peter (Chairman)	6/6	100
Alexandra Schädler (Deputy Chairman)	6/6	100
Hans Peter Ring	6/6	100
Jörg Milla	6/6	100

Overview of attendance at meetings of the Supervisory Board and committees in fiscal year 2024 (continued)

Supervisory Board/committee	Meeting attendence	Percentage
REMUNERATION COMMITEE		
Hans Peter Ring (Chairman)	3/3	100
Özcan Pancarci (Deputy Chairman)	3/3	100
Kui Jiang	2/3	67
Dr. Nicolas Peter	3/3	100
Alexandra Schädler	3/3	100
NOMINATION COMMITTEE		
Hans Peter Ring (Chairman)	3/3	100
Dr. Alexander Dibelius (Deputy Chairman)	3/3	100
Birgit A. Behrendt	3/3	100
Kui Jiang	3/3	100
MEDIATION COMMITTEE		
Hans Peter Ring (Chairman)	0/0	–
Özcan Pancarci (Deputy Chairman)	0/0	–
Jörg Milla	0/0	–
Dr. Nicolas Peter	0/0	–

1 Member until September 2024

2 Member since October 2024. Dr. Shaojun Sun attended the two Supervisory Board meetings in September 2024 as a guest

The members of the Executive Board generally participated in the meetings of the Supervisory Board and its committees. However, the Supervisory Board and its committees also met regularly without the Executive Board to discuss individual matters.

Personnel matters relating to the Executive Board

The Executive Board service contract of Dr. Richard Robinson Smith (CEO) has been extended by a further five years with effect from January 1, 2025 and will therefore run until December 31, 2029. The Executive Board service contract of Ching Pong Quek (CTO & President KION ITS Asia Pacific) has been extended by a further five years with effect from July 1, 2025 and will therefore run until June 30, 2030.

Following preparatory work by its Executive Committee, the Supervisory Board closely monitored these personnel matters and discussed them in detail.

Executive Board remuneration and the Executive Board remuneration system

On the basis of resolution recommendations made by the Remuneration Committee and the Supervisory Board, the 2024 Annual General Meeting held on May 29, 2024 adopted a new remuneration system for the Executive Board that applies retrospectively from January 1, 2024. The aim was to make sure that the remuneration system continues to support the Company's strategic and long-term development to the fullest possible extent. The feedback received from shareholders in recent years was also incorporated, for example by restricting the discretionary elements of the Executive Board's remuneration.

Also with effect from January 1, 2024, the service contracts of all members of the KION GROUP AG Executive Board were transferred to the new Executive Board remuneration system.

Self-assessment by the Supervisory Board

With support from an external consultant, the Supervisory Board carried out its regular self-assessment in accordance with recommendation D.12 GCGC in the reporting period. The self-assessment found that the Supervisory Board and its committees perform their work effectively. Further information relating to this self-assessment can be found in the 'corporate governance statement'.

Corporate governance matters handled by the Supervisory Board

In the declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG), which was issued on December 16/18, 2024, the Supervisory Board and Executive Board declared that, from the issue of the previous declaration of conformity until December 31, 2023, KION GROUP AG had complied with all the recommendations in the GCGC except recommendation G.10 sentence 2. It also declared that, since January 1, 2024, KION GROUP AG has complied with all recommendations in the GCGC and will also comply with them in the future. The short-term deviation from recommendation G.10 sentence 2 GCGC was due to the former Executive Board remuneration system, which had still formally applied until December 31, 2023 but was updated with effect from January 1, 2024. Following the changes to the Executive Board remuneration system and the transfer of all Executive Board service contracts to the new Executive Board remuneration system with effect from January 1, 2024, this deviation no longer applies. The most recent declaration of conformity and previous versions are permanently available to the public on the KION GROUP AG website at www.kiongroup.com/conformity.

At the start of 2024, the chairman of the Supervisory Board held discussions with investors about the Supervisory Board's corporate governance matters, primarily the new Executive Board remuneration system.

The Supervisory Board must also review the content of the non-financial Group report, which the Company is obliged to publish in accordance with section 315b of the German Commercial Code (HGB). The Company fulfills this obligation by publishing a voluntary Group sustainability report which also includes the sustainability declaration according to the European Sustainability Reporting Standards (ESRS). The Supervisory Board engaged the Company's auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, to prepare a voluntary limited assurance review of this report for 2024. After reviewing these reports, the Supervisory Board did not raise any objections.

The Executive Board and Supervisory Board provide a detailed report on corporate governance at KION GROUP AG in the corporate governance statement, which can also be found on the KION GROUP AG website at www.kiongroup.com/en/About-us/Management/. The corporate governance statement also includes information on the objectives for the composition of the Supervisory Board, including its diversity plan and profile of skills and expertise, and reports on progress with achieving them.

The Company supports the members of the Supervisory Board in the performance of their tasks by providing suitable training and development opportunities. New members of the Supervisory Board are given special onboarding information in order to familiarize them with the KION Group and its internal structures and processes. In the reporting period, for example, the Supervisory Board received ESG training that focused on the Corporate Sustainability Reporting Directive (CSRD) and the EU taxonomy.

No conflicts of interest on the Supervisory Board came to light during the year under review.

Relationships with affiliated entities (dependency report)

The Supervisory Board examined the report concerning relationships with affiliated entities (dependency report), which the Executive Board signed off on February 19, 2025. The auditor reviewed this report and issued an auditor's report. Based on its audit, which it completed on February 19, 2025 without having identified any deficiencies, the auditor issued the following opinion:

'Based on our audit and assessment in accordance with professional standards, we confirm that

1. the facts in the report are stated accurately;
2. the consideration given by the entity for the transactions specified in the report was not unreasonably high;
3. there are no circumstances in respect of the measures specified in the report that would justify an opinion materially different from the opinion of the Executive Board.'

The dependency report and the auditor's report about it were distributed to all the members of the Supervisory Board in good time. Both reports were discussed in detail in the presence of the auditor at the Supervisory Board meeting on February 26, 2025, after the auditor had presented its report in person. The Supervisory Board approved the findings of the audit conducted by the independent auditor and, based on the final outcome of its own review, did not raise any objections to the Executive Board's declaration at the end of the dependency report.

Engagement of the auditor; audit of the separate and consolidated financial statements

The Company's independent auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, audited the separate financial statements, the consolidated financial statements, and the combined management report for KION GROUP AG and the Group for the year ended December 31, 2024 following its election by the Annual General Meeting on May 29, 2024.

The auditor was also engaged to conduct a voluntary review of the Group sustainability report.

The auditor was appointed by the chairman of the Supervisory Board on November 26, 2024. The key audit matters were discussed and set out accordingly at the Audit Committee's meeting on October 29, 2024.

The auditor submitted its report relating to the 2024 separate financial statements, consolidated financial statements, and combined management report (including the Group sustainability report) to the members of the Audit Committee and the members of the Supervisory Board, in each case with the required lead time. The Audit Committee and Supervisory Board each discussed the report extensively in the presence of the auditor and, in some cases, without the Executive Board being present. The auditor reported in detail on the main findings of the audit on each occasion.

On February 19, 2025, the auditor issued an unqualified audit opinion for the separate financial statements, consolidated financial statements, and combined management report, which was combined with the Company's management report, and an unqualified audit confirmation for the Group sustainability report. Having itself scrutinized the Company's separate financial statements, consolidated financial statements, and combined management report (including the Group sustainability report) for the year ended December 31, 2024, the Supervisory Board – on the basis of a recommendation from the Audit Committee – agreed with the findings of the audit by the auditor after further discussing these findings at its meeting on February 26, 2025 and did not raise any objections. The Supervisory Board approved the Company's separate financial statements and consolidated financial statements for the year ended December 31, 2024 prepared by the Executive Board, thereby adopting the annual financial statements.

At its meeting on February 26, 2025, the Supervisory Board also discussed and approved the proposal made by the Executive Board that the distributable profit of KION GROUP AG be appropriated for the payment of a dividend of €0.82 per no-par-value share. In doing so, the Supervisory Board took account of the Company's financial situation and performance, its medium-term financial and capital-expenditure planning, and the interests of the shareholders. The Supervisory Board believes the proposed dividend is appropriate.

Personnel changes on the Supervisory Board of KION GROUP AG

Tan Xuguang stepped down as a member of the Supervisory Board on September 16, 2024. In October 2024, Dr. Shaojun Sun was appointed to the Supervisory Board by the courts for the period up to the end of the Annual General Meeting to be held on May 27, 2025.

The Supervisory Board would like to thank all employees and the members of the Executive Board for their commitment over the past financial year.

This report was discussed thoroughly and in detail at the Supervisory Board meeting on February 26, 2025, when it was adopted.

Hans Peter Ring

Chairman

KION SHARES

DAX defies crises and makes gains

Germany's leading index rose sharply over the course of 2024. Having closed 2023 at 16,752 points, the DAX added 18.8 percent to stand at 19,909 points at the end of 2024 and was thus close to the all-time high of 20,426 points that it had reached on December 12, 2024.

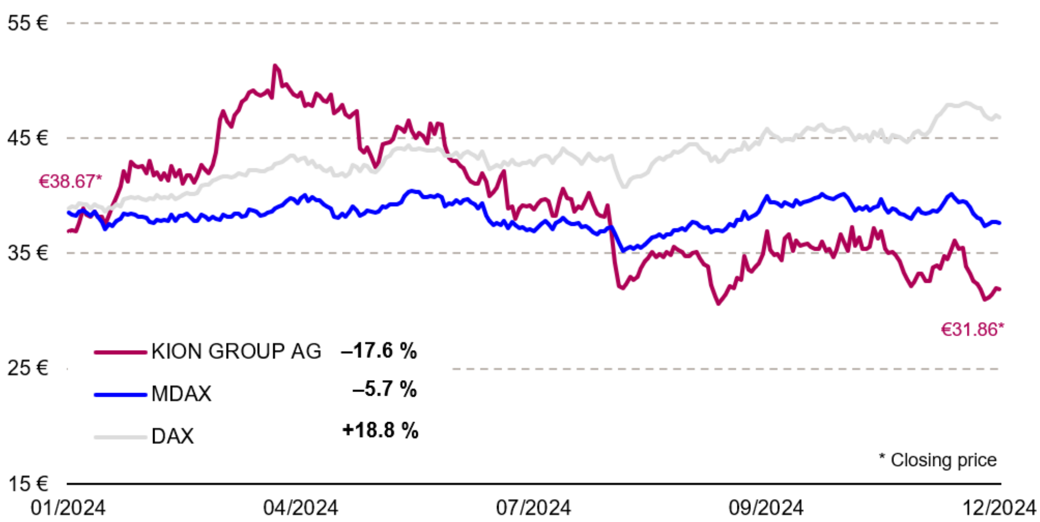
Following a stable start to 2024, the markets initially appeared optimistic thanks to the expectation that monetary policy would be eased in view of falling inflation rates and the positive effects of diminishing borrowing costs. However, macroeconomic uncertainty during the summer – partly as a result of turmoil in the Japanese stock market and escalation of the conflict in the Middle East – led to increased volatility and price falls. The European Central Bank and US Federal Reserve then lowered interest rates, heralding a positive trend that was reinforced by a further rate cut by the Fed in November. This trend continued until the end of the year. Falling inflation rates and the outcome of the US presidential election also contributed to the price gains. However, the MDAX did not benefit from these effects, dropping by 5.7 percent compared with the end of 2023 to close at 25,589 points.

KION shares end 2024 with price falls

Amid generally subdued stock market conditions for the mid-cap stocks included in the MDAX, KION shares declined by 17.6 percent to close 2024 at a price of €31.86. The shares therefore did not match the performance of their benchmark index in the year under review. The price gains made in the first quarter were almost entirely canceled out by mid-2024. Although most analysts' opinions were positive, this downward trend continued for the remainder of the reporting period.

The closing price on December 30, 2024, based on around 131.1 million outstanding shares, equates to market capitalization of €4.2 billion, of which approximately €2.2 billion was attributable to shares in free float.

Share price performance in 2024 compared with the DAX and MDAX (both indexed to KION)



Planned dividend of €0.82

KION GROUP AG's 2024 Annual General Meeting was held as an in-person event in Frankfurt am Main, Germany, on May 29, 2024. Approximately 84 percent of the share capital was represented and all of the motions were approved by a majority of votes. The proposals approved by the Annual General Meeting included the distribution of a dividend of €0.70 per share, resulting in a total distribution to shareholders of around €91.8 million.

The Executive Board and Supervisory Board of KION GROUP AG will propose a dividend for 2024 of €0.82 per share (2023: €0.70) to the Annual General Meeting on May 27, 2025. This gives a total dividend payout of €107.5 million. The increase compared with the prior-year dividend reflects the improvement in earnings and free cash flow. With earnings per share for 2024 of €2.75, this equates to a dividend payout rate of around 30 percent (as in the previous year), which is once again within the target corridor of between 25 percent and 40 percent.

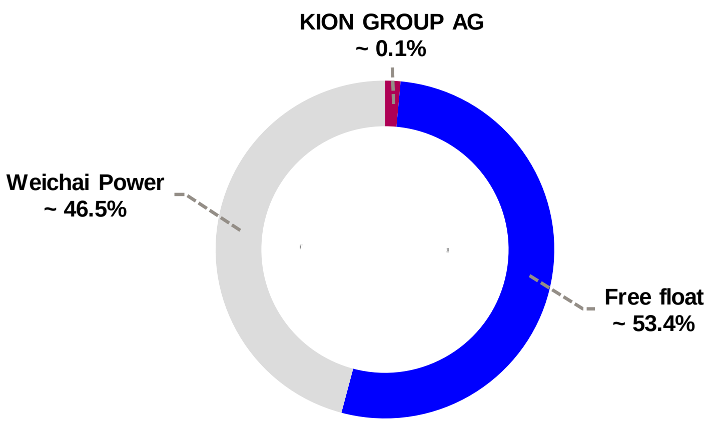
Basic information on KION shares

ISIN	DE000KGX8881
WKN	KGX888
Bloomberg	KGX:GR
Reuters	KGX.DE
Share type	No-par-value shares
Indices	MDAX, MSCI World, MSCI Germany Small Cap, STOXX Europe 600, FTSE EuroMid, DAX 50 ESG, STOXX Europe Sustainability, FTSE4Good Index Series, Dow Jones Best-in-Class Europe Index

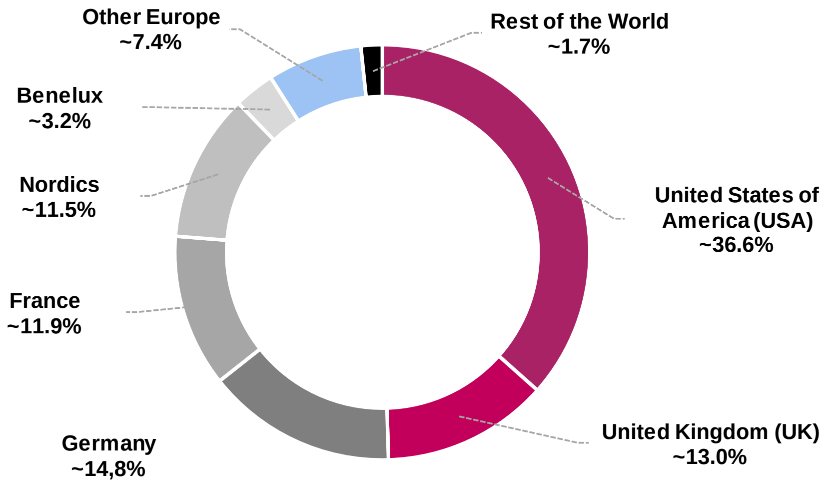
Stable shareholder structure

As far as the Company is aware, the shareholder structure remained unchanged in the reporting year. Weichai Power Co., Ltd., Weifang, People's Republic of China, had a stake of around 46.5 percent as at the end of 2024, which means it is still the biggest single shareholder, while KION GROUP AG continued to hold around 0.1 percent of the shares. Consequently, the number of shares held in treasury was unchanged at 73,876 as at the reporting date (December 31, 2023: 73,876). The free float was therefore also unchanged at 53.4 percent as at the reporting date (December 31, 2023: 53.4 percent). To the knowledge of the Company, approximately 62 percent of the free float was attributable to investors in Europe, approximately 37 percent to investors in the Americas region, and approximately 1 percent to investors in the APAC region.

Shareholder structure as at December 31, 2024



Free float by country as at December 31, 2024



Based on 53,367,310 shares or 76 percent of 70,087,264 free float shares
(Shareholder Identification December 2024)

KION shares recommended as a buy by majority of analysts

As at December 31, 2024, 22 brokerage houses were following and regularly reporting on the KION Group (December 31, 2023: 24). Of this total, 14 analysts recommended KION shares as a buy and eight rated them as neutral. The average target price specified by the sell-side analysts was €46.11 (December 31, 2023: €44.81).

Share data

Closing price at the end of 2023	€38.67
High for 2024 (intraday)	€51.68
Low for 2024 (intraday)	€30.30
Closing price at the end of 2024	€31.86
Market capitalization at the end of 2024	€4,177.6 million
Performance in 2024	–17.6%
Average daily XETRA trading volume in 2024 (no. of shares)	225.9 thousand
Average daily XETRA trading volume in 2024 (€)	€8.9 million
Share capital	€131,198,647
Number of shares as at Dec. 31, 2024	131,198,647
Earnings per share for 2024[1]	€2.75
Dividend per share for 2024[2]	€0.82
Dividend payout rate for 2024[2]	30%
Total dividend payout for 2024[2]	€107.5 million
Equity ratio as at Dec. 31, 2024	33.0%

1 Calculated on the basis of the average number of shares outstanding of 131,107,933

2 Proposed dividend for 2024

Stable credit ratings

The KION Group continues to have an investment-grade credit rating. Standard & Poor’s confirmed its rating of BBB– in February 2024, even after taking into account new criteria for captive finance. The outlook remains negative. In May 2024, Fitch Ratings awarded an unchanged long-term issuer default rating of BBB with a stable outlook and a short-term issuer default rating of F2.

SERVICES FOR INVESTORS

Active investor relations

KION GROUP AG's investor relations team was once again a reliable point of contact for the capital markets in 2024. The repeated firming up of the outlooks for 2024 and questions about the impact of geopolitical events, such as the US election in November 2024, prompted extensive, active dialogue with the capital markets.

Analysts and investors were able to talk to the investor relations team during a total of 42 days of conferences and roadshows. As in previous years, one of the events was a virtual conference focusing on ESG aspects, with Valeria Gargiulo, Chief People & Sustainability Officer (CPSO) and Labor Relations Director on the KION GROUP AG Executive Board, taking part for the first time in 2024. Also for the first time, two corporate governance roadshows were held in the year under review.

The KION Group updated its sustainability reporting approach by making the sustainability report part of the combined management report. It is thereby satisfying the relevant reporting standard for sustainability reporting in accordance with the CSRD in full and on a voluntary basis for 2024.

KION GROUP AG's 2024 Annual General Meeting was held as an in-person event in Frankfurt am Main, Germany, on May 29, 2024. A total of around 84 percent of the share capital was represented. All questions were answered individually during the meeting. There were no countermotions, nominations, or requests for additions to the agenda. The speech made by Chief Executive Officer Dr. Richard Robinson Smith is available at www.kiongroup.com/en/Investor-Relations/Shareholders-Meeting.

To coincide with the publication of the 2023 annual report on February 29, 2024, the Executive Board of KION GROUP AG explained the results at a financial statements press conference and at a conference call for analysts and investors. In addition, the Executive Board held conference calls to report on each set of quarterly results. Transcripts from the conference calls for the 2023 annual results and 2024 quarterly results, along with the associated presentations, form part of the extensive information for analysts and investors that is available on the Company's website.

Information on the website

Detailed information on KION shares as well as press releases, reports, presentations, and information about annual general meetings can be found at www.kiongroup.com/ir. The KION Group's annual report is also available here, both as a PDF file and as an interactive online version. The contact details of the investor relations team can be found under IR Contact. Information on corporate governance, the Group sustainability report, and the remuneration report of the Group are published at www.kiongroup.com/governance, www.kiongroup.com/sustainability, and www.kiongroup.com/remuneration.

kiongroup.com/
ir

COMBINED MANAGEMENT REPORT

Preliminary remarks

The combined management report published in the 2024 annual report includes the group management report and the management report of KION GROUP AG. Sections that only contain information on KION GROUP AG are indicated as such. The combined management report includes a separate section containing disclosures for KION GROUP AG in accordance with the German Commercial Code (HGB).

For the year under review, the Group sustainability report has been integrated into the KION Group's combined management report for the first time and provides comprehensive information on the sustainable corporate governance of the KION Group. Based on the first sentence of the European Sustainability Reporting Standards (ESRS), it was prepared as a framework in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the German CSR Directive Implementation Act (CSR-RUG). The Group sustainability report focuses on targets, action steps, and due diligence processes relating to the material environmental, social, and employee-related aspects of the KION Group's business model, the observance of human rights, and the fight against corruption and bribery. The risks and opportunities for the KION Group associated with climate-related aspects and other social and environmental factors, as well as the environmental and social impact of the Company's activities, are recorded, assessed, and taken into account systematically and on an ongoing basis, including in the financial reporting. To comply with individual disclosure requirements, the Group sustainability statement refers to other sections of the combined management report, as in accordance with ESRS 1.119 a). Information incorporated by reference is labeled as such with >> << in the corresponding reporting sections and contains the source in accordance with the relevant ESRS. In accordance with the statutory disclosure deadlines defined in section 325 HGB, the KION Group has published the sustainability reports (which include the non-financial Group reports) for previous reporting years on its website (www.kiongroup.com/sustainability), where they will remain permanently available for at least ten years.

Where the combined management report makes reference to sources outside the combined management report or outside the consolidated financial statements (e.g. websites), the content of these sources constitutes unaudited, voluntary disclosures and does not form part of the combined management report. It serves solely to provide additional information.

Fundamentals of the KION Group

Organizational structure

The KION Group comprises the parent company KION GROUP AG, which is a public limited company under German law, and its subsidiaries. The KION Group's strategic management holding company, KION GROUP AG, is listed on the Frankfurt Stock Exchange and is part of the MDAX, MSCI World, MSCI Germany Small Cap, STOXX Europe 600, FTSE EuroMid, and other indices. It is also included in sustainability indices, namely the FTSE4Good Index Series, STOXX Europe Sustainability, DAX 50 ESG, and, since December 2024, the Dow Jones Best-in-Class Europe Index.

The parent company of KION GROUP AG is Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg ('Weichai Power'), a subsidiary of Weichai Power Co. Ltd., Weifang, People's Republic of China, which, to the knowledge of the Company, held 46.5 percent of the shares at the end of 2024. The free float accounted for 53.4 percent of the shares, while the remaining 0.1 percent were treasury shares. Details of treasury shares pursuant to section 160 (1) no. 2 of the German Stock Corporation Act (AktG) are disclosed in note 7 of the published separate financial statements of KION GROUP AG for the year ended December 31, 2024.

Management and control

Corporate governance

The KION Group follows generally accepted standards of sound, responsible corporate governance. The German Corporate Governance Code (GCGC), as amended, provides the framework for management and control in the KION Group. The corporate governance standards that the Group applies, which go further than the legal requirements, are set out in the corporate governance statement in accordance with sections 289f and 315d HGB. This statement also contains the declaration of conformity pursuant to section 161 AktG*, which was issued by the Executive Board and the Supervisory Board of KION GROUP AG on December 16/18, 2024 respectively, and the corporate governance report pursuant to principle 23 GCGC. The corporate governance statement can be viewed and downloaded on the Company's website. It also forms part of this annual report and is a component of the combined management report.

The essential features of the remuneration system are presented in KION GROUP AG's separate 2024 remuneration report, which is published on the KION Group website (www.kiongroup.com/remuneration). The total amounts for Executive Board remuneration and Supervisory Board remuneration are also reported in the notes to the consolidated financial statements (note [47]).

* The declaration of conformity pursuant to section 161 AktG is not subject to a substantive audit by the auditor.

Executive Board

The Executive Board of KION GROUP AG is responsible for the operational management of the KION Group. It maintains a relationship of trust with, and is monitored by, the Company's Supervisory Board. The Executive Board as a whole is collectively responsible for key operational and strategic decisions and for the allocation of resources.

Dr. Richard Robinson Smith is Chief Executive Officer of KION GROUP AG. At the start of May 2024, the Supervisory Board of KION GROUP AG extended his contract for a further five years until December 31, 2029. Christian Harm is Chief Financial Officer (CFO) of KION GROUP AG, while Executive Board member Valeria Gargiulo is Chief People & Sustainability Officer (CPSO) and Labor Relations Director.

The allocation of responsibilities in the operating business changed in 2024. On January 1, 2024, Hans Michael Larsson joined the Executive Board of KION GROUP AG as President KION SCS & ITS Americas. He is responsible for the Supply Chain Solutions (SCS) segment and for the Americas region in the Industrial Trucks & Services (ITS) segment. Also on January 1, 2024, Ching Pong Quek took on an additional role as the new Chief Technology Officer (CTO). The Executive Board member also continues in his role as President KION ITS APAC, but his previous responsibility for the Americas region in the ITS segment has been transferred to Hans Michael Larsson. In September 2024, the Supervisory Board of KION GROUP AG extended Ching Pong Quek's term of appointment for a further five years to June 30, 2030. Andreas Krinninger continues in the role of President KION ITS EMEA, with responsibility for the EMEA region in the ITS segment. As a result of these changes, the schedule of responsibilities for the Executive Board of KION GROUP AG was updated with effect from January 1, 2024.

Supervisory Board

The Supervisory Board of KION GROUP AG, which was formed in accordance with the German Codetermination Act (MitbestG), comprises 16 people. It has an oversight function and advises the Executive Board on its handling of significant matters and business transactions. This includes monitoring and providing advice on sustainability topics.

In the reporting year, the Supervisory Board was supported by five standing committees (Nomination Committee, Executive Committee, Audit Committee, Mediation Committee, and Remuneration Committee).

All of the shareholder representatives on the Supervisory Board have been elected for a term of five years. Dr. Shaojun Sun was appointed to the Supervisory Board for the period up to the end of the Annual General Meeting to be held in May 2025. He replaced Tan Xuguang, who stepped down from the Supervisory Board on September 16, 2024.

Business model and organizational structure

>>The KION Group's business model is designed so that customers of all sizes and from all sectors can obtain a comprehensive range of material handling products and services for different degrees of automation from a single source. Thanks to its broad technology base, diversified product portfolio, and worldwide service network, the KION Group is able to bring a comprehensive portfolio of such products and services to the market.

For internal management purposes, the KION Group has divided its operating business into two segments that correspond to the operating segments as required by international financial reporting standards (IFRS 8). The Industrial Trucks & Services (ITS) segment encompasses the industrial truck business and the related automation and lifecycle solutions, including financial and logistics services in support of sales. The Supply Chain Solutions (SCS) segment offers services and solutions that cater to every level of automation, right up to full automation. The two segments complement each other in terms of their portfolios and access to regional markets, while the marketing of stand-alone automation solutions covers both segments.

The KION Group's market activities were divided into four Operating Units in 2024: KION ITS EMEA, KION ITS APAC, KION ITS Americas, and KION SCS. The KION ITS EMEA Operating Unit focuses on the ITS business in Europe, the Middle East, and Africa and takes a cross-brand approach. KION ITS APAC and KION ITS Americas hold cross-brand responsibility for the ITS business in the Asia-Pacific region and the Americas respectively. KION SCS, featuring the Dematic brand, is the global warehouse automation solutions business. While KION GROUP AG is the strategic management holding company and is responsible for the groupwide strategy, the allocation of resources, and groupwide business standards, the Operating Units have full commercial responsibility for their business.

Corporate Services includes activities other than those of the operating business and the holding functions of the KION Group. These include service companies that provide services such as IT and general administration across all segments.

Industrial Trucks & Services segment

The KION Group's portfolio of industrial trucks and services makes it one of the world's leading providers of industrial trucks and the market leader in the EMEA region, based on the number of units sold in 2023 and backed by data from research institute Interact Analysis (Interact Analysis, November 2024). Based on its revenue in 2023, it is the world's second-largest supplier (Modern Material Handling, August 2024). In China, the KION Group is still the leading non-domestic manufacturer and number three overall in terms of revenue (China Forklift Network, April 2024). The segment also partners with customers on stand-alone automation solutions, offering autonomous mobile robots (AMRs), automated guided vehicle systems (AGVs), and other solutions.

The segment encompasses the activities of the international brand companies Linde, STILL and Baoli, the local brand companies Fenwick and OM, plus the financial services business.

- Linde is an international and technologically innovative premium brand that manufactures forklift and warehouse trucks and provides accompanying fleet management solutions, driver assistance systems, and service options, meeting demanding customer requirements in terms of technology, efficiency, functionality, and design. In France, Linde products are sold under the Fenwick brand.
- STILL, a provider of forklift trucks, warehouse trucks, and intralogistics systems, drives innovation in its field and has a particular focus on the European market and Brazil.
- Baoli is the international brand for the lower end of the volume segment and the economy segment.
- OM is the local brand company for the Indian market, through which the KION India Pvt. Ltd. subsidiary manufactures and sells electric and IC industrial trucks and warehouse trucks.
- KION Financial Services is an internal funding partner for the Industrial Trucks & Services segment, providing finance solutions to support sales.

The business model of the Industrial Trucks & Services segment covers all of the key steps of the value chain that are required to fully cater to the needs of customers worldwide. These are product development, manufacturing, sales and service, truck rental and used trucks, fleet management, and financial services that support the industrial truck operating business.

The segment generated nearly half of its revenue in 2024 from sales of new industrial trucks, including stand-alone automation solutions. In this field, the KION Group operates more than 21 production facilities for industrial trucks and components in nine countries around the world. The segment's global research and development activities focus on automation solutions and sustainable, energy-efficient drive systems.

Some of the products in the multi-brand portfolio are built on a modular platform for diesel and electric forklift trucks, which is intended to ensure a high standard of quality at competitive costs. Key modular components are mostly produced in the segment's own manufacturing facilities. This allows it to ensure security of supply for special customer requirements and to provide a reliable supply of major components for its spare parts business. Energy-efficient lithium-ion battery systems are manufactured by KION Battery Systems GmbH (KBS). Other standard modules are purchased through a global procurement organization.

As at December 31, 2024, the segment had a sales and service network that comprised around 2,000 outlets in over 100 countries and was staffed by some 9,300 service employees and a large number of external service engineers. The worldwide vehicle fleet, which consisted of more than 1.9 million industrial trucks at the end of 2024, provides a broad base for the service business. This helps to smooth out fluctuations in the segment's revenue and is aimed at reducing dependency on market cycles and supporting new truck sales by maintaining long-term customer relationships. The service business has a broad range of offerings that even extends to digital fleet management. It also handles individual orders for repairs and maintenance work as well as for spare parts. In addition, the Operating Units have a complementary used truck and rental truck business, allowing peaks in capacity requirements to be met and customers to be supported after their leases have expired.

Financial services support the sale of new trucks in many markets, forming another pillar of the service business. Its activities comprise the financing of long-term lease business for external customers and the internal financing of the short-term rental business, as well as the related risk management. In the large sales markets with a high volume of financing and lease activities, legally independent KION Financial Services companies handle this business. About half of all new trucks are financed via the KION Group itself or via external banks and financing partners. Offering financial services is therefore part of the truck sales process. Leases are generally linked to a service contract covering the term of the finance agreement.

Supply Chain Solutions segment

The Supply Chain Solutions segment, featuring the Dematic brand, is the world's leading provider in the market for warehouse automation solutions, based on revenue figures for 2023 and data from Interact Analysis (Interact Analysis, November 2024). The data also shows that Dematic has achieved particularly strong market share in the general merchandise sector. In addition, the KION Group was ranked as one of the leading vendors in the fast-growing AMR segment in 2023 (Interact Analysis, November 2024).

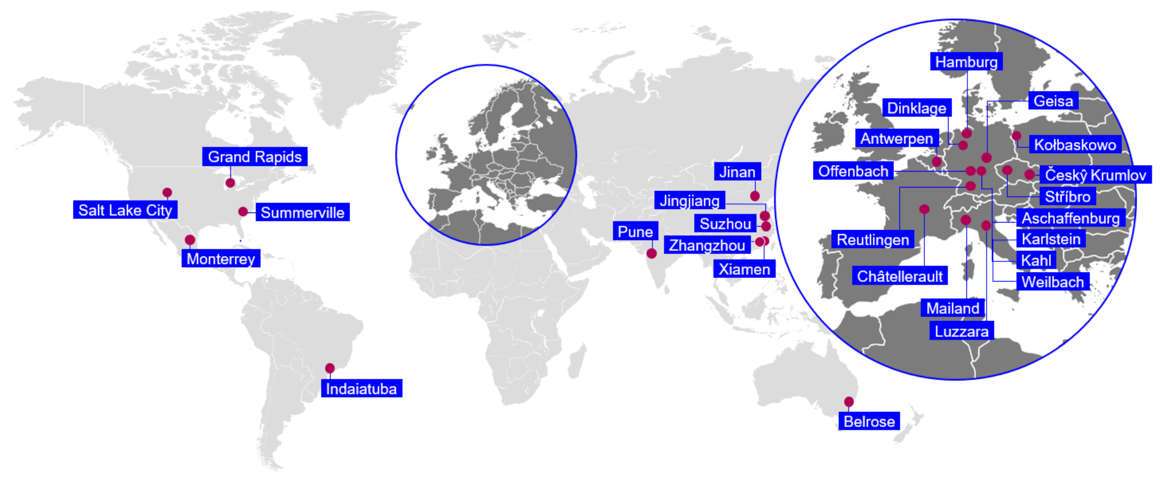
Dematic provides stand-alone solutions and end-to-end solutions for manual processes and for the automation of all operational processes, predominantly piece picking, storage and transportation of pallets, transportation, picking, and storage of cartons, and sorting and palletizing of goods.

Warehouse automation solutions are managed using Dematic's proprietary software, which can be integrated into the customer's existing application landscape. Dematic software enables material flow data to be visualized and order fulfillment processes to be optimized.

Customers can use Dematic solutions to boost efficiency, scale up sustainably, and maintain a clear overview of their machinery and equipment. Dematic continually deploys innovative technologies and integrates software into operating solutions in order to help customers to achieve their growth targets. The segment constantly enhances its integrated solutions through strategic partnerships, for example with Google Cloud.

The KION Group's SCS segment mainly caters for customer-specific, longer-term project business. The (new) project business (business solutions) covers every phase of a new installation. Automation solutions are planned and implemented worldwide by nine production sites in North America, Europe, China and Australia and by teams of experts at regional level. The system components, which are specified for each customer project, such as automated guided vehicle systems, palletizers, storage and picking equipment including automated storage and retrieval systems, sorters, and conveyors, are manufactured mainly inhouse or, in some cases, by third parties. As at the end of 2024, modernization work and services (customer services) were being provided to customers at their sites by more than 2,300 employees and other external staff in around 25 countries.

Production sites of the KION Group



Industrial Trucks & Services

Belgium	
Antwerp	Automated guided vehicle systems
Brazil	
Indaiatuba/São Paulo	Counterbalance trucks with electric drive or IC engine, warehouse trucks
People's Republic of China	
Jinan	Counterbalance trucks with electric drive or IC engine
Jingjiang	Component production
Xiamen	Counterbalance trucks with electric drive or IC engine, heavy trucks, warehouse trucks
Zhangzhou	Warehouse trucks
Germany	
Aschaffenburg	Counterbalance trucks with electric drive or IC engine
Dinklage	Component production
Geisa	Component production
Hamburg	Counterbalance trucks with electric drive or IC engine, warehouse trucks, component production
Kahl am Main	Spare parts center, component production
Karlstein am Main	Lithium-ion batteries
Reutlingen	Very narrow aisle trucks
Weilbach	Component production
France	
Châtellerault	Warehouse trucks
India	
Pune	Counterbalance trucks with electric drive or IC engine, warehouse trucks
Italy	
Luzzara	Warehouse trucks
Poland	
Kołbaskowo	Counterbalance trucks with electric drive or IC engine
Czech Republic	
Český Krumlov	Component production
Stříbro	Warehouse trucks
United States	
Summerville	Counterbalance trucks with electric drive or IC engine, warehouse trucks

Supply Chain Solutions

Australia	
Sydney	Conveyor and sortation systems, automated guided vehicle systems, system components and racking
People's Republic of China	
Suzhou	Sortation, storage and retrieval systems
Jinan	Conveyor systems
Germany	
Offenbach	Conveyor, sortation, storage and retrieval systems
Italy	
Milan	Sortation systems
Mexico	
Monterrey	Conveyor, sortation, storage and retrieval systems, system components
Czech Republic	
Stříbro	Conveyor, sortation, storage and retrieval systems
United States	
Grand Rapids	Automated guided vehicle systems
Salt Lake City	Sortation, storage and retrieval systems, system components

ESRS 2 SBM-1 paragraph 40 a i. and ii.) <<*

* This disclosure is part of the Group sustainability report of the KION Group for the 2024 financial year.

Market and influencing factors

The material handling market comprises the market for industrial trucks and the market for warehouse automation solutions, including related services in both markets.

In the past, the market was heavily influenced by macroeconomic factors. Economic conditions in the different regions and the rates of growth in global trade have a major effect on customers' willingness to invest. Regional differences in inflation trends and in the level of interest rates help to shape the market environment as well.

Volatility in the commodity markets and in exchange rates also affects conditions in the market. Increases in procurement prices for commodities and intermediate products and translation effects caused by fluctuations in exchange rates can have a significant impact on the financial performance of individual market participants. Economic trends within individual customer sectors are another influencing factor.

Influencing factors in the Industrial Trucks & Services segment

Historically, new business in the industrial truck market has shown a very strong correlation with the performance of broad economic indicators, such as the volume of global trade, gross domestic product, industrial output, and consumer spending. The service business, meanwhile, is more stable than the product business as it is linked to the installed base of trucks over their entire lifetime.

The KION Group believes that sustainability and electrification are among the main driving factors in the market for industrial trucks and services. Customers are increasingly demanding solutions, primarily in the form of electric trucks, for environmentally friendly supply chains. Consequently, the strongest market growth in the new truck business in recent years, including in the first nine months of 2024 (2019 to September 2024), has been for forklift trucks and warehouse trucks powered by an electric drive (World Industrial Truck Statistics, January 2025). Alongside the growth in electric forklift trucks, much of the additional volume in the market for new industrial trucks is attributable to the electrification of hand pallet trucks, which are being replaced by entry-level electric trucks in the lower weight categories.

In the KION Group's view, demand for counterbalance trucks with an electric drive and for warehouse facilities is also receiving a boost from stricter emissions standards, the range of new energy solutions available, and customers' efforts to be more sustainable by using lithium-ion batteries and fuel cells.

Furthermore, the increasing automation of production and warehousing processing against the backdrop of a steadily growing shortage of skilled workers combined with rising wage costs is pushing up demand for automated industrial trucks with an electric drive, including in the form of hybrid solutions that combine automated and manual solutions.

The industrial truck market is also benefiting from customers' growing requirements regarding quality and efficiency and from higher expectations in terms of service, availability of spare parts, and flexible rental solutions. This includes optimization of the total cost of ownership and the ability to integrate the trucks into fully automated intralogistics solutions. The degree of automation is determined by the customer's processes.

Competitive pressure remains high around the world as some manufacturers in the economy and volume segments based in China have been pursuing an international expansion strategy for a number of years now. The large number of industrial trucks already in use in the market also provides a strong base for replacement business and rising demand for services.

Influencing factors in the Supply Chain Solutions segment

According to the KION Group's estimates and backed by data from research institute Interact Analysis (Interact Analysis, November 2024), the market for warehouse automation solutions generated growth (measured in terms of revenue) in recent years (2019 to 2024) owing to increasing demand in the main customer industries. These primarily included general merchandise, durable goods, grocery retail, and the food and beverage industry. Both the project business (business solutions) and downstream services (customer services) have contributed to this expansion. The service business benefits from the growing number and the rising complexity of installed systems.

According to Interact Analysis, the significant customer sectors for the warehouse automation solutions market are general merchandise and grocery retail, manufacturing, food and beverage manufacturing, parcel delivery services, and pure e-commerce (Interact Analysis, November 2024).

Projects involving warehouse automation solutions take a long time, often extending over several years. The service business is generally more stable than the project business as it is linked to the installed base of systems over their entire lifetime.

The growth of e-commerce in recent years has had a major influence on demand for warehouse automation solutions. Global online trade (B2C) has expanded at an average rate of 12 percent per annum in recent years (2019 to 2024) according to research institute eMarketer (eMarketer, June 2024). The KION Group believes that customers' desire for ever-faster delivery times coupled with the growing shortage of skilled workers has made companies more willing to invest in warehouse automation solutions and their digitalization (Forbes, October 2023).

The combination of smaller order volumes and large numbers of orders requires efficient and automated solutions. This is driving demand for decentralized and smaller warehouse and logistics facilities in urban areas that speed up delivery times and, due to automated processes, reduces personnel expenses and floor space costs. Consequently, the research institute Interact Analysis is predicting above-average growth of the market for micro-fulfillment automation in the years ahead (Interact Analysis, August 2024). At the same time, the focus of technological progress is increasingly shifting toward software and robotics solutions. Interact Analysis anticipates that this will lead to disproportionately strong growth in the market for AMRs and AGVs (Interact Analysis, October 2024).

Strategy of the KION Group*

The new 'Playing to Win strategy' of the KION Group will be implemented in 2025, succeeding the 'KION 2027' strategy, which remained in effect throughout 2024. Efforts to achieve the groupwide targets outlined in the 'KION 2027' strategy were executed across six action fields during the review year.

Strategic action fields and measures in 2024

Multi-branded go-to-market

By stepping up collaboration among the successfully positioned brands, the KION Group increasingly offered integrated end-to-end solutions from a single source in 2024. For instance, Dematic and STILL partnered to deliver multi-brand intralogistics solutions, combining their product portfolios into a unified system. Similarly, Dematic and Linde provided combined solutions. Additionally, new products tailored to specific customer segments were introduced, such as STILL's Classic Line.

Growth plans for specific regions

The KION Group's two operating segments are driving growth by ensuring that they are fully aligned with the requirements of their regional and local markets. In 2024, these growth activities centered on strengthening local production capacity, further expanding the sales and service network in the APAC and Americas regions and expanding automation solutions in the EMEA region.

This included the further expansion of the new supply chain solutions plant and integrated technology center in Jinan, China. Investments were also made in expanding the industrial truck plant at the Summerville site in the US. The aim is to increase the degree of local inhouse production while optimizing procurement costs and productivity.

In the EMEA region, the KION Automation Center Antwerp in Belgium opened in October 2024 and is the Group's center of excellence for automation solutions, helping to drive the growth of business in this field. Furthermore, the sales and service network in the Industrial Trucks & Services segment was further strengthened as a result of dealerships being acquired.

Sustainability

The KION Group is committed to promote sustainable and responsible business practices through three strategic dimensions: people, products, and processes. In 2024, the Group pursued its sustainability ambitions across eight action fields, focusing on employee wellbeing, a sustainable product range, and efficient processes. The Executive Board remuneration system incorporates verifiable environmental, social, and corporate governance (ESG) targets covering occupational health and safety, environmental management systems, the reduction of greenhouse gas emissions, and the KION Group's appeal as an employer.

The KION Group aims to achieve net zero greenhouse gas emissions across its value chain (Scopes 1, 2, and 3) by 2050, based on the Science Based Targets initiative (SBTi) framework. The SBTi used science-based methods to grant final validation of the KION Group's climate targets in December 2024. The KION Group's progress in the sustainability sphere was further underlined in

* The content of this chapter/section is disclosed voluntarily and is therefore unaudited

2024 by its inclusion in the Dow Jones Best-in-Class Europe index (formerly the Dow Jones Sustainability Europe index) and its ESG rating in the S&P Global Corporate Sustainability Assessment (CSA).

In both operating segments, the focus remained on developing energy-efficient solutions in 2024. The KION Group is increasingly striving to reuse and recycle materials in order to support a circular economy. Other initiatives and pilot projects aim at producing lifecycle assessments and cradle-to-cradle certification for products. Amid these sustainability efforts, the KION Group always maintains a firm focus on the safety of its products.

Further information on the sustainability strategy, including policies, targets, actions, and metrics relating to material topics, can be found in the Group sustainability report in this annual report, which describes the KION Group's progress regarding sustainability.

Automation and software

The KION Group adopts a cross-segment approach to automation, delivering customer-specific and scalable solutions to meet diverse requirements. In 2024, the focus was on developing AGVs and AMRs that seamlessly integrate into production and warehouse environments where manual and automated trucks operate together. These advancements were showcased at LogiMAT 2024 and other trade fairs.

The KION Group is engaged in significant research and development partnerships, including a strategic alliance with NVIDIA to integrate AI solutions into its products. In September 2024, the Group established a research hub for AI-supported intralogistics solutions at TU Dortmund University, featuring an endowed professorship for safe autonomous systems.

During the reporting period, the KION Group further developed the first module of its next-generation software suite. The Control Tower software, which integrates advanced AI-supported forecasting models, is already being deployed by the first customers to improve inventory planning and operational efficiency and to gain real-time transparency across all inventory and fulfillment processes.

KION Group is also leveraging generative AI to provide dynamic, data-driven intelligence for informed decision-making and process optimization. The next-generation warehouse management software, utilizing cloud-native technology and developed in partnership with Google Cloud, is set for implementation in 2025, ensuring high reliability and dynamic scaling.

Performance and agility

The KION Group is enhancing its business model's resilience by continuously improving efficiency and agility. A comprehensive performance program launched in early 2024 aims to reduce product costs, optimize internal processes, and unlock greater efficiency in the two operating segments. This initiative will enhance profitability and provide financial flexibility to focus on strategic priorities.

In 2024, the primary focus of research and development was on advancing energy-efficient solutions. The KION Group is progressing with the development of various electric drive systems and fuel cells, including solutions for the entire lithium-ion battery lifecycle, such as charging management, reconditioning, and recycling.

Through the Business Transformation initiative, the KION Group worked on harmonizing processes, data, and systems across the organization in 2024. This effort aims to achieve economies of scale and establish new groupwide solutions. A significant milestone was reached in the second quarter of 2024 with the successful implementation of the Business Transformation initiative in Italy.

Values, people, and leadership

The KION Group's corporate values guide both individual and collective actions. In 2024, the HR strategy focused on recruiting and developing global talent, equipping internal teams with essential skills, and fostering a diverse, equitable, and inclusive culture. These efforts aimed to secure employee commitment and unlock their long-term potential. The positive trend in the annual employee survey results highlighted the success of these initiatives.

Playing to Win strategy

Objectives of the new strategy

The KION Group's new 'Playing to Win' strategy aims to address a broader market and pursue a new vision: "KION Group is 'The Supply Chain Solutions Company'. Our people's passion is innovating, automating, and orchestrating solutions for our customers' supply chains. KION brands keep the world moving."

The strategy focuses on driving profitable growth for all stakeholders by concentrating on respective markets and expanding the portfolio with additional solutions, technologies, and services. The goals include achieving a double-digit profitability margin, significant revenue growth, increased customer and employee satisfaction, and improved occupational health and safety.

The KION Group is dedicated to helping customers implement automation solutions customized to their technological environments and specific requirements. This strategy meets the increasing need for sophisticated, cost-effective, and adaptable solutions to address global market challenges.

The strategy intends for the Industrial Trucks & Services and Supply Chain Solutions segments to complement each other more effectively, unlocking market potential based on the degree of automation and customer requirements. The KION Group differentiates between manual applications, start-up automation of individual processes, advanced automation of related processes, and integrated system solutions for full process automation.

Implementation of the new strategy

The KION Group has defined three core focus themes to implement its strategy with clarity of purpose.

Innovation and Growth

The 'Innovation and Growth' theme focuses on strengthening the KION Group's existing business in its two operating segments by targeting specific products and customer segments. This includes positioning the Group in the growing market for automation solutions, supporting sustainability strategies with targeted products and solutions, and expanding the portfolio. A key priority is the implementation and deployment of innovative technologies and solutions.

The Industrial Trucks & Services segment aims to achieve organic growth across all regions by further differentiating KION brands within various customer segments and enhancing the regional production and sales network. In the service business, the focus will be on systematic lifecycle management and expanding service coverage. For the Supply Chain Solutions segment, efforts will concentrate on improving project execution and expanding customer service in key sectors. Additionally, growth potential in stand-alone automation solutions will be unlocked through a targeted cross-segment sales approach.

Sustainable Performance

The ‘Sustainable Performance’ theme focuses on improving the KION Group’s profitability. The KION Group aims to increase the efficiency of its production network through a holistic risk and capacity management. In addition, cost reductions are to be realised in direct and indirect purchasing. Consistent product cost optimisation is intended to strengthen competitiveness in the various customer segments.

Key contributions will come from the KION Group’s CTO organization, which aims to shorten new innovation time-to-market periods and reduce product costs through improved development processes, increased internal synergies, and a comprehensive ecosystem of suppliers and partners. Cross-brand collaboration in product development, such as connected trucks and AMRs, will be intensified.

The ongoing Business Transformation project, which harmonizes processes, data, and systems across the Group, will further enhance cross-segment cooperation, achieve efficiency gains, and create economies of scale.

Organizational Development

The ‘Organizational Development’ theme focuses on refining and applying groupwide leadership principles and behaviors embedded in business and HR processes to support the ‘Playing to Win’ strategy. The HR strategy will continuously expand training and continuing professional development opportunities, enabling employees to enhance their skills, knowledge, and expertise. This will be complemented by talent development programs, such as the KION Management Trainee Program, helping the Company position itself as an employer of choice and attract top talent.

The KION Group is also introducing ‘winning behaviors’ to strengthen collaboration across the Group and segments. These behaviors will complement the existing KION values of integrity, collaboration, courage, and excellence. ‘Winning behaviors’ will establish exemplary behavior and methods to be implemented across the Group, creating significant added value. These initiatives are designed to keep the KION Group’s workforce at the forefront of industry knowledge and expertise, enabling dynamic operation at all levels and ensuring success in a rapidly changing environment.

Management system

Core key performance indicators

The KION Group's strategy, which centers on value and growth, is reflected in how the Company is managed. The performance targets of the Group and the segments are based on selected financial indicators, as is the performance-related remuneration paid to managers. The KION Group uses four core key performance indicators (KPIs) to continuously monitor growth, earnings power, profitability, financial strength, and liquidity. The KPIs used to manage the segments are revenue and adjusted EBIT. Free cash flow and ROCE are only used as KPIs for the Group as a whole. The KPIs are mainly measured and made available to the Executive Board on a monthly basis as part of the internal reporting process.

Core key performance indicators

in € million	2024	2023
Revenue	11,503.2	11,433.7
Adjusted EBIT[1]	917.2	790.5
Free cash flow	702.0	715.2
ROCE	8.7%	7.7%

1 Adjusted for PPA items and non-recurring items

To increase transparency, the definition of the ROCE KPI will be adjusted with effect from the 2025 financial year (see the information under 'Capital employed' and 'ROCE (return on capital employed)' in this section). This adjustment would not have had a material impact on the ROCE KPI as at December 31, 2024. Starting in 2025, the ROCE KPI will be measured at the end of each quarter and made available to the Executive Board as part of the internal reporting process.

Alternative performance measures

The KION Group's financial reports are prepared in line with International Financial Reporting Standards (IFRS). As well as reporting on the financial key performance indicators defined under IFRS, the KION Group also uses alternative performance measures (APMs). APMs are Company-specific indicators that are not directly based on any laws or accounting standards. Some are Company-specific adjustments of certain financial KPIs, for example the adjustment of financial KPIs for non-recurring items. APMs are used both internally for management purposes and externally for communicating and reporting to a range of stakeholders.

Order book

The order book provides a record of all legally binding customer orders as at the reporting date for which the revenue has not yet been recognized. In the Industrial Trucks & Services segment, this only includes orders for new trucks. For long-term construction contracts in the Supply Chain Solutions segment, services that have already been rendered are deducted from the total value of the contract with the customer.

Order intake

Order intake comprises all legally binding customer orders less any subsequent cancellations for the reporting period. Order intake is a leading indicator for future revenue. The length of time between receipt and invoicing of an order varies depending on the segment, region, and product category.

EBIT (earnings before interest and tax)

EBIT is earnings before net financial income/expenses and tax for the reporting period.

Adjusted EBIT

Adjusted EBIT for the reporting period is EBIT adjusted for Company-specific purchase price allocation effects and non-recurring items. Purchase price allocation effects result from the updating of the adjustments made to the fair value of the assets acquired and liabilities assumed as part of business acquisitions. Other non-recurring items in the adjustment of EBIT relate to one-off events in connection with restructuring and reorganization, M&A transactions, and other exceptional transactions. Adjusted EBIT is the key figure used for operational management and analysis of financial performance. A reconciliation of EBIT to adjusted EBIT is presented in the > table 'EBIT' (in the section 'Financial position and financial performance of the KION Group').

Adjusted EBIT margin

The adjusted EBIT margin is the ratio of adjusted EBIT to revenue for the reporting period.

EBITDA (earnings before interest, tax, depreciation, and amortization)

EBITDA is earnings before net financial income/expenses and tax plus amortization, depreciation, and impairment less reversals of impairment on leased and rental assets, other property, plant and equipment, and intangible assets for the reporting period.

Adjusted EBITDA

Adjusted EBITDA for the reporting period is EBITDA adjusted for Company-specific purchase price allocation effects and non-recurring items. Purchase price allocation effects mainly result from the disposal of assets acquired and liabilities assumed as part of business acquisitions. Other non-recurring items in the adjustment of EBITDA relate to one-off events in connection with restructuring and reorganization, M&A transactions, and other exceptional transactions. A reconciliation of EBITDA to adjusted EBITDA is presented in the > table 'EBITDA' (in the section 'Financial position and financial performance of the KION Group').

Adjusted EBITDA margin

The adjusted EBITDA margin for the reporting period is the ratio of adjusted EBITDA to revenue.

Earnings before tax

Earnings before tax for the reporting period is EBIT plus net financial income/expenses.

Net financial debt

Net financial debt as at the reporting date is the sum of non-current and current financial liabilities less cash and cash equivalents. It is an indicator of the Company’s liquidity situation and capital structure. Net financial debt is presented in the > table ‘Industrial net debt’ (in the section ‘Financial position and financial performance of the KION Group’).

Leverage on net financial debt

Leverage on net financial debt is the ratio of net financial debt to adjusted EBITDA on an annualized basis.

Industrial net operating debt (INOD)

Industrial net operating debt as at the reporting date is defined as net financial debt plus liabilities from the short-term rental business and liabilities from procurement leases. It is an indicator of the liquidity situation and capital structure for the operating business excluding the liabilities from the lease business and the net obligation under defined benefit pension plans. A reconciliation of net financial debt to industrial net operating debt is presented in the > table ‘Industrial net debt’ (in the section ‘Financial position and financial performance of the KION Group’).

Leverage on industrial net operating debt

Leverage on industrial net operating debt is the ratio of industrial net operating debt to adjusted EBITDA on an annualized basis.

Industrial net debt (IND)

Industrial net debt as at the reporting date is defined as industrial net operating debt plus the net obligation under defined benefit pension plans. It is an indicator of the liquidity situation and capital structure for the operating business excluding the liabilities from the lease business. A reconciliation of industrial net operating debt to industrial net debt is presented in the > table ‘Industrial net debt’ (in the section ‘Financial position and financial performance of the KION Group’).

Leverage on industrial net debt

Leverage on industrial net debt is the ratio of industrial net debt to adjusted EBITDA on an annualized basis.

Capital employed

Capital employed as at the reporting date is defined as total assets less (i) lease receivables, income tax assets, deferred tax assets, cash and cash equivalents, certain other financial assets and other assets, and fair value adjustments due to purchase price allocations and (ii) other provisions, trade payables, contract liabilities, and certain other financial liabilities and other liabilities. Capital employed is the capital that is required for operations.

From the 2025 financial year onward, capital employed comprises net working capital and the following line items on the statement of financial position: goodwill, other intangible assets, leased assets, rental assets, other property, plant and equipment, and equity-accounted investments less other provisions and other liabilities.

ROCE (return on capital employed)

Return on capital employed (ROCE) is the ratio of adjusted EBIT to capital employed as at the reporting date. ROCE is a measure of the profitability and efficiency of the capital employed. The > table 'Return on capital employed (ROCE)' (in the section 'Financial position and financial performance of the KION Group') shows how the figure for ROCE is calculated.

From the 2025 financial year onward, ROCE is calculated as the ratio of adjusted EBIT on an annualized basis to the average capital employed for the past five quarters.

Free cash flow

Free cash flow for the reporting period is the sum of cash flow from operating activities and cash flow from investing activities. It indicates financial strength and is the main KPI for managing the KION Group's liquidity and financing. Free cash flow describes the cash flow that is available to pay dividends and interest and to repay liabilities. Free cash flow is shown in the > table 'Core key performance indicators' in this section.

Capital expenditure

For the KION Group, this item covers spending on property, plant and equipment and spending on intangible assets, including capitalized development costs, during the reporting period (excluding right-of-use assets in each case).

Net working capital

Net working capital as at the reporting date is defined as the sum of inventories, trade receivables, and contract assets less trade payables and contract liabilities.

R&D spending

Spending on research and development (R&D) is the sum of the research and development expenditure recognized in the consolidated income statement and the capitalized development costs for the reporting period. It is presented in the > table 'Research and development (R&D)' (in the section 'Business situation and financial performance of the KION Group').

R&D spending as a percentage of revenue

The item R&D spending as a percentage of revenue is the ratio of expenditure on R&D to revenue for the reporting period and is shown in the > table 'Research and development (R&D)' (in the section 'Business situation and financial performance of the KION Group').

Currency-adjusted changes

Currency-adjusted changes shows the percentage change in a KPI (e.g. order intake, revenue) for the reporting period excluding the effects of changes in exchange rates.

Projected KPIs

The projected KPIs reflect the Company's expectations regarding future developments and are therefore forward-looking. They are calculated in the same way as the APMs that are described in this section.

Corporate governance statement

Corporate governance

Good corporate governance in the sense of responsible, values-based, and transparent corporate management and control aimed at long-term value creation covers the whole system of managing and monitoring an enterprise, the business principles, processes, and guidelines, and the system of internal and external control and monitoring mechanisms. The Executive Board and Supervisory Board of KION GROUP AG believe that corporate governance in accordance with the accepted standards is essential to the long-term success of the entire KION Group and therefore expressly support the aims and objectives pursued in the version of the German Corporate Governance Code (GCGC) dated April 28, 2022. Compliance with these standards also promotes the trust that investors, employees, business partners, and the public have in the management and supervision of the Company.

In accordance with principle 23 of the GCGC, the Supervisory Board and Executive Board jointly report on the Company's corporate governance in this corporate governance statement as required by sections 289f and 315d of the German Commercial Code (HGB). The Supervisory Board and Executive Board are each responsible for the parts of the report that relate to them. As a key tool for reporting on corporate governance, the corporate governance statement pursuant to sections 289f and 315d HGB is included in the combined (group) management report. According to section 317 (2) sentence 6 HGB, however, the information provided pursuant to sections 289f and 315d HGB does not have to be reviewed by the auditor. Instead, the auditor merely checks whether all of the required disclosures have been included in the corporate governance statement.

1. Declaration of conformity pursuant to section 161 (1) AktG

Section 161 (1) of the German Stock Corporation Act (AktG) requires the executive board and supervisory board of a publicly listed company to issue an annual declaration stating that the company has complied with, and intends to comply with, the recommendations in the prevailing version of the GCGC or – if necessary – stating the recommendations with which it has not complied or does not intend to comply, and the reasons why.

The Executive Board and Supervisory Board of KION GROUP AG submitted the Company's previous declaration of conformity on November 27 / December 12, 2023.

Both decision-making bodies again considered the recommendations and suggestions of the GCGC in detail and, on December 16/18, 2024, issued the following declaration of conformity for KION GROUP AG as required by section 161 (1) AktG:

> Since issuing the last declaration of conformity on December 12, 2023 until December 31, 2023, KION GROUP AG has complied with all the recommendations of the German Corporate Governance Code as amended on April 28, 2022 (GCGC), with the exception of recommendation G.10 sentence 2. From January 1, 2024, when the new Executive Board remuneration system became effective, KION GROUP AG has complied with all the recommendations of the GCGC, and intends to continue to comply with them in the future.
>
> The short-term deviation from recommendation G.10 sentence 2 of the GCGC results from the former Executive Board remuneration system, which was formally valid until December 31, 2023 and which the company has adjusted with effect from January 1, 2024.
>
> KION GROUP AG also complies with the non-mandatory suggestions of the German Corporate Governance Code.
>
> Frankfurt am Main, December 16/18, 2024
>
> For the Executive Board:
>
> Dr. Rob Smith Christian Harm
>
> For the Supervisory Board:
>
> Hans Peter Ring

The declaration of conformity is permanently available to the public on the KION GROUP AG website at www.kiongroup.com/conformity. KION GROUP AG's declarations of conformity for the previous ten years are also permanently available to the public via this link on the KION GROUP AG website.

2. Corporate governance practices

The corporate governance of KION GROUP AG is essentially determined by the provisions of the German Stock Corporation Act and the German Codetermination Act. It also follows the recommendations and suggestions of the GCGC. KION GROUP AG complied with all of the GCGC's recommendations and suggestions in the reporting period as a result of the new remuneration system for the Executive Board coming into effect on January 1, 2024.

Another aspect of key importance besides these fundamental principles is the KION Group's own understanding of responsible, value-oriented, and transparent corporate governance, taking account of the societal expectations of all stakeholders in each of the markets in which the Company operates. The KION Group's actions are therefore guided by environmental, social, and economic considerations. Details of the KION Group's sustainability strategy as required by law can be found in the 2024 Group sustainability report, which is published in the combined management report.

2.1 Human rights

The KION Group is committed to respecting human rights worldwide. Within the scope of its corporate responsibility and sphere of influence, the KION Group wants to play its part in promoting and protecting such rights, primarily in the way that it treats its employees, suppliers, and customers. The KION Group adheres to external standards and adopts its own policies and guidelines in order to prevent violations of human rights. In its employment and commercial relationships – and therefore both internally and in the supply chain – the KION Group views human rights as the minimum standard to be upheld as a matter of course. It follows the definition set out in the United Nations' Guiding Principles on Business and Human Rights, i.e. in the Universal Declaration of Human Rights (available on the UN website at www.un.org/en/our-work/protect-human-rights), as codified by the signatory states in the International Covenant on Civil and Political Rights (ICCPR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), and the principles and rights at work prescribed in the eight fundamental conventions of the International Labour Organization (ILO) (available from the ILO website: conventions and protocols [ilo.org]).

Details of the processes used by the KION Group to protect human rights can be found in the 2024 Group sustainability report, which is published in the combined management report, and on the KION Group website at www.kiongroup.com/responsibility/.

2.2 Compliance, risk management, and internal control system

The KION Group builds its long-term success on the application of a set of practices and processes that are standardized across the Group and are based on the compliance management system (CMS), a risk-oriented internal control system, and proactive risk management.

Compliance management system

As a company with operations around the world, the KION Group has corporate social responsibility toward its customers, suppliers, employees, financial backers, other business partners, and the general public. This corporate social responsibility requires the KION Group, everywhere and at all times, to comply with all applicable laws and internal policies – some of which go further than the law – and to respect ethical values and act as sustainably as possible. To help it to do this, the KION Group has put in place a comprehensive CMS, centering around the KION Group Code of Compliance. The CMS provides a methodological, structured framework for the performance of early-warning, risk control, advisory, and monitoring tasks.

Details of the CMS can be found on the KION Group website at www.kiongroup.com/en/About-us/Compliance/.

Internal control system

The KION Group has an internal control system designed to meet the specific needs of the Company. Its processes are intended to ensure the correctness of the internal and external financial reporting, the efficiency of the Company's business operations, and compliance with key legal provisions and internal policies.

For its accounting process, the KION Group has defined appropriate structures and processes as part of its internal control and risk management system that are required to be implemented throughout the Group. The accounting-based internal control and risk management system includes written policies and procedures, compliance with the double-checking principle, and approval procedures. Another particularly important aspect, the separation of functions, has been integrated into processes and systems. The overarching aim is for the separate financial statements, consolidated financial statements, and combined management report to be fully compliant with the relevant statutory and regulatory requirements and, in particular, the applicable financial reporting standards. Changes to these requirements and standards are analyzed on an ongoing basis and taken into account as appropriate.

Details of the key features of the internal control system can be found in the 'Risk report', which is part of the combined management report.

Risk management system

For the Company to be managed professionally and responsibly, the Executive Board must use the risk management system established in the Company to regularly gather information about current risks and how they are evolving, and then report on this to the Supervisory Board's Audit Committee. The risks that have been recorded are managed on an ongoing basis, reviewed quarterly, and reassessed after action to mitigate them has been taken.

The procedures governing the KION Group's risk management system are laid down in a groupwide risk management policy. This policy defines the tasks, processes, and responsibilities and sets out the rules for identifying, assessing, reporting, and managing risk. The risk management policy features a comprehensive risk catalog, which also covers environmental, social, and corporate governance (ESG) risks. Specific individual risks are then reported by each Group entity. Reporting on cross-segment risks and groupwide risks is carried out at Group level by the central Risk Management function and the relevant Group functions.

Further details on the risk management system can be found in the 'Risk report', which is part of the combined management report.

Appropriateness and effectiveness

The Executive Board of KION GROUP AG has created a framework based on three systems – the internal control system, the risk management system, and the compliance management system – that is designed to make internal control and risk management and the measures implemented under the systems both appropriate and effective. In addition, the systems are subject to regular monitoring and reviews by third parties. External audits are carried out, as are reviews by the Internal Audit function, which reports on its findings to the Executive Board and the Supervisory Board's Audit Committee.

The internal control system and the risk management system are dynamic systems that are adapted on an ongoing basis, for example to reflect changes to the business model, the nature and scope of business transactions, and the allocation of responsibilities. Furthermore, a need to improve the systems in certain areas may potentially be identified during the annual assessments conducted by those in charge of the control functions, during the analyses conducted by Internal Audit, and in connection with the auditor's audit work.

The Company improved the maturity level of the internal control system with regard to non-financial aspects during the reporting period. As part of its work on fulfilling the reporting requirements in the Corporate Sustainability Reporting Directive (CSRD) regarding sustainability management, the Company took steps to formalize the controls and steps for dealing with latent risk – plus measures to manage such risk – in the risk management system.

Based on the examination of internal control and risk management and on Internal Audit's reporting, and taking the Company's business activities and risk position into consideration, there were no indications for the Executive Board of KION GROUP AG in 2024 that the internal control system and the risk management system are, overall, not appropriate or not effective. Nonetheless, restrictions that are inherent in any control and risk management system must be taken into account. A system that is judged to be appropriate and effective, for example, does not guarantee that all risks that materialize will have been identified beforehand. Nor does it guarantee that risks that are identified beforehand will not materialize.

2.3 Financial reporting and the audit of the financial statements

Pursuant to section 315e (1) HGB, the KION Group’s financial reporting is based on International Financial Reporting Standards (IFRS) as adopted by the European Union. KION GROUP AG’s separate financial statements are prepared in accordance with the requirements of German law, taking German accounting standards into consideration.

The Company’s independent auditor, which is appointed by means of a resolution of the Annual General Meeting, audits the separate financial statements prepared by the Executive Board of KION GROUP AG, the consolidated financial statements, and the combined management report.

As required by law, the auditor is appointed by the Annual General Meeting. At the Annual General Meeting on May 29, 2024, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Berlin, was appointed to audit the separate and consolidated financial statements for 2024 and to review the condensed consolidated financial statements and interim group management report for the first half of 2024 (initial appointment in 2023). Kathrin Rienecker has been the KPMG lead auditor since 2024. The Supervisory Board also engaged KPMG to perform a voluntary limited assurance engagement in respect of the 2024 Group sustainability report.

The separate financial statements, consolidated financial statements, and combined management report (including the Group sustainability report) are discussed by the Audit Committee and then reviewed and approved by the Supervisory Board.

The independent auditor reviews the condensed consolidated interim financial statements and condensed interim group management report in the half-year financial report. The Executive Board discusses the two quarterly statements and the half-year financial report with the Audit Committee before they are published.

2.4 Avoiding conflicts of interest

Conflicts of interest between the governing bodies and other decision-makers in the Company or significant shareholders go against the principles of good corporate governance and may be harmful to the Company. Even the mere appearance of such a conflict of interest must be avoided. KION GROUP AG and its governing bodies therefore adhere strictly to the GCGC’s recommendations on this subject. The employees of KION GROUP AG and its subsidiaries are made aware of the problem of possible conflicts of interest as part of compliance training and are bound by rules on how to behave in the event of actual or potential conflicts of interest.

Every Executive Board member must disclose potential conflicts of interest to the chairman of the Supervisory Board and the Chief Executive Officer without undue delay and must also inform the other Executive Board members. Members of the Executive Board may only take on other posts, especially on supervisory boards at companies outside the KION Group, with the approval of the Supervisory Board. All transactions between KION GROUP AG and Executive Board members or related parties must be disclosed and concluded on an arm’s-length basis.

Every Supervisory Board member must disclose potential conflicts of interest to the chairman of the Supervisory Board without undue delay; the chairman of the Supervisory Board must disclose such conflicts of interest to the chairman of the Audit Committee without undue delay. Where a conflict of interest is material and not merely temporary, the Supervisory Board member in question must resign.

The Company attaches high priority to preventing the risk of possible conflicts of interest from occurring in the first place. This is especially important given that Weichai Power Co., Ltd., Weifang, People’s Republic of China, indirectly holds a stake of 46.5 percent (as at December 31, 2024) in

KION GROUP AG. The Company achieves these aims by avoiding business scenarios or personnel structures that could give the impression of a possible conflict of interest and by setting internal rules for communications. All business partnerships, for example for procurement purposes, are formed solely on arm's-length terms. Every year, the Executive Board also publishes a dependency report in line with the relevant requirements that is reviewed by the Supervisory Board and the statutory auditor. The report contains information on all legal transactions and activities conducted in the reporting year between KION GROUP AG and Weichai Power Co., Ltd., as well as their subsidiaries, and on any requirement to compensate for disadvantages that have arisen.

In the reporting year, the members of the Executive Board and Supervisory Board did not have any conflicts of interest that they would have needed to disclose to the Supervisory Board without undue delay. There were also no consultancy contracts or other service contracts or contracts for work that had been entered into between the members of the Supervisory Board and the Company. The posts that the members of the Executive Board and Supervisory Board hold on supervisory boards that are required to be formed by law and on comparable supervisory bodies of commercial enterprises in Germany and abroad are listed in the notes to the published separate financial statements of KION GROUP AG. Related party disclosures are made in the notes to the KION Group's consolidated financial statements under 'Related party disclosures'.

2.5 Managers' transactions

Under the EU Market Abuse Regulation, the members of the Executive Board and Supervisory Board, and persons closely associated with them, are obliged to notify both KION GROUP AG and the German Federal Financial Supervisory Authority (BaFin) without delay of the transactions that they carry out involving shares or debt instruments of KION GROUP AG or related derivatives or other related financial instruments. Such a notification is always required as soon as the value of the purchase and/or sale transactions of the individual member exceeds the sum of €20 thousand within a calendar year. These notifications are published on the KION Group website at www.kiongroup.com/en/Investor-Relations/Financial-News/.

KION GROUP AG was notified of the following transactions in 2024:

Directors' dealings in 2024

Transaction date	Name of person required to disclose transaction	Governing body	Financial instrument	Purchase / sale	Quantity	Price (€)[1]	Transaction volume (€)[1]
Jun. 17, 2024	Andreas Krinninger	Executive Board	Share	Purchase	800	€40.75	€32,600.00
Jun. 21, 2024	Andreas Krinninger	Executive Board	Share	Purchase	1,200	€39.57	€47,485.00

1 Aggregate information

As far as KION GROUP AG is aware, the only members of the Supervisory Board with shares in KION GROUP AG as at December 31, 2024 were Martin Fahrendorf and Jan Bergemann. Members of the Supervisory Board have not entered into any commitment to purchase shares in KION GROUP AG.

2.6 Corporate communications and transparency

Transparent corporate governance has a high priority for the Executive Board and Supervisory Board. Regular and timely information about the KION Group's situation and results, as well material changes to its business, is provided to shareholders, shareholders' groups, all capital market participants, financial analysts, relevant media, members of the public with an interest in the Company, and employees. The separate financial statements of KION GROUP AG, the consolidated financial statements of the KION Group, and the combined management report are published within 90 days of the end of the financial year to which they relate. The half-year financial report and the quarterly statements of the KION Group are published within 30 days of the end of the quarter to which they relate. KION GROUP AG makes further information available at the financial statements press conference and Annual General Meeting, during regular conference calls for analysts and investors, in press releases, on the Company's website, and on social media. Company news with potential relevance for the share price is published as an ad hoc disclosure to ensure that all capital market participants are treated equally.

The KION Group also uses the internet for reporting purposes. It publishes extensive information on the Group at www.kiongroup.com/en/, including the rules of procedure for the Supervisory Board, KION GROUP AG's articles of association, and all press releases. The KION Group's website also includes a financial calendar, which is kept updated with the dates of significant publications and events, such as annual reports, half-year financial reports, and quarterly statements, Annual General Meetings, financial statements press conferences, and analysts' meetings. The updated financial calendar is available on the KION Group website at www.kiongroup.com/en/Investor-Relations/Financial-Calendar.

2.7 Shareholders and Annual General Meeting

The shareholders of KION GROUP AG exercise their rights during the Annual General Meeting, i.e. their right to speak and their right to vote. Every shareholder is entitled to participate in the Annual General Meeting.

Each share confers one vote in the voting at the Annual General Meeting. Shareholders can either exercise their voting rights themselves or appoint a third party to exercise their voting rights for them. The Executive Board is authorized to determine that shareholders can cast their votes in writing or by means of electronic communication (absentee voting). Resolutions of the Annual General Meeting require a simple majority of the votes cast, unless stipulated otherwise by mandatory provisions of law.

The Annual General Meeting, at which the Executive Board and Supervisory Board give an account of the previous year, is held in the first eight months of each financial year. The German Stock Corporation Act also states that an Extraordinary General Meeting can be held in special cases. The chairman of the Supervisory Board chairs the Annual General Meeting. The notice and agenda for the Annual General Meeting, including the reports and documents required for the Annual General Meeting by law, are published on the Company's website from the day on which notice is given.

The Annual General Meeting votes on all matters set out in the agenda on which it is required by law to vote, primarily the appropriation of profit, the election of Supervisory Board members, formal approval of the acts of the Supervisory Board and Executive Board members, the appointment of the independent auditor, changes to the Company's articles of association, and corporate actions. It also decides on whether to approve the Executive Board remuneration system presented by the Supervisory Board, on the remuneration of the Supervisory Board, and on whether to approve the remuneration report prepared by the Executive Board and Supervisory Board.

The Annual General Meeting was held as an in-person event in accordance with statutory requirements in 2024. KION GROUP AG's shareholders were able to submit recommendations or other opinions by letter or email or by presenting them in person. The Executive Board and/or Supervisory Board responded directly during the Annual General Meeting. Shareholders were also able to shape proceedings at the Annual General Meeting by submitting countermotions or requests for additions to the agenda.

3. Working methods of the Executive Board and Supervisory Board

3.1 Working methods of the Executive Board

The Executive Board is responsible for managing the Company in accordance with the law, the Company's articles of association, and the rules of procedure for the Executive Board in the Company's interest and taking account of shareholders, customers, employees, and other stakeholders with the aim of creating sustainable added value. The Executive Board as a whole is collectively responsible for the KION Group's business, which it manages in accordance with uniform policies. It also has general control over all Group subsidiaries. Every Executive Board member is responsible for his or her own area of responsibility within the scope of the rules of procedure for the Executive Board and the defined thresholds for business transactions, and keeps the other Executive Board members informed of developments on an ongoing basis.

The Executive Board makes decisions in all cases stipulated by law and the articles of association. It also ensures compliance with statutory requirements and internal policies. To this end, it takes the steps that are needed to make sure that the relevant internal policies are drawn up, implemented, and applied. The remit of the Executive Board primarily involves determining the strategic direction (in consultation with the Supervisory Board) and the management of the Company, the allocation of resources, accounting and financial reporting, control and risk management (including compliance management), the orderly organization of the business, systematic identification and assessment of the environmental and social impact of the Company's activities, and control of the Group. The Executive Board decides on appointments at the management level below the Executive Board, particularly the appointment of global key post holders. It also considers diversity when appointing people to management roles in the Group, which includes striving for the appropriate representation of women (further details can be found in the section 'Appointments to management positions below the level of the Executive Board of KION GROUP AG' in this corporate governance statement).

The Executive Board maintains a relationship of trust with the Supervisory Board of KION GROUP AG, the employee representatives, and the governing bodies of the Group companies.

Changes to the Executive Board; current composition

The Executive Board of KION GROUP AG comprised six members in 2024.

The Supervisory Board reappointed Dr. Richard Robinson Smith as an Executive Board member for a further five years. He continues to be the Chief Executive Officer (CEO). His new five-year term began on January 1, 2025.

On January 1, 2024, Ching Pong Quek took on further responsibility by becoming Chief Technology Officer (CTO) in addition to his existing role as President KION ITS APAC. The Supervisory Board has reappointed him as an Executive Board member for a further five years with effect from July 1, 2025.

In addition to Ching Pong Quek taking on the CTO role, the allocation of responsibilities in the operating business changed in 2024. On January 1, 2024, Hans Michael Larsson joined the Executive Board of KION GROUP AG as President KION SCS & KION ITS Americas. He is responsible for the Supply Chain Solutions (SCS) segment and for the Americas region in the Industrial Trucks & Services (ITS) segment. Hans Michael Larsson took over the latter role from the Executive Board member who had previously held this responsibility, Ching Pong Quek.

The table below contains detailed information about the six current members of the Executive Board of KION GROUP AG, including their year of birth, nationality, year in which they were first appointed, the year in which their term of office ends, their current role, and their responsibilities according to the current schedule of responsibilities.

Current Responsibilities within the KION Executive Board

Executive Board member	Areas of responsibility
Dr. Richard Robinson Smith Year of birth: 1965 Nationality: German/US-American Initial appointment: January 1, 2022 Appointed until: December 31, 2029	**CEO KION GROUP AG** Corporate Office Corporate Strategy Corporate Communications Legal Corporate Compliance Business Transformation Internal Audit
Christian Harm Year of birth: 1968 Nationality: Austrian Initial appointment: July 6, 2023 Appointed until: July 5, 2026	**CFO KION GROUP AG** Corporate Accounting & Tax Corporate Controlling Corporate Finance/M&A KION GROUP IT Investor Relations Finance KION ITS EMEA Finance KION ITS APAC Finance KION SCS
Valeria Gargiulo Year of birth: 1972 Nationality: Argentinian/Italian Initial appointment: May 1, 2023 Appointed until: April 30, 2026	**CPSO/Labor Relations Director KION GROUP AG** Corporate Human Resources Health & Safety Sustainability HR KION ITS EMEA HR KION ITS APAC HR KION SCS
Andreas Krinninger Year of birth: 1967 Nationality: Austrian Initial appointment: January 1, 2021 Appointed until: December 31, 2028	**President KION ITS EMEA** OU KION ITS EMEA Sales & Services Operations Multi Brand and Product Management Business Development

Current Responsibilities within the KION Executive Board (continued)

Executive Board member	Areas of responsibility
Ching Pong Quek Year of birth: 1967 Nationality: Malaysian Initial appointment: January 11, 2013 Appointed until: June 30, 2030	**President KION ITS APAC** OU KION ITS APAC KION ITS China KION ITS Rest of APAC Operations Strategy, M&A **CTO KION GROUP AG** Product Strategy & New Technologies Product Creation Processes, Tools & Data Module & Component Development Product Development Procurement Quality New Energy Mobile Automation
Hans Michael Larsson Year of birth: 1965 Nationality: Swedish/US-American Initial appointment: January 1, 2024 Appointed until: December 31, 2026	**President KION SCS & KION ITS Americas** OU KION SCS (Americas, EMEA & APAC) Global SCS Supply Chain KION SCS Global Execution & Sustainability KION SCS Global Commercial & Strategy KION SCS Global Products & Solutions KION SCS Marketing & Communication KION Digital Solutions OU KION ITS Americas KION ITS North America KION ITS South America

Further information on the members of the Executive Board and their résumés, which are updated annually or more frequently if required, can be found at www.kiongroup.com/en/About-us/Management/. The résumés also provide details of any additional posts held by the Executive Board members.

Working methods of the Executive Board; cooperation with the Supervisory Board

The rules of procedure laid down by the Supervisory Board define the areas of responsibility of the Executive Board members and the way in which they work together. The full Executive Board normally meets every 14 days and meetings are chaired by the Chief Executive Officer. Due to the international composition of the Executive Board, the meetings of the Executive Board in 2024 were mainly held in a hybrid format (i.e. with a combination of attendance in person and telephone/video conferencing). At the meetings, the board members discuss measures and business that, under the Executive Board's rules of procedure, must be approved by the full Executive Board. Resolutions of the full Executive Board are passed by simple majority unless a greater majority is required by law. The Chief Executive Officer has a casting vote in the event of a tied vote. Resolutions of the Executive Board may also be adopted between meetings. All resolutions are documented. The Corporate Office carries out the preparations and follow-up work for all Executive Board meetings. Company employees regularly participate in the meetings as guests.

In accordance with its articles of association, the Company is represented by two members of the Executive Board or by one member of the Executive Board acting conjointly with a Prokurist (person with full commercial power of representation).

Taking account of the requirements of section 90 AktG, the Executive Board provides the Supervisory Board with regular, timely, and comprehensive information on all matters of relevance to the business as a whole relating to the intended operating policy, strategic planning, business performance, financial position, financial performance, and business risks. The Chief Executive Officer also discusses matters regularly with the chairman of the Supervisory Board, just as the CFO keeps in contact with the chairman of the Audit Committee. The Executive Board's rules of procedure specify that important transactions are subject to approval by the Supervisory Board. Budget planning, major acquisitions, or capital expenditure, for example, require the consent of the Supervisory Board.

Executive Board committees

The Executive Board has established various committees to provide support and advice in the context of its work. These committees are made up of senior representatives from various departments, chosen because of their experience, remit, and expertise in relation to aspects of the Executive Board's work. Details of some of these committees are provided below.

The Executive Board has set up the KION capital markets committee for matters relating to the publication of information relevant to the financial markets. Its duties include ensuring accurate and timely publication of all inside information in this area.

The Executive Board has also set up a compliance committee, which is staffed by the heads of the Legal and Internal Audit departments and chaired by the Chief Compliance Officer. It operates as a cross-functional committee that primarily advises on and examines reported incidents of non-compliance and, if appropriate, imposes sanctions in the event of misconduct.

In addition, a risk committee ensures that the statutory requirements pursuant to section 91 AktG are applied and implemented correctly. The risk committee's remit includes monitoring the risk strategies and analyzing risks in terms of their impact on the Company's business objectives. The committee also monitors the KION Group's risk situation, focusing on early detection of developments that might jeopardize the Company's ability to continue as a going concern. Risk minimization strategies are another area of responsibility. An effectively functioning risk committee is thus a key element of successful corporate governance and helps to maintain the Company's long-term competitiveness.

The human rights committee receives and processes notifications and complaints about violations of human rights and environmental regulations. It also monitors the processes set up to identify, prevent, and mitigate the risk of violations of human rights and environmental regulations and monitors the implementation of any mitigation measures initiated. The human rights committee reports to the Executive Board of KION GROUP AG on its work at least once a year.

3.2 Working methods and composition of the Supervisory Board

The Supervisory Board of KION GROUP AG appoints the members of the Executive Board and advises and monitors the Executive Board in its management of the Company. The Supervisory Board is fully involved from an early stage in all decisions that are fundamental to KION GROUP AG. There is also a list of transactions for which the Executive Board requires approval. The Executive Board and Supervisory Board of KION GROUP AG have a close and trusting working relationship focused on ensuring the sustained success of the Company. The Supervisory Board also met regularly without the Executive Board during the reporting period.

The Supervisory Board has drawn up rules of procedure for its work that apply in addition to the requirements of the articles of association of KION GROUP AG. They were last amended on December 14, 2022. These rules of procedure are published on the KION GROUP AG website at www.kiongroup.com/Rules-of-Procedure. According to these rules, the chairman of the Supervisory Board coordinates its work and the cooperation with the Executive Board, chairs the meetings of the Supervisory Board, and represents it externally. The Supervisory Board generally meets in person at least twice in each half of a calendar year, and adopts its resolutions at these meetings. In 2024, there were seven Supervisory Board meetings in total. The focus of the Supervisory Board's advisory activities in 2024 is set out in detail in the Supervisory Board's report to the Annual General Meeting along with information about meeting attendance at individual level. Between these meetings, resolutions may also be adopted in writing, by telephone, or by other similar forms of voting, provided that the chairman of the Supervisory Board or, in his absence, his deputy, decides on this procedure for the individual case concerned. The Supervisory Board adopts resolutions by a simple majority of the votes cast unless a different procedure is prescribed by law. If a vote is tied, the matter will only be renegotiated if the majority of the Supervisory Board vote in favor of this option. Otherwise the Board must vote again without delay. If this new vote on the same matter also results in an equal number of votes for and against, the chairman of the Supervisory Board has a casting vote.

Ahead of Supervisory Board meetings, the employee representatives regularly meet with the Executive Board in order to hold preliminary discussions without the presence of the shareholder representatives. The shareholder representatives hold such preliminary discussions with the Executive Board as and when required.

Changes to the Supervisory Board; current composition

Tan Xuguang stepped down as a member of the Supervisory Board on September 16, 2024. Dr. Shaojun Sun was appointed to the Supervisory Board by the courts for the period up to the end of the Annual General Meeting to be held in May 2025.

The Supervisory Board of KION GROUP AG has 16 members. In accordance with the German Codetermination Act, it comprises equal numbers of shareholder representatives and employee representatives. The shareholder representatives are elected by the Annual General Meeting by simple majority. The eight employee representatives are elected by the employees in accordance with the German Codetermination Act. In accordance with the articles of association, Supervisory Board members are elected for the period until the end of the Annual General Meeting that resolves on the formal approval of its acts for the fourth financial year after commencement of the term of office. The year in which the term of office begins is not included in this calculation.

The current members of the Supervisory Board of KION GROUP AG are listed below:

Current composition of the Supervisory Board of KION GROUP AG

Shareholder Representatives	Representatives of the employees
Hans Peter Ring (Chairman)	Özcan Pancarci (Deputy chairman)
Birgit A. Behrendt	Jan Bergemann
Dr. Alexander Dibelius	Martin Fahrendorf
Kui Jiang	Dominique Lembke
Dr. Nicolas Peter	Thomas Mainka
Dr. Christina Reuter	Jörg Milla
Dr. Shaojun Sun	Alexandra Schädler
Ping Xu	Claudia Wenzel

3.3 Corporate governance in the Executive Board and Supervisory Board

In 2024, the Executive Board and the Supervisory Board (or its committees) regularly discussed corporate governance issues in accordance with a rolling schedule of topics. This ensured that the key elements of corporate governance within the KION Group were always on the agenda at meetings of the Company's main decision-making bodies. The Supervisory Board in particular complied with the supervisory duties incumbent upon it under the German Stock Corporation Act. The Supervisory Board's Audit Committee, which was appointed to support this task in relation to finance, accounting, and auditing, received regular reports on the accounting standards and associated processes, on changes to the regulatory environment and the internal control and risk management systems, and on the audit of financial statements and the effectiveness and quality of this, and then reported back to the Supervisory Board on these matters.

3.4 Self-assessment by the Supervisory Board

The Supervisory Board regularly assesses the effectiveness of its work and that of its committees (self-assessment), with support from an external advisor if required.

Following on from the previous effectiveness reviews in 2015 and 2018 and the self-assessment in 2021, the Supervisory Board carried out another self-assessment between July 2024 and October 2024 in order to review its work and that of its committees. It was supported in this process by an external consultancy, which sent a detailed and anonymous written questionnaire to all Supervisory Board members and four senior managers (including the CEO) to ask them about the full spectrum of relevant Supervisory Board matters. The questionnaire was supplemented by virtual one-on-one meetings. The material topics included the organization and content of meetings of the Supervisory Board and its committees, meeting documents and reports, participants and the quality of the discussions during meetings, and cooperation with senior management. No fundamental areas for improvement were identified. The 2024 self-assessment confirmed that cooperation within the Supervisory Board is professional and characterized by a high degree of trust. The results of the self-assessment were reported to the Supervisory Board, and the suggested improvements have been addressed. The organizational arrangements and processes for the Supervisory Board's work are updated on an ongoing basis.

3.5 Working methods and composition of the committees of the Supervisory Board

Some of the Supervisory Board's work is carried out by committees. KION GROUP AG's Supervisory Board had five standing committees in the reporting year. Except for the Remuneration Committee and Nomination Committee, they all have an equal number of shareholder and employee representatives. The composition and tasks of the committees are specified in the rules of procedure for the Supervisory Board. The committees' tasks, responsibilities, and work processes comply with the provisions of the German Stock Corporation Act and the recommendations and suggestions of the GCGC.

The chairman of each committee reports regularly to the full Supervisory Board on the committee's work. The minutes of the committee meetings are made available to all Supervisory Board members. The standing committees have each drawn up their own rules of procedure that define their tasks and working methods. Details of the committees' activities and working methods in 2024 can be found in the Supervisory Board report.

Executive Committee

The Executive Committee consists of four shareholder representatives and four employee representatives. Its chairman is always the chairman of the Supervisory Board. The main task of the Executive Committee is to prepare the meetings of the Supervisory Board and to handle ongoing matters between Supervisory Board meetings. Specifically, it prepares the Supervisory Board's decisions relating to corporate governance, particularly amendments to the annual declaration of conformity pursuant to section 161 AktG reflecting changed circumstances and the checking of adherence to the declaration of conformity that has been issued. The Executive Committee also prepares documents for the Supervisory Board regarding personnel measures affecting Executive Board members and, if applicable, when a new Chief Executive Officer is to be appointed. In addition, it is responsible for resolutions concerning the conclusion, amendment, and termination of Executive Board employment contracts and agreements with Executive Board members governing pensions, severance packages, consultancy, and other matters and for resolutions on any matters arising as a result of such contracts and agreements, unless they relate to remuneration. In consultation with the Executive Board, the Executive Committee regularly discusses long-term succession planning for the Executive Board. The responsibilities of the Executive Committee also include resolutions about the extension of loans to Executive Board members, Supervisory Board members, and parties related to them within the meaning of sections 89 and 115 AktG, as well as resolutions to approve contracts with Supervisory Board members outside their Supervisory Board remit.

Current members of the Executive Committee:

- Hans Peter Ring (chairman)
- Özcan Pancarci (deputy chairman)
- Dr. Alexander Dibelius
- Kui Jiang
- Jörg Milla
- Dr. Nicolas Peter
- Alexandra Schädler
- Claudia Wenzel

The chairman of the Executive Committee, Hans Peter Ring, is a Supervisory Board member who is independent of the Company and Executive Board.

Mediation Committee

The Mediation Committee comprises the chairman of the Supervisory Board, his deputy, an employee representative, and a shareholder representative. It only convenes in exceptional cases if a resolution concerning the appointment or dismissal of an Executive Board member by the Supervisory Board is not approved with the majority specified by law. If the two-thirds-of-votes majority required by section 27 (3) and section 31 (3) MitbestG is not reached in a vote by the Supervisory Board on the appointment of an Executive Board member, the Mediation Committee must propose candidates for the post to the Supervisory Board within one month. The chairman of the Supervisory Board does not have a casting vote on the candidates proposed.

Current members of the Mediation Committee:

- Hans Peter Ring (chairman)
- Özcan Pancarci (deputy chairman)
- Jörg Milla
- Dr. Nicolas Peter

Audit Committee (also deals with sustainability matters)

The Audit Committee comprises four members, all of whom are elected by the Supervisory Board. Its task is to monitor financial reporting (including Group sustainability report), the accounting process, the appropriateness and effectiveness of the internal control system, the risk management system, the internal audit system, the auditing of the financial statements, and compliance, thereby supporting the Supervisory Board in its task of monitoring the Company’s management. The Audit Committee also reviews the work carried out by the independent auditor and checks that the independent auditor is qualified and independent. It is responsible for preparing the engagement of the independent auditor, determining the focus of the audit, and agreeing the fee. On a regular basis, the Audit Committee evaluates and reviews the quality of the audit and discusses with the auditor the assessment of the audit risk, the audit strategy, the audit planning, and the audit findings. It advises and monitors the Executive Board with regard to the sustainability topics of relevance to the Company in the areas environment, social, and corporate governance (ESG). These topics include the Company’s sustainability strategy, the sustainability-related opportunities, risks, and objectives of the Company’s business activities, and sustainability reporting and its auditing. The further expansion of sustainability management is a particular priority. This can be understood as the structures and processes that will help to systematically develop and anchor the social, environmental, and economic aspects of sustainability within the Company. It also prepares all Supervisory Board resolutions required in this regard. In addition, the Audit Committee exercises the rights in investee companies set forth in section 32 (1) MitbestG.

The Supervisory Board also routinely holds discussions with the auditor that do not include the Executive Board.

Outside of the Supervisory Board and Audit Committee meetings, and without the involvement of representatives from KION GROUP AG, the chairman of the Audit Committee and the independent auditor hold discussions, when required, on the latest developments in the Company and the findings from the audit.

The heads of the Internal Audit and Corporate Compliance departments regularly report to the chairman of the Audit Committee outside the Audit Committee meetings and without the participation of the Executive Board.

Current members of the Audit Committee:

- Dr. Nicolas Peter (chairman)
- Alexandra Schädler (deputy chairwoman)
- Jörg Milla
- Hans Peter Ring

The members of the Supervisory Board's Audit Committee are all familiar with the sector in which the KION Group operates. The chairman of the Audit Committee, Dr. Nicolas Peter, is a Supervisory Board member who is independent of the Company, the Executive Board, and the controlling shareholder. The many years of service he has given as CFO of a large listed company mean that he has the required expertise in accounting specified in section 100 (5) alt. 1 and section 107 (4) AktG. Another member of the Supervisory Board and Audit Committee, Ms. Alexandra Schädler, has the required expertise in auditing specified in section 100 (5) alt. 2 and section 107 (4) AktG on account of her long period of service for a major auditing firm. Finally, Hans Peter Ring, chairman of the Supervisory Board and a member of the Audit Committee, has given many years of service as a CFO for large companies – some of which are publicly listed – and he therefore also has the required expertise in accounting specified in section 100 (5) alt. 1 and section 107 (4) AktG. Their expertise also relates to sustainability reporting and its auditing.

Remuneration Committee

The Remuneration Committee comprises five members. Three of its members are shareholder representatives and two are employee representatives. It is always chaired by the chairman of the Supervisory Board. The Remuneration Committee focuses mainly on issues relating to the Executive Board's remuneration but also deals with the annual remuneration report and the preparations for the report's approval by the Annual General Meeting. It also prepares all Supervisory Board resolutions required in this regard, especially in connection with the Executive Board members' variable remuneration components (setting of targets and target achievement for the short-term and long-term bonuses).

Current members of the Remuneration Committee:

- Hans Peter Ring (chairman)
- Özcan Pancarci (deputy chairman)
- Kui Jiang
- Dr. Nicolas Peter
- Alexandra Schädler

Nomination Committee

The Nomination Committee has four members, all of whom are shareholder representatives and are elected by the shareholder representatives on the Supervisory Board. The Nomination Committee's task is to propose candidates for the election of shareholder representatives on the Supervisory Board to the Company's Annual General Meeting.

Current members of the Nomination Committee:

- Hans Peter Ring (chairman)
- Birgit A. Behrendt
- Dr. Alexander Dibelius (deputy chairman)
- Kui Jiang

4. Remuneration of the Executive Board and Supervisory Board

KION GROUP AG's remuneration report for 2024 and the related opinion of the independent auditor pursuant to section 162 AktG, a full description of the remuneration systems that are currently in place for the Executive Board and Supervisory Board, and the Annual General Meeting's voting on (a) the remuneration system of the Supervisory Board of KION GROUP AG pursuant to section 113 (3) AktG, (b) the remuneration system of the Executive Board pursuant to section 120a (1) AktG, and (c) the 2024 remuneration report pursuant to section 120a (4) AktG are published on the KION GROUP AG website at www.kiongroup.com/remuneration. The remuneration reports published since 2021, including the related opinion of the independent auditor, are also available under this link. Remuneration reports for years prior to 2021 are contained in the respective annual reports.

5. Diversity

One of the main concerns of good corporate governance is to ensure that appointments to the two governing bodies, i.e. the Supervisory Board and Executive Board, and to the two management levels below the Executive Board are appropriate to the specific needs of the business. To this end, the Executive Board and Supervisory Board of KION GROUP AG developed a joint diversity concept in 2017 that was most recently amended at the beginning of 2022.

Key criteria in this regard include, on the one hand, the professional and personal skills and qualifications of the members of the Supervisory Board, the Executive Board, and the two management levels below the Executive Board and, on the other hand, diversity in the composition of these two boards and two management levels – including an appropriate degree of female representation – and the independence of the Supervisory Board. Further details are provided below.

Composition of the Supervisory Board

The individuals who make up the current Supervisory Board, each with a different professional background, reflect the multitude of tasks assigned to the Supervisory Board and satisfy the related requirements for a supervisory board's composition (see below, for example 'Objectives for the composition of the Supervisory Board' and 'Profile of skills and expertise for the Supervisory Board').

Composition of the Supervisory Board from a diversity perspective

	Ring	Pancarci	Behrendt	Bergemann	Dr. Dibelius	Fahrendorf
Length of service						
– Member of Supervisory Board since	06/2013	06/2013	01/2015	05/2022	03/2007	05/2018
Diversity						
– Year of birth	1951	1969	1959	1966	1959	1965
– Gender[1]	m	m	f	m	m	m
– Nationality	German	German	German	German	German	German

	Jiang	Lembke	Mainka	Milla	Dr. Reuter	Dr. Peter
Length of service						
– Member of Supervisory Board since	12/2012	05/2022	05/2022	11/2015	05/2016	05/2023
Diversity						
– Year of birth	1964	1987	1982	1967	1985	1962
– Gender[1]	m	m	m	m	f	m
– Nationality	Chinese	German	German	German	German	German/ French

	Schädler	Dr. Sun	Wenzel	Xu
Length of service				
– Member of Supervisory Board since	10/2013	10/2024	11/2016	01/2015
Diversity				
– Year of birth	1971	1965	1966	1972
– Gender[1]	f	m	f	f
– Nationality	German	Chinese	German	Chinese

1 f = female / m = male / d = diverse

The résumés of the current members of the Supervisory Board, which are updated annually or more frequently if required, can be found at www.kiongroup.com/en/About-us/Management/. The résumés also provide details of any additional posts held by the Supervisory Board members.

Objectives for the composition of the Supervisory Board

In 2017, in accordance with section 5.4.1 of the GCGC as amended on February 7, 2017, the Supervisory Board laid down specific requirements and objectives for its composition in recognition of the responsibilities and obligations assigned to it and taking into account the business needs of KION GROUP AG. These requirements and objectives were reviewed and adjusted in February 2022. Besides having the minimum professional skills required to be a Supervisory Board member, as specified by law and the highest courts and in line with the recommendations of the GCGC, all members of the Supervisory Board of KION GROUP AG should meet the following criteria:

- Identification with the fundamental values and beliefs of KION GROUP AG: integrity, collaboration, courage, and excellence
- Positive attitude toward the basic principles of responsible corporate governance
- Personal integrity and a responsible approach to dealing with potential conflicts of interest
- Ability to devote the expected amount of time required and compliance with the limit on the number of mandates that may be held at any one time

A further target set by the Supervisory Board with regard to its composition is a standard age limit of no more than 70 at the time of appointment/election to the Supervisory Board (target age limit). The Supervisory Board has consciously decided to have a flexible target age limit so that it has sufficient latitude to take account of circumstances on a case-by-case basis.

All of the current Supervisory Board members meet these requirements.

Profile of skills and expertise for the Supervisory Board

In connection with the objectives for its composition, the Supervisory Board also defined a profile of skills and expertise for itself in 2017. This profile is regularly reviewed as part of the Supervisory Board’s self-assessment or as necessary. It was most recently reviewed in February 2022 and adjusted in line with the Company’s current requirements. Expertise and experience in environmental, social, and corporate governance (ESG) matters and expertise in alternative energies were added to the profile, for example. The expertise area ‘in-depth understanding of the markets in Asia’ has been made more specific, and such expertise is now required to include an in-depth understanding of the Chinese market.

In the Supervisory Board’s opinion, when there is an objective of ensuring diversity in the composition of a board, there should be a focus on the skills and expertise of the individual members and on having a balanced mix of personal qualities, experience, skills, qualifications, and knowledge in line with the requirements of the business.

The Supervisory Board believes that, in its current composition, it covers all areas of the profile of skills and expertise with regard to practical experience (skills) and/or professional/academic training and knowledge (expertise).

Self-evaluation – Profile of skills and expertise for the Supervisory Board

#	Competency profile/experience and/ or expertise in the areas	Ring	Pancarci	Behrendt	Berge-mann	Dr. Dibelius	Fahrendorf
1	Material handling and intralogistics as well as related industries, including components and drive technology	☒	☒	☒	☒	☐	☒
2	Technological development and assessment including in particular environmentally friendly technologies, products and solutions, such as alternative energy sources	☐	☒	☒	☐	☐	☒
3	Service/aftersales business, and technological developments in these areas	☐	☒	☒	☐	☐	☒
4	Digitalization and automation	☐	☒	☒	☐	☒	☒
5	Development of international marketing and product range strategies	☒	☒	☒	☐	☒	☐
6	Business acquisitions and cooperations	☒	☒	☒	☐	☒	☐
7	Environment, Social & Governance (ESG), in particular						
	– Environmental protection	☒	☒	☒	☐	☐	☒
	– Social & labor conditions, including equal opportunities, social partnership, co-determination and transformation skills	☒	☒	☒	☐	☐	☒
	– Corporate governance	☒	☒	☒	☐	☒	☒
8	Accounting	☒	☐	☐	☐	☐	☐
	Auditing	☒	☒	☒	☐	☐	☐
9	Capital markets and international financing	☒	☒	☒	☐	☒	☐
10	Supervisory Board and/or Executive Management process and organization in companies with an international presence, including corporate culture	☒	☒	☒	☐	☒	☐
11	Economic areas of particular importance for the company						
	– EMEA	☒	☒	☒	☐	☒	☒
	– North and South America	☒	☒	☒	☐	☐	☐
	– China	☒	☒	☒	☐	☐	☐
	– rest of Asia	☒	☒	☒	☐	☐	☐

Self-evaluation – Profile of skills and expertise for the Supervisory Board (continued)

#	Competency profile/experience and/ or expertise in the areas	Jiang	Lembke	Mainka	Milla	Dr. Peter	Dr. Reuter
1	Material handling and intralogistics as well as related industries, including components and drive technology	☒	☐	☒	☒	☒	☒
2	Technological development and assessment including in particular environmentally friendly technologies, products and solutions, such as alternative energy sources	☒	☐	☒	☒	☒	☒
3	Service/aftersales business, and technological developments in these areas	☐	☐	☒	☐	☒	☒
4	Digitalization and automation	☒	☐	☒	☒	☒	☒
5	Development of international marketing and product range strategies	☒	☐	☐	☒	☒	☐
6	Business acquisitions and cooperations	☒	☐	☐	☐	☒	☐
7	Environment, Social & Governance (ESG), in particular						
	– Environmental protection	☐	☐	☒	☒	☒	☒
	– Social & labor conditions, including equal opportunities, social partnership, co-determination and transformation skills	☐	☒	☒	☒	☒	☒
	– Corporate governance	☐	☐	☒	☐	☒	☒
8	Accounting	☐	☐	☒	☒	☒	☐
	Auditing	☐	☐	☒	☒	☒	☐
9	Capital markets and international financing	☐	☐	☒	☐	☒	☐
10	Supervisory Board and/or Executive Management process and organization in companies with an international presence, including corporate culture	☒	☒	☒	☒	☒	☒
11	Economic areas of particular importance for the company						
	– EMEA	☒	☒	☒	☒	☒	☒
	– North and South America	☒	☐	☐	☐	☒	☐
	– China	☒	☐	☐	☐	☒	☐
	– rest of Asia	☒	☐	☐	☐	☒	☐

Self-evaluation – Profile of skills and expertise for the Supervisory Board (continued)

#	Competency profile/experience and/ or expertise in the areas	Schädler	Dr. Sun	Wenzel	Xu	Number achieved/ minimum number
1	Material handling and intralogistics as well as related industries, including components and drive technology	☒	☒	☒	☒	14/4
2	Technological development and assessment including in particular environmentally friendly technologies, products and solutions, such as alternative energy sources	☐	☒	☐	☒	10/4
3	Service/aftersales business, and technological developments in these areas	☐	☒	☐	☒	8/4
4	Digitalization and automation	☐	☒	☒	☒	12/4
5	Development of international marketing and product range strategies	☐	☒	☐	☒	9/2
6	Business acquisitions and cooperations	☒	☒	☐	☒	9/2
7	Environment, Social & Governance (ESG), in particular					
	– Environmental protection	☒	☐	☐	☒	10/2
	– Social & labor conditions, including equal opportunities, social partnership, co-determination and transformation skills	☒	☐	☒	☒	12/2
	– Corporate governance	☒	☐	☐	☒	10/2
8	Accounting	☒	☐	☒	☒	7/1
	Auditing	☒	☐	☒	☒	9/1
9	Capital markets and international financing	☒	☐	☐	☒	8/2
10	Supervisory Board and/or Executive Management process and organization in companies with an international presence, including corporate culture	☒	☒	☒	☒	14/6
11	Economic areas of particular importance for the company					
	– EMEA	☒	☒	☐	☒	14/2
	– North and South America	☐	☒	☐	☒	7/2
	– China	☒	☒	☐	☒	8/2
	– rest of Asia	☐	☒	☐	☒	7/2

Independence of the Supervisory Board members

To ensure that it is able to monitor and advise the Executive Board objectively, the Supervisory Board should also have an appropriate number of independent members, not just overall but also among the members elected by the shareholders (shareholder representatives). The German Stock Corporation Act and the detailed provisions of the GCGC provide the basis for making decisions on this matter.

In 2020, the Supervisory Board therefore defined what it considers to be an adequate number of independent Supervisory Board members. Accordingly, five shareholder representatives on the Supervisory Board should be independent of the Company and Executive Board (see recommendation C.7 of the GCGC). The Supervisory Board believes that six shareholder representatives are currently independent of the Company and Executive Board: Hans Peter Ring, Birgit A. Behrendt, Dr. Alexander Dibelius, Dr. Nicolas Peter, Dr. Christina Reuter, and Xu Ping. Xu Ping does not have any business and/or personal relationships with KION GROUP AG or any of its subsidiaries; the Supervisory Board views her role as an advisor to the anchor investor Weichai (through Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, a subsidiary of Weichai Power Co., Ltd., Weifang, People’s Republic of China) as unproblematic in this context. Dr. Alexander Dibelius has been a member of the Supervisory Board of KION GROUP AG since 2007, but the Supervisory Board still considers him to be independent. He has no business or financial ties to the Company or Executive Board.

Two shareholder representatives on the Supervisory Board should also be independent of the controlling shareholder (see recommendation C.9 of the GCGC). The Supervisory Board considers five of the eight shareholder representatives to currently be independent of the anchor investor Weichai: Hans Peter Ring, Birgit A. Behrendt, Dr. Alexander Dibelius, Dr. Nicolas Peter, and Dr. Christina Reuter.

As regards the employee representatives (particularly the representative of the German Metalworkers’ Union and the Hans Böckler Foundation), the Supervisory Board believes their role as representatives of the employees does not, per se, compromise their independence.

Minimum gender representation on the Supervisory Board

Section 96 (2) AktG stipulates that at least 30 percent of the Supervisory Board members must be female and at least 30 percent must be male. The KION GROUP AG Supervisory Board met this statutory requirement regarding gender representation on supervisory boards in 2024 as 31.25 percent of its members were female (five of the 16 members).

The shareholder representatives and the employee representatives are agreed that attaining the objectives in relation to diversity, in particular the objectives relating to the involvement of women and people from different cultural backgrounds, is considered to be in the interests of KION GROUP AG and a task that forms part of the collective responsibility of the entire Supervisory Board. The Supervisory Board therefore supports the inclusion of additional female members and of members from different cultural backgrounds who meet the above criteria insofar as the skills requirements are met.

Nomination of Supervisory Board members

When proposing candidates to the Annual General Meeting in the future, the Nomination Committee and Supervisory Board will take all of the aforementioned targets and the diversity concept into account and strive to ensure that the profile of skills and expertise continues to be achieved.

The Nomination Committee and Supervisory Board have no influence on the composition of the group of employee representatives on the Supervisory Board because the employees in Germany are free to choose whom they elect.

Composition of the Executive Board

The Supervisory Board strives to ensure that the Executive Board also has a diverse composition. This includes, in particular, appropriate gender representation, but also a broad range of experience, skills, expertise, cultural and international backgrounds, and personal qualities. The German Stock Corporation Act and the detailed provisions of the GCGC provide the basis for making decisions on this matter.

When implementing these objectives during the process of appointing successors or recruiting for a new position, the Supervisory Board draws up a shortlist of candidates who appear to be suitable for the Company as a result of their strategic management experience, expertise, skills, and qualifications. Demographic criteria (including the standard retirement age of 65 for Executive Board members) and diversity criteria are then also taken into account.

Minimum gender representation on the Executive Board

It is also the job of the Supervisory Board to ensure that the composition of the Executive Board meets the statutory requirement for minimum gender representation. The statutory requirement pursuant to section 76 (3a) AktG stipulates that in a listed company with a supervisory board on which shareholders and employees are equally represented, the executive board must have at least one woman and one man as members if it has more than three members in total. The KION GROUP AG Executive Board meets this statutory minimum representation requirement. It comprised six members in 2024. Ms. Valeria Gargiulo has held the newly created role of Chief People and Sustainability Officer (CPSO) since May 2023, which meant that the statutory minimum representation requirement was met in the year under review.

Long-term succession planning for the Executive Board

With support from the Executive Committee, the Supervisory Board ensures that long-term succession planning is in place for the Executive Board. The Executive Committee is responsible for the long-term succession planning for the Executive Board (section 7 (4) of the rules of procedure for the Supervisory Board), helping the Supervisory Board to find candidates for posts on the Executive Board. The Executive Committee holds four regular meetings per year. When required, long-term succession planning is included on the agenda for Executive Committee meetings. Under this agenda item, the committee discusses general parameters, such as the planning horizon, the identification of required skills and qualifications, and the internal talent pool. An external consultancy assists the Executive Committee with long-term succession planning where required.

Further details on the current composition of the Executive Board can be found in the section ‘Changes to the Executive Board; current composition’.

Appointments to management positions below the level of the Executive Board of KION GROUP AG

When selecting candidates for senior management levels, the Executive Board generally considers that it is under an obligation to make such selections on the basis of capability, character, diversity, and experience. As regards the number of women appointed to senior management positions in the Company, the Executive Board is striving to increase the proportion of women in management positions. Going forward, the KION Group intends to fill more management positions with candidates with an international background in order to better match the Company's increasingly global focus and complexity.

Targets for the management levels below the Executive Board and current figures

In November 2021, the Executive Board set a target of 10.5 percent (equivalent to two female managers) for the first management level below the Executive Board of KION GROUP AG and of 29.2 percent (27 female managers) for the second management level, to be achieved by December 31, 2026.

At the end of 2024, five of the 24 executives at the first management level (equivalent to 20.8 percent; year-on-year increase of 6.5 percentage points) and 19 of the 93 executives at the second management level (equivalent to 20.4 percent; year-on-year increase of 1.3 percentage points) were female.

Action to increase the proportion of women

The Executive Board continues to believe in supporting the development of talented female employees in order to meet the targets set for December 31, 2026.

A range of instruments is used for the development of both male and female high-potential employees within the Group. The structure and supervision of these instruments prevent potential discrimination against female employees or systematically help women to build on their personal strengths. The main instruments in the first category are the annual Organization Capability Talent Review (OCTR) and structured employee development programs, such as the KION Transition to Management Program (KTMP). Another such program is the Women's Mentoring Program, in which the Company's high-potential female employees are systematically coached by managers from the highest management level in the Company. The program's target group was significantly expanded in 2024. A greater focus on the next generation of talented female employees is underpinned by the selection process for the KION Management Trainee Program and the targeting of talented external female candidates in the recruitment process. Particular attention is also paid to the advancement of women in professional development for skilled workers and managers, as a special module is included in the 'Fundamentals of people management' program that is designed to raise managers' awareness of diversity and integration, both on a general basis and specifically in relation to the advancement of women. LinkedIn Learning has been implemented and a special LinkedIn Learning theme month on diversity and inclusion was held in 2024, providing a further opportunity for individual professional development.

Efforts to strengthen diversity – including the advancement of women – have been underlined by the creation of the Diversity and Inclusion Council, a cross-functional, Company-wide committee whose job is to define and implement measures that support these goals and to monitor the progress of the measures.

The KION Group also supports the establishment of networking groups and employee resource groups, which are represented on the council. These groups are run by employees with similar characteristics or backgrounds and help to strengthen the perspectives and representation of these groups, which are often underrepresented. Some of the groups are specifically aimed at increasing the proportion of women at the management levels below the Executive Board, including the Ladies Power @KION group, which is made up of female managers at KION GROUP AG.

KION GROUP AG is also a member of the ‘Chef:innensache’ initiative, in which it is represented by Valeria Gargiulo. This network of companies and leaders from industry and science, the public sector, and the media advocates equal opportunities for women and men. By participating in this initiative, KION GROUP AG’s ambition and objective is to promote the necessary societal change by exploring new concepts and approaches. KION GROUP AG underpinned these efforts by signing the Diversity Charter, in which it has publicly committed to championing a working environment that is free of prejudice and that supports the respect, appreciation and integration of the diversity that employees bring to the workplace. Finally, KION Group actively campaigns for a more diverse and integrated work environment through Dematic’s participation in the US in the Material Handling Industry association’s Diversity, Equity and Inclusion Advisory Committee with the aim of sharing best practice across the industry.

Report on the economic position

Macroeconomic and sector-specific conditions

Macroeconomic conditions

The pace of global economic growth remained moderate in 2024. In its January outlook, the International Monetary Fund (IMF) estimates that global economic output grew by 3.2 percent in 2024 compared with 3.3 percent in 2023 (IMF, January 2025). This was because, despite robust economic expansion in the US and growth in China (albeit at a lower rate than expected), the economies of countries in Europe performed poorly. Moreover, economic and geopolitical uncertainties and disputes took their toll on the global economy.

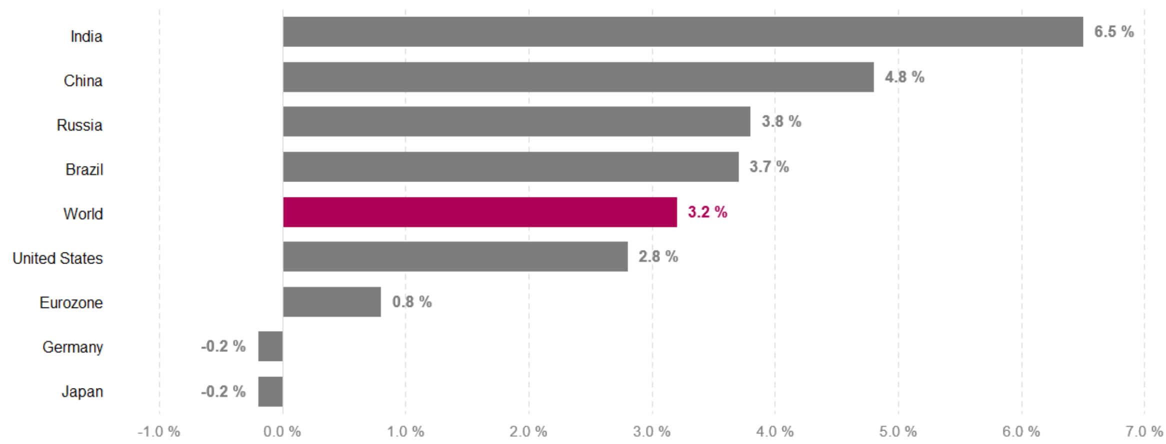
Advanced economies increased their economic output by 1.7 percent in 2024 (2023: 1.7 percent). Although the eurozone's growth rose from 0.4 percent to 0.8 percent, it remained weak. US growth was almost unchanged at 2.8 percent (2023: 2.9 percent).

Emerging markets and developing countries recorded growth of 4.2 percent, compared with 4.4 percent in the prior year. China's growth rate was 4.8 percent in the reporting year (2023: 5.2 percent).

According to the IMF, overall global inflation slowed from 6.7 percent in 2023 to 5.7 percent in the year under review. At 2.6 percent, the inflation rate in advanced economies moved closer to their price stability targets than was the case in emerging markets and developing countries, where the inflation rate was 7.8 percent. The central banks were cautious in their loosening of monetary policy because inflation fell more slowly than expected and inflation risks persisted. There was therefore a considerable time lag between the delayed and gradual process of lowering interest rates, resulting in more favorable financing rates, and its impact on production and investment activity.

The volume of global trade, which had increased by only 0.7 percent in 2023, rose by an encouraging 3.4 percent in 2024.

Gross domestic product in 2024 – year-on-year change in real terms



Source: International Monetary Fund (as at January 17, 2025)

Sectoral conditions

According to the KION Group, order numbers in the global market for industrial trucks were up slightly year on year in 2024. Based on official figures (World Industrial Trucks Statistics, January 2025), there was a substantial rise in order numbers in the EMEA region during the period January to September 2024. The APAC region registered slight growth, but the Americas region experienced a significant fall.

In the counterbalance truck market, the volume of orders for electric forklift trucks was at roughly the same level as in the prior year, whereas orders for IC trucks decreased by 15.3 percent. Warehouse trucks registered strong growth of 13.3 percent, mainly due to exceptional demand for entry-level models. Overall, order numbers in the worldwide market were thus slightly higher in the first nine months of 2024 than in the prior-year period. Because the average price of warehouse trucks is significantly lower than that of counterbalance trucks, the small rise in global order numbers is not reflected in the change in the value of the market (World Industrial Truck Statistics, January 2025). According to the KION Group, the growth in value of the overall market for industrial trucks (as measured by order intake) was therefore below the growth in order numbers during the reporting year.

Based on market data published by the relevant trade association on new industrial truck orders, the share of the global market attributable to electric forklift trucks and warehouse trucks increased to 76 percent in the first nine months of 2024. IC counterbalance trucks therefore accounted for 24 percent of the global order volume (World Industrial Truck Statistics, January 2025).

Official figures for the growth trend in the overall market for industrial trucks in 2024 as a whole were not available at the time this report was published.

Supply Chain Solutions

According to the KION Group and backed by data from market research institute Interact Analysis, the global market for warehouse automation solutions contracted only immaterially (as measured by revenue) in 2024, while the market as measured by order intake in the project business fell slightly (Interact Analysis, November 2024).

In the Americas region, the overall market expanded. By contrast, the EMEA region registered a noticeable fall in revenue that was attributable to a weakening of the general economic situation on the back of geopolitical risks and a persistently high cost of capital. In the APAC region, lackluster economic growth resulting from declining consumer demand and China’s real-estate crisis led to a moderate slowdown in customer investment in warehouse automation solutions (Interact Analysis, November 2024).

The macroeconomic conditions particularly affected the market for warehouse automation solutions in the customer segments apparel, general merchandise, parcel delivery services, and durable goods, whereas the grocery retail customer segment proved more stable and the food and beverage industry bucked the trend by registering growth (Interact Analysis, November 2024).

Procurement markets

The commodity markets presented a mixed picture in the reporting year. Having risen to more than US$ 80 per barrel at the start of 2024, the oil price fell to around US$ 73 over the course of the year, albeit with some fluctuation. The steel price dropped sharply after peaking at the beginning of 2024. The price of copper rose during the year, whereas the price of nickel (as measured in US dollars per tonne) went down.

Financial markets

Thanks to the lower cost of borrowing, the general conditions in the financial markets were, on the whole, more favorable for the KION Group and its customers than in 2023. The European Central Bank (ECB) progressively reduced the interest rate for its deposit facility to 3.00 percent over the course of 2024. As a result of the decrease in financing costs, the banks responded by cutting interest rates on loans and easing lending criteria, which increased the supply of credit. Nevertheless, demand for credit in the corporate sector bounced back only slowly as many companies were able to fund capital expenditure from their own resources (Deutsche Bundesbank, November 2024; ECB, December 2024). The US central bank also pursued a strategy of cautiously easing its monetary policy stance (Federal Reserve Bank of St. Louis, January 2025).

The KION Group generated 49.2 percent of its revenue outside the eurozone in 2024 (2023: 49.7 percent). The US dollar, pound sterling, and the Chinese renminbi were the most important foreign currencies, which had also been the case in 2023. The euro fell markedly against the US dollar and pound sterling in the year under review. However, there was only a moderate shift in the euro/renminbi exchange rate (ECB, November 2024). Overall, currency translation had only an immaterial effect on the KION Group's operating performance in the reporting year.

Business performance in the Group

Significantly improved profitability amid subdued order levels

The KION Group delivered an encouraging financial performance in 2024 thanks to a considerable increase in earnings and profitability in the two operating segments. Whereas revenue held steady year on year, the Group achieved an increase in adjusted EBIT and in the adjusted EBIT margin that was better than anticipated. This was because the Industrial Trucks & Services (ITS) segment particularly benefited from the positive effect of being able to push through higher prices, which – combined with a slight reduction in the cost of materials – led to a disproportionately strong increase in gross profit. Another major driver of earnings was the robust growth of the high-margin service business in the Supply Chain Solutions (SCS) segment, reflecting its installed customer base.

However, order intake for new business and project business in the ITS and SCS segments respectively was subdued in 2024, with the continued good level of orders in both segments' service business only partly making up for this situation. Although order numbers for new business rose slightly in the Industrial Trucks & Services segment, the value of order intake declined year on year owing to shifts in the product mix and country mix. The segment is facing growing competition from manufacturers in China. Demand remained flat in the project business (business solutions) of the Supply Chain Solutions segment, which meant a further decrease in the level of orders.

In 2024, the KION Group initiated a performance program in order to further strengthen the resilience of its business model. The objectives of the program are to reduce product costs, optimize internal processes, and unlock potential for efficiency in the two operating segments. The resulting positive effects that materialized in the reporting year were reflected in gross profit.

In recent years, the KION Group has also invested in the rollout of the SAP S/4HANA system. The aim is to transform its business processes (‘Business Transformation’) and establish an optimized and standardized process and IT landscape across the Group. Initial migration milestones were reached in 2024 when the system was successfully implemented at the subsidiaries in Italy.

Systematically strengthening the market position and technological position

The KION Group continued to forge ahead with strengthening its market position and technological position in 2024.

Investment in the implementation of the growth strategy in selected regions of the KION Group was delivered as planned. This included the further expansion of the new supply chain solutions plant and integrated technology center in Jinan, China. Products such as conveyor belts, racks for the Dematic Multishuttle, and automated guided vehicle systems are being manufactured here for the APAC region. The construction of an automated distribution center in Kahl am Main, Germany, is aimed at raising the efficiency of parts delivery in Europe to customers of both operating segments. In the Industrial Trucks & Services segment, there was investment in expansion of the industrial truck plant at the Summerville (South Carolina) site in the US in order to increase the degree of inhouse production locally, while optimizing procurement costs and productivity.

The KION Automation Center Antwerp in Belgium opened in October 2024 as a center of excellence for research and development, testing, and customized production of automation solutions in EMEA. The teams working at the center develop and test hardware and software solutions – including driverless and interoperable robotics products – and provide support for customer projects and sales teams by taking a systematic cross-segment approach.

As well as projects focused on organic growth, the KION Group is using alliances and strategic acquisitions in order to further strengthen its market position. In August 2024, for example, the Industrial Trucks & Services segment purchased a controlling interest (51.0 percent) in the Spanish dealer Sociedad Gallega de Carretillas, S.A., which will bolster the regional sales and service network of Linde Material Handling (LMH). At the end of October 2024, the remaining shares were acquired in Pelzer Fördertechnik GmbH, an LMH distributor located in Kerpen, Germany. The total amount invested in these two acquisitions is in the low-double-digit millions of euros.

In the first quarter of 2024, official approval was granted for the sale of ITS’s Russia business, which had been agreed in 2023. The liquidation of the Supply Chain Solutions segment’s Russian entity, which has already closed down, was still not completed as at the reporting date.

Robust financial position with very good liquidity

At €702.0 million, the KION Group once again generated a high level of free cash flow in 2024 (2023: €715.2 million). This was thanks to its robust financial performance and rigorous management of working capital. The very good liquidity position enabled the Group to further reduce its net financial debt compared with the previous year as well as improve its leverage.

In November 2024, KION GROUP AG successfully placed an unsecured bond of €500.0 million on the capital markets under its established EMTN program. The bond has a coupon of 4.0 percent and a five-year term. The proceeds from issuing the bond are to be used to refinance the financial liabilities maturing in 2025, thereby improving the maturity profile of KION GROUP AG’s borrowing.

Financial position and financial performance of the KION Group

Overall assessment of the economic situation

The KION Group can look back on a successful 2024. Revenue held steady year on year, while the two operating segments saw a significant improvement in their financial performance.

In 2024, consolidated revenue amounted to €11,503.2 million, which represented a marginal increase of 0.6 percent compared with the previous year (2023: €11,433.7 million). Within this figure, the revenue generated by the Industrial Trucks & Services segment from external customers rose by 1.5 percent thanks to growth in both new business and the service business. By contrast, revenue generated from external customers in the Supply Chain Solutions segment edged down by 2.1 percent. This was due to a poor level of order intake in the project business (business solutions), whereas the service business recorded a jump in revenue.

At €917.2 million, the KION Group’s adjusted EBIT was significantly higher than the prior-year figure (2023: €790.5 million). The adjusted EBIT margin advanced to 8.0 percent (2023: 6.9 percent). The main driver of the strong increase in earnings and profitability was the rise in gross profit in the two operating segments.

Net income swelled to €369.2 million (2023: €314.4 million) on the back of the sharp rise in operating profit and the improvement in net financial expenses. However, the effective tax rate went up, partly because of the increase in non-tax-deductible expenses, such as a non-recurring item in connection with the impairment of the goodwill of the KION ITS Americas Operating Unit.

With the number of shares remaining unchanged, basic earnings per share jumped to €2.75 (2023: €2.33). KION GROUP AG will propose a dividend of €0.82 per share to the 2025 Annual General Meeting (2024: €0.70).

At €702.0 million, the KION Group once again generated a very high level of free cash flow in the year under review (2023: €715.2 million). This was due to the sharp rise in operating profit and the significant reduction in net working capital. Thanks to the good liquidity position, net financial debt was reduced by €297.3 million and stood at €913.2 million as at the reporting date (December 31, 2023: €1,210.6 million). This equated to 0.5 times adjusted EBITDA (2023: 0.7 times).

Comparison between actual and forecast performance

The KION Group firmed up its full-year projections within the original ranges that it had set out in the outlook within the 2023 annual report twice over the course of 2024, most recently when the quarterly statement for the third quarter of 2024 was published.

The Group achieved all of the projections made in the most recently updated outlook for 2024, and in some cases exceeded them. At €11,503.2 million, revenue was within the projected range of €11,400 million to €11,600 million. Adjusted EBIT came to €917.2 million, which was higher than the projected range of €850 million to €910 million. The free cash flow of €702.0 million was also above the target range of €570 million to €650 million. At 8.7 percent, ROCE was at the upper end of the projected range of 8.1 percent to 8.7 percent.

Comparison between actual and forecast business performance for 2024 – KION Group

	KION Group		
in € million	Outlook annual report 2023	Outlook adjusted	Actual business performance
Revenue	11,200 – 12,000	11,400 – 11,600	11,503.2
Adjusted EBIT	790 – 940	850 – 910	917.2
Free cash flow	550 – 670	570 – 650	702.0
ROCE	7.4% – 8.8%	8.1% – 8.7%	8.7%

With revenue of €8,608.8 million, the Industrial Trucks & Services segment achieved the upper end of the projected range of €8,500 million to €8,600 million. Adjusted EBIT was also within the target range of €870 million to €920 million, reaching €917.5 million.

The revenue of €2,943.2 million in the Supply Chain Solutions segment was within the target range of €2,900 million to €3,000 million. Adjusted EBIT came to €112.9 million, which was also in line with the projected range of €100 million to €120 million.

Comparison between actual and forecast business performance by segment for 2024

	Industrial Trucks & Services			Supply Chain Solutions		
	Outlook annual report 2023	Outlook adjusted	Actual business performance	Outlook annual report 2023	Outlook adjusted	Actual business performance
Revenue[1]	8,500 – 9,000	8,500 – 8,600	8,608.8	2,700 – 3,000	2,900 – 3,000	2,943.2
Adjusted EBIT[1]	850 – 950	870 – 920	917.5	60 – 120	100 – 120	112.9

1 Disclosures for the Industrial Trucks & Services and Supply Chain Solutions segments also include intra-group cross-segment revenue and effects on EBIT

Business situation and financial performance of the KION Group

Level of orders

The total value of the KION Group's order intake fell by 4.9 percent to €10,320.9 million in 2024 (2023: €10,849.9 million).

The Industrial Trucks & Services segment recorded a small decrease in the value of its order intake of 1.6 percent. This was due to the shift in the product mix and country mix within new business, although the impact of this was mitigated to some extent by encouraging growth in orders in the service business. The segment saw a slight rise of 1.3 percent in the number of new trucks ordered worldwide compared with the previous year.

The decrease in order intake in the Supply Chain Solutions segment was much more pronounced at 14.2 percent. The persistently weak level of orders in the project business (business solutions) was not offset by order intake in the service business, which was more or less unchanged year on year.

The KION Group's order book amounted to €4,635.1 million at the end of the year (December 31, 2023: €6,045.2 million*).

Revenue

At €11,503.2 million, consolidated revenue was up marginally by 0.6 percent in 2024 (2023: €11,433.7 million).

The moderate 1.5 percent increase in revenue generated from external customers in the Industrial Trucks & Services segment to €8,593.5 million (2023: €8,464.2 million) was predominantly due to the growth of the service business, whereas new business increased only marginally year on year. Overall, unit sales were on a par with the prior-year level, with the rise in warehouse truck sales matched by the decrease in counterbalance truck sales.

In the Supply Chain Solutions segment, revenue generated from external customers edged down by 2.1 percent to €2,906.2 million (2023: €2,968.4 million). Although revenue fell in the project business (business solutions) owing to muted order intake in recent quarters, the decrease was largely offset by the rapidly growing service business.

The proportion of consolidated revenue attributable to the service business advanced to 46.1 percent (2023: 44.0 percent). This was because, while service revenue increased, new business registered only a modest rise and project business registered a decline in revenue in the two operating segments respectively.

* The figure for the Group's order book as at the end of 2023 was retrospectively reduced by €316.9 million due to a definition-related adjustment in the service business of the Supply Chain Solutions segment.

Revenue with third parties by product category

in € million	2024	2023	Change
Industrial Trucks & Services	**8,593.5**	**8,464.2**	**1.5%**
New business	4,484.4	4,465.2	0.4%
Service business	4,109.1	3,999.0	2.8%
– Aftersales	2,158.7	2,089.7	3.3%
– Rental business	1,190.3	1,163.6	2.3%
– Used trucks	468.0	460.8	1.6%
– Other	292.1	284.9	2.5%
Supply Chain Solutions	**2,906.2**	**2,968.4**	**–2.1%**
Business solutions	1,715.4	1,930.9	–11.2%
Service business	1,190.8	1,037.4	14.8%
Corporate Services	**3.5**	**1.1**	**> 100.0%**
Total revenue	**11,503.2**	**11,433.7**	**0.6%**

Revenue by sales region

In the Industrial Trucks & Services segment, the biggest contribution to the growth in revenue generated from external customers came from the main sales region, EMEA. Revenue also rose in the APAC region, whereas revenue in the Americas region fell sharply year on year.

In the Supply Chain Solutions segment, revenue generated from external customers was on a par with the previous year in both the core North America market and the APAC region. In the EMEA region, however, the decrease in the level of orders led to a significant drop in revenue.

Revenue with third parties by customer location

in € million	2024	2023	Change
EMEA	**7,750.2**	**7,622.1**	**1.7%**
Western Europe	6,811.5	6,651.3	2.4%
Eastern Europe	805.1	846.2	–4.9%
Middle East and Africa	133.7	124.6	7.3%
Americas	**2,501.2**	**2,582.5**	**–3.2%**
North America	2,196.1	2,250.8	–2.4%
Central and South America	305.1	331.8	–8.0%
APAC	**1,251.8**	**1,229.1**	**1.9%**
China	685.5	714.3	–4.0%
APAC excluding China	566.3	514.8	10.0%
Total revenue	**11,503.2**	**11,433.7**	**0.6%**

Earnings and profitability

EBIT, EBITDA, and ROCE

Earnings before interest and tax (EBIT) improved by a substantial €117.2 million to €777.8 million in 2024 (2023: €660.6 million). The main driver of the year-on-year increase in operating profit was the improvement in gross profit in both operating segments.

EBIT included purchase price allocation effects amounting to an expense of €111.5 million (2023: expense of €92.7 million). This increase resulted mainly from the impairment of goodwill that was carried out in an amount of €22.4 million in the KION ITS Americas Operating Unit (Industrial Trucks & Services segment) in the second quarter of 2024. There were also non-recurring items amounting to a total expense of €27.9 million in 2024 (2023: expense of €37.2 million). Within this figure, there were costs (including interest and consultancy costs) of €14.8 million that were incurred in connection with the ending of a long-running legal dispute related to the acquisition of a group of companies in 2015 by the former Dematic Group. In 2023, the non-recurring items had predominantly comprised expenses for the adjustment of staffing capacity in the Supply Chain Solutions segment. Some of the provisions had been overfunded and were reversed again in 2024.

EBIT adjusted for non-recurring items and purchase price allocation effects (adjusted EBIT) rose sharply to €917.2 million (2023: €790.5 million). The Group's adjusted EBIT margin improved to 8.0 percent as a result (2023: 6.9 percent).

A reconciliation of adjusted EBIT and adjusted EBITDA, broken down by functional costs, is provided in the tables 'EBIT' and 'EBITDA'. In both tables, the 'other' item mainly comprises the share of profit from equity-accounted investments, along with other income and expenses in the income statement.

EBIT

in € million	2024	in % of revenue	2023	in % of revenue
EBIT	**777.8**	**6.8%**	**660.6**	**5.8%**
Adjustment by functional costs:				
+ Cost of sales	30.0	0.3%	60.9	0.5%
+ Selling expenses and administrative expenses	60.1	0.5%	59.4	0.5%
+ Research and development costs	0.3	0.0%	0.2	0.0%
+ Other costs	49.0	0.4%	9.4	0.1%
Adjusted EBIT	**917.2**	**8.0%**	**790.5**	**6.9%**
adjusted for non-recurring items	27.9	0.2%	37.2	0.3%
adjusted for PPA items	111.5	1.0%	92.7	0.8%

Earnings before interest, tax, depreciation, and amortization (EBITDA) increased to €1,917.0 million in 2024 (2023: €1,713.6 million). Adjusted EBITDA rose to €1,945.0 million (2023: €1,748.7 million), giving an adjusted EBITDA margin of 16.9 percent (2023: 15.3 percent). The non-recurring items included in EBITDA and EBIT were at a comparable level in the reporting period and were essentially attributable to the same matters.

EBITDA

in € million	2024	in % of revenue	2023	in % of revenue
EBITDA	**1,917.0**	**16.7%**	**1,713.6**	**15.0%**
Adjustment by functional costs:				
+ Cost of sales	–9.3	–0.1%	23.0	0.2%
+ Selling expenses and administrative expenses	10.1	0.1%	10.1	0.1%
+ Research and development costs	0.1	0.0%	0.2	0.0%
+ Other costs	27.1	0.2%	1.9	0.0%
Adjusted EBITDA	**1,945.0**	**16.9%**	**1,748.7**	**15.3%**
adjusted for non-recurring items	28.0	0.2%	32.6	0.3%
adjusted for PPA items	0.0	0.0%	2.5	0.0%

Return on capital employed (ROCE), which is the ratio of adjusted EBIT to capital employed, increased from 7.7 percent at the end of 2023 to 8.7 percent. This can be explained by the disproportionately strong increase in earnings and a rise in capital employed that was fairly moderate compared with the previous year. The following table 'Return on capital employed (ROCE)' shows how the figure for capital employed is calculated.

Return on capital employed (ROCE)

in € million	2024	2023
Total assets	18,805.4	17,388.4
– less selected assets[1]	–4,142.6	–3,142.2
– less selected liabilities[2]	–4,110.8	–4,028.3
Capital employed	**10,552.0**	**10,217.8**
Adjusted EBIT	**917.2**	**790.5**
ROCE	**8.7%**	**7.7%**

1 Lease receivables, income tax receivables, deferred tax assets, cash and cash equivalents, certain other financial assets, other assets and fair value adjustments identified as part of purchase price allocations

2 Sundry other provisions, trade payables, contract liabilities, certain other financial liabilities and other liabilities

Key influencing factors for earnings

The Group's profitability received a boost not only from robust revenue growth in the high-margin service business of the two segments, but also from the positive effect of being able to push through higher prices for new business in the Industrial Trucks & Services segment and from the slight overall reduction in the cost of materials. Moreover, the Supply Chain Solutions segment achieved savings as a result of adjusting staffing capacity. It also made progress on working through lower-margin legacy projects.

With revenue holding more or less steady, the cost of sales fell by 2.8 percent to €8,409.7 million in 2024 (2023: €8,652.5 million). As a result, the gross margin improved markedly to 26.9 percent (2023: 24.3 percent).

The rise in other functional costs was stronger overall than the rate of revenue growth. Selling and administrative expenses went up by €137.2 million year on year to €2,041.4 million (2023: €1,904.3 million), with selling expenses rising by 5.5 percent and administrative expenses by 9.7 percent. This increase was due, in particular, to a rise in personnel expenses (including for variable remuneration components) and to costs in connection with the strategic, groupwide Business Transformation project.

Research and development (R&D) costs went up by 10.4 percent because of the efforts to drive forward particular areas of development anchored within the strategy. Total spending on R&D – i.e. R&D costs plus capitalized development costs – swelled by 11.9 percent to €392.8 million (2023: €351.0 million). This equates to 3.4 percent of revenue (2023: 3.1 percent).

Research and development (R&D)

in € million	2024	2023	Change
Research and development costs (P&L)	259.6	235.1	10.4%
Capitalized development costs	133.2	116.0	14.9%
Total R&D spending	**392.8**	**351.0**	**11.9%**
R&D spending as percentage of revenue	3.4%	3.1%	–

The change in the cost of sales and in other functional costs is shown in the table 'Condensed consolidated income statement'.

Condensed consolidated income statement

in € million	2024	2023	Change
Revenue	11,503.2	11,433.7	0.6%
Cost of sales	–8,409.7	–8,652.5	2.8%
Gross profit	**3,093.5**	**2,781.2**	**11.2%**
Selling expenses and administrative expenses	–2,041.4	–1,904.3	–7.2%
Research and development costs	–259.6	–235.1	–10.4%
Other	–14.7	18.7	< –100%
Earnings before interest and tax (EBIT)	**777.8**	**660.6**	**17.7%**
Net financial expenses	–188.0	–200.8	6.4%
Earnings before tax	**589.8**	**459.8**	**28.3%**
Income taxes	–220.5	–145.4	–51.7%
Net income	**369.2**	**314.4**	**17.5%**

The 'other' item shown in the table came to an expense of €14.7 million (2023: income of €18.7 million). This item comprises the share of profit (loss) of equity-accounted investments, which amounted to income of €15.4 million (2023: income of €12.8 million), and other income and expenses in the income statement. The balance of the latter deteriorated markedly compared with the previous year, partly due to the impairment of the goodwill of the KION ITS Americas Operating Unit, which was carried out in an amount of €22.4 million in the second quarter of 2024, and to non-recurring expenses of €14.8 million resulting from the ending of a legal dispute.

Net financial expenses

Net financial expenses, representing the balance of financial income and financial expenses, amounted to €188.0 million in the reporting year (2023: €200.8 million). Because net financial debt was lower on average, the interest expense on financial debt fell from €67.8 million in 2023 to €61.3 million. By contrast, the increase in the financing volume meant that net interest income/expense from the lease and short-term rental business deteriorated significantly to a net expense of €86.4 million (2023: net expense of €60.9 million). Net interest income of €41.3 million was realized on interest-rate derivatives used for hedging purposes in the lease business (2023: net interest income of €39.9 million). In addition, changes in the fair values of interest-rate derivatives and adjustments to the valuation of lease receivables designated as part of a fair value hedge made a negative contribution of €9.9 million to net financial expenses (2023: negative contribution of €24.7 million). Income and expense resulting from currency translation amounted to a net expense of €12.7 million (2023: net expense of €29.8 million).

Income taxes

Income tax expenses surged to €220.5 million (2023: €145.4 million) on the back of the increase in earnings. The Group’s effective tax rate rose to 37.4 percent (2023: 31.6 percent). The main influences on this tax rate in the reporting year were non-tax-deductible expenses, such as the impairment of the goodwill of the KION ITS Americas Operating Unit, and losses for which no deferred tax assets were recognized.

Net income and appropriation of profit

Net income rose year on year to €369.2 million (2023: €314.4 million) and included net income attributable to non-controlling interests of €8.9 million (2023: €8.6 million). The net income attributable to the shareholders of KION GROUP AG was €360.3 million (2023: €305.8 million). Basic earnings per share attributable to the shareholders of KION GROUP AG came to €2.75 (2023: €2.33) based on 131.1 million (2023: 131.1 million) no-par-value shares. Diluted earnings per share also amounted to €2.75 (2023: €2.33) based on a weighted average number of shares of 131.1 million (2023: 131.1 million).

The distributable profit of KION GROUP AG for the 2024 financial year came to €223.7 million (2023: €189.1 million). The Executive Board and the Supervisory Board will propose to the Annual General Meeting in 2025 that an amount of €107.5 million be appropriated for the payment of a dividend of €0.82 per dividend-bearing share. This equates to a proposed dividend payout rate of around 30 percent of the net income attributable to the shareholders of KION GROUP AG.

Business situation and financial performance of the Industrial Trucks & Services segment

Business performance and level of orders

In 2024, the number of new trucks ordered in the Industrial Trucks & Services segment rose by 1.3 percent to 245 thousand. The number of new orders in the core EMEA market was more or less unchanged year on year. Order numbers increased sharply in the APAC region but fell sharply in the Americas region.

The value of the segment's order intake decreased by 1.6 percent to €7,765.8 million in 2024 (2023: €7,890.2 million). This reduction can partly be explained by demand-driven shifts in the product mix: Whereas orders for counterbalance trucks went down, there was an increase in orders for warehouse trucks (particularly entry-level models), which have significantly lower unit prices than counterbalance trucks. Another reason was the change in the country mix, with declining order numbers in the EMEA and Americas regions but growth in the APAC region. In the service business, the value of order intake increased across all categories.

The order book reduced significantly once again and stood at €2,246.1 million as at December 31, 2024 (December 31, 2023: €3,197.4 million). This decrease of €951.3 million was due to the fall in order intake in new business combined with high numbers of trucks being shipped.

Key figures - Industrial Trucks & Services

in € million	2024	2023	Change
Total revenue	8,608.8	8,479.6	1.5%
EBITDA	1,817.7	1,688.4	7.7%
Adjusted EBITDA	1,833.2	1,700.9	7.8%
EBIT	879.6	831.4	5.8%
Adjusted EBIT	917.5	848.5	8.1%
Adjusted EBITDA margin	21.3%	20.1%	–
Adjusted EBIT margin	10.7%	10.0%	–
Order intake	7,765.8	7,890.2	–1.6%
Order book[1]	2,246.1	3,197.4	–29.8%

1 Figures as at balance sheet date Dec. 31

Revenue

Total revenue in the Industrial Trucks & Services segment went up by 1.5 percent to €8,608.8 million (2023: €8,479.6 million). The main influence was the continued stable growth of the service business, which generated an overall increase of 2.8 percent that was primarily supported by the aftersales and rental businesses. Revenue from new business edged up by 0.4 percent year on year. This was thanks to increases in revenue from electric forklift trucks and warehouse trucks, whereas the volume of revenue from IC counterbalance trucks fell sharply. The overall unit sales figures were largely unchanged compared with 2023.

In the new business product category, revenue of €1,190.2 million (2023: €989.1 million) was earned from the direct and indirect lease business (finance leases). In the rental business product category, a sum of €619.1 million (2023: €574.8 million) was attributable to direct and indirect lease business (operating leases) and €571.2 million (2023: €588.8 million) to the short-term rental business.

At 47.8 percent, the proportion of the segment's external revenue attributable to the service business was slightly higher than in the previous year (2023: 47.2 percent).

Earnings

The adjusted EBIT of the Industrial Trucks & Services segment rose to €917.5 million (2023: €848.5 million). This was due to the growth of the high-margin service business and, in particular, the positive effect of being able to push through higher prices for new business, which – combined with a slight reduction in the cost of materials – led to a significant year-on-year increase in the gross margin.

The adjusted EBIT margin rose to 10.7 percent in the year under review (2023: 10.0 percent). After taking into account non-recurring items amounting to an expense of €14.1 million (2023: expense of €12.8 million) and purchase price allocation effects amounting to an expense of €23.8 million (2023: expense of €4.3 million), the segment's EBIT rose to €879.6 million (2023: €831.4 million). The effects from purchase price allocations included the impairment of the goodwill of the KION ITS Americas Operating Unit that was carried out in an amount of €22.4 million in the second quarter of 2024.

Adjusted EBITDA came to €1,833.2 million in 2024 (2023: €1,700.9 million), giving an adjusted EBITDA margin of 21.3 percent (2023: 20.1 percent).

Business situation and financial performance of the Supply Chain Solutions segment

Business performance and level of orders

In the Supply Chain Solutions segment, the value of order intake decreased by 14.2 percent to €2,579.1 million in 2024 (2023: €3,006.7 million). This was primarily due to persistently weak demand in the project business (business solutions), which resulted from the reluctance to invest that was observable in the market in most customer segments. Even the customer segment comprising pure e-commerce providers registered a fall in orders in 2024, which was due to orders being postponed until the next year.

In the service business (customer services), which comprises modernization and expansion work plus maintenance and spare parts for existing customer installations, order intake was only just short of the high prior-year level.

As at the end of 2024, the order book stood at €2,423.8 million (December 31, 2023: €2,920.6 million). This significant year-on-year fall was due to the decline in order intake in the project business and continuing efforts to work through the orders on hand.

Key figures – Supply Chain Solutions

in € million	2024	2023	Change
Total revenue	2,943.2	2,997.0	–1.8%
EBITDA	181.6	98.5	84.3%
Adjusted EBITDA	196.5	124.5	57.8%
EBIT	9.1	–71.9	> 100%
Adjusted EBIT	112.9	44.3	> 100%
Adjusted EBITDA margin	6.7%	4.2%	–
Adjusted EBIT margin	3.8%	1.5%	–
Order intake[1]	2,579.1	3,006.7	–14.2%
Order book[1, 2]	2,423.8	2,920.6	–17.0%

1 Prior-year figures for order intake and for the order book have been adjusted for definition-related reasons

2 Figures as at balance sheet date Dec. 31

Revenue

The total revenue of the Supply Chain Solutions segment amounted to €2,943.2 million in 2024, which was down by 1.8 percent year on year (2023: €2,997.0 million). This reduction in revenue reflected the low level of order intake in the project business (business solutions) in previous quarters. By contrast, the high-margin service business (customer services) registered a strong rise in revenue of 14.8 percent, which was mainly due to higher demand for modernization and expansion on the back of the steady growth of the installed customer base. The proportion of the segment's external revenue accounted for by the service business increased to 41.0 percent as a result (2023: 34.9 percent).

Earnings

The Supply Chain Solutions segment's adjusted EBIT rose sharply to €112.9 million in 2024 (2023: €44.3 million). Despite the slight decline in revenue, the gross margin and profitability improved thanks to higher contributions to earnings from the high-margin service business. Moreover, the savings achieved by adjusting staffing capacity and progress on working through lower-margin legacy projects had a positive impact on operating profit. The adjusted EBIT margin improved to 3.8 percent as a result (2023: 1.5 percent).

After taking into account non-recurring items amounting to an expense of €16.1 million (2023: expense of €27.8 million) and purchase price allocation effects amounting to an expense of €87.7 million (2023: expense of €88.4 million), EBIT amounted to €9.1 million overall (2023: minus €71.9 million). The non-recurring items included costs (including interest and consultancy costs) of €14.8 million that were incurred in connection with the ending of a long-running legal dispute related to the acquisition of a group of companies in 2015 by the former Dematic Group. The prior-year figure had included non-recurring items amounting to an expense of €24.8 million resulting from adjustments to staffing capacity to reflect the prevailing order situation.

Adjusted EBITDA increased to €196.5 million (2023: €124.5 million); the adjusted EBITDA margin stood at 6.7 percent (2023: 4.2 percent).

Business situation and financial performance of Corporate Services

Business performance

Corporate Services comprises holding companies and other service companies that provide services such as IT and general administration across all segments.

Revenue and earnings

The total revenue reported for Corporate Services in 2024 was €296.6 million (2023: €259.2 million) and, as in previous years, mainly resulted from internal IT services.

Adjusted EBIT rose significantly to €611.5 million (2023: €544.7 million). This increase was mainly attributable to the intragroup income from equity investments, which was up sharply in line with the healthy financial performance. Excluding internal income from equity investments, adjusted EBIT amounted to minus €111.3 million (2023: minus €100.7 million). The moderate deterioration can primarily be explained by higher expenses for strategic projects and by increased personnel expenses, including variable remuneration components.

Adjusted EBITDA stood at €640.1 million (2023: €570.3 million) or minus €82.7 million (2023: minus €75.1 million) if intragroup income from equity investments is excluded.

Key figures – Corporate Services

in € million	2024	2023	Change
Total revenue	296.6	259.2	14.4%
EBITDA	642.5	573.7	12.0%
Adjusted EBITDA	640.1	570.3	12.2%
EBIT	613.9	548.1	12.0%
Adjusted EBIT	611.5	544.7	12.3%
Order intake	296.6	259.2	14.4%

Net assets

The condensed consolidated statement of financial position as at December 31, 2024 showing current and non-current assets and liabilities together with equity is presented below:

Condensed consolidated statement of financial position

in € million	Dec. 31, 2024	in %	Dec. 31, 2023	in %	Change
Non-current assets	13,236.4	70.4%	12,165.1	70.0%	8.8%
Current assets	5,569.0	29.6%	5,223.3	30.0%	6.6%
Total assets	**18,805.4**	**100.0%**	**17,388.4**	**100.0%**	**8.1%**
Equity	6,207.1	33.0%	5,772.7	33.2%	7.5%
Non-current liabilities[1]	7,088.1	37.7%	6,663.9	38.3%	6.4%
Current liabilities[1]	5,510.2	29.3%	4,951.8	28.5%	11.3%
Total equity and liabilities	**18,805.4**	**100.0%**	**17,388.4**	**100.0%**	**8.1%**

1 Prior-year figures have been adjusted due to the retrospective application of the amendments to IAS 1

Non-current assets

Non-current assets increased year on year to €13,236.4 million (December 31, 2023: €12,165.1 million). The carrying amount of intangible assets was €5,814.9 million (December 31, 2023: €5,665.0 million). The total carrying amount of the goodwill included in this figure advanced to €3,648.2 million (December 31, 2023: €3,558.0 million), mainly owing to due to exchange-rate movements. Other property, plant and equipment rose to €1,986.1 million (December 31, 2023: €1,749.9 million) as a result of ongoing capital expenditure activities that mainly related to investment in the expansion of existing production and technology facilities. Other property, plant and equipment also included right-of-use assets related to procurement leases, which increased to €707.3 million as at the end of 2024 (December 31, 2023: €589.2 million). Of this figure, €536.4 million was attributable to land and buildings (December 31, 2023: €470.7 million) and €170.9 million to plant & machinery and office furniture & equipment (December 31, 2023: €118.5 million).

The rental assets from the short-term rental business recognized in the statement of financial position rose to €805.2 million as at December 31, 2024 (December 31, 2023: €737.8 million). This was due to the continued expansion and gradual renewal of the short-term rental fleet. Leased assets for direct and indirect leases that are classified as operating leases advanced to €1,631.5 million (December 31, 2023: €1,454.9 million). There was also a volume-related increase in non-current lease receivables arising from leases with end customers that are classified as finance leases to €2,088.9 million (December 31, 2023: €1,701.9 million).

The amount of deferred tax assets recognized in the statement of financial position swelled to €489.3 million as at December 31, 2024 (December 31, 2023: €443.2 million). They are recognized on temporary differences and on tax refund claims that arise in subsequent years from the expected utilization of tax loss carryforwards and interest carryforwards and from tax credits.

Current assets

Current assets increased to a total of €5,569.0 million as at the end of 2024 (December 31, 2023: €5,223.3 million).

This growth was primarily driven by the sharp rise in cash and cash equivalents to €787.0 million (December 31, 2023: €311.8 million). The significant improvement in free cash flow during the reporting year and, in particular, the inflow of cash provided by the corporate bond issued in November had a positive impact on liquidity as at the reporting date.

Thanks to rigorous management of working capital, the KION Group's net working capital was down significantly at €1,783.2 million as at the end of 2024 (December 31, 2023: €2,009.0 million). Moreover, inventories fell sharply year on year to €1,748.6 million as at December 31, 2024 (December 31, 2023: €1,817.1 million) as a result of a substantial reduction in stock levels during the fourth quarter.

Inventories

in € million	Dec. 31, 2024	Dec. 31, 2023	Change
Materials and supplies	454.6	465.8	–2.4%
Work in progress	294.3	318.1	–7.5%
Finished goods and merchandise	945.7	959.6	–1.4%
Advances paid	54.1	73.7	–26.6%
Total inventories	**1,748.6**	**1,817.1**	**–3.8%**

In addition, reporting date-related effects meant that trade receivables decreased to €1,695.6 million (December 31, 2023: €1,755.8 million). Contract assets, which mainly related to project business in the Supply Chain Solutions segment, declined to €278.1 million as at the end of 2024 (December 31, 2023: €403.3 million).

Current lease receivables from end customers increased from €612.5 million as at December 31, 2023 to €723.8 million as at December 31, 2024 for volume-related reasons.

Financial position

Principles and objectives of financial management

The KION Group pursues a sound financial policy of maintaining a strong credit profile with reliable access to capital markets. By pursuing an appropriate financial management strategy, the KION Group makes sufficient cash and cash equivalents available at all times to meet the Group companies' operational and strategic funding requirements. As part of its financial management activities, the KION Group aims to optimize the funding structure and conditions. In addition, the KION Group manages its financial relationships with customers and suppliers and mitigates the financial risk to its enterprise value and profitability, notably currency risk, interest-rate risk, price risk, counterparty risk, and country risk. In this way, the KION Group creates a stable funding position for profitable growth.

Within the Group, KION GROUP AG manages intercompany cash pooling centrally. KION GROUP AG pools the liquidity of the Group companies and covers their funding requirements. The vast majority of the Group companies participate in KION GROUP AG's groupwide cash pool. This funding enables the KION Group to present a united front in the capital markets and strengthens its hand in negotiations with banks and other market participants. The Group occasionally arranges additional local credit lines for some Group companies with banks or leasing companies in order to comply with legal, tax, and other regulations.

The KION Group is a publicly listed corporate group and therefore ensures that its financial management takes into account the interests of shareholders, the banks providing its funding, and other lenders. For the sake of all stakeholders, the KION Group makes sure that it maintains an appropriate ratio of internal funding to borrowing. The KION Group's borrowing currently has a maturity structure extending until 2030.

Depending on requirements and the market situation, the KION Group also avails itself of the funding facilities offered by the capital markets. The KION Group therefore seeks to implement proactive risk management by rigorously pursuing its corporate strategy and to maintain an investment-grade credit rating in the capital and funding markets by ensuring a solid funding structure.

The KION Group's credit ratings remained unchanged in the year under review. Standard & Poor's confirmed its rating of BBB– in February 2024. The outlook remains negative. In May 2024, Fitch Ratings awarded an unchanged long-term issuer default rating of BBB with a stable outlook and a short-term issuer default rating of F2.

KION GROUP AG generally issues guarantees to the banks for Group companies' existing payment obligations.

The KION Group maintains a liquidity reserve in the form of cash and a revolving credit facility in order to ensure long-term financial flexibility and solvency.

In addition, the KION Group uses derivatives to hedge currency risk. Interest-rate swaps are entered into in order to hedge interest-rate risk.

The revolving credit facility and a number of promissory notes taken out by KION GROUP AG stipulate adherence to covenants. The agreed financial covenant involves ongoing testing of adherence to a maximum level of leverage (defined as the ratio of industrial net operating debt to adjusted EBITDA). As at December 31, 2024, the actual level of leverage was well below the limit of the financial covenant. As contractually agreed, this calculation is suspended in respect of the revolving credit facility because KION GROUP AG continues to have two investment-grade credit ratings.

Exceeding the agreed maximum level of leverage gives lenders a right of termination.

The contractually agreed interest terms for the revolving credit facility are linked not only to KION GROUP AG's credit rating but also to compliance with the Group's sustainability KPIs. The interest terms for a promissory note issued in October 2023 are also linked to the achievement of ESG targets.

Main corporate actions in the reporting period

KION GROUP AG took further steps to secure the necessary funding for the Group in 2024, responding to the persistent uncertainties in the capital markets.

In November 2024, KION GROUP AG placed a second unsecured bond with a nominal amount of €500.0 million, a maturity date in 2029, and a coupon of 4.0 percent on the capital markets under its established EMTN program. The proceeds from issuing the bond are to be used to refinance the financial liabilities maturing in 2025, thereby improving the maturity profile of KION GROUP AG's borrowing even further.

Analysis of capital structure

Non-current and current liabilities amounted to €12,598.3 million as at December 31, 2024, which was €982.6 million higher than the figure as at December 31, 2023 of €11,615.7 million. The increase was partly driven by the rise in non-current and current liabilities from the lease and short-term rental business and by the overall growth of financial liabilities. Non-current liabilities included deferred tax liabilities of €446.7 million (December 31, 2023: €448.9 million).

Financial debt

Non-current and current financial liabilities advanced to a total of €1,700.3 million (December 31, 2023: €1,522.4 million). Non-current financial liabilities fell to €1,002.0 million (December 31, 2023: €1,306.6 million). They included the corporate bond issued in November 2024 with a carrying amount of €496.0 million, whereas the first corporate bond under the EMTN program, which is due to mature in September 2025, is now recognized under current financial liabilities. Furthermore, non-current promissory notes decreased to €449.1 million (December 31, 2023: €626.5 million) owing to the reclassification of two tranches in view of their maturity dates; the variable-rate tranche of €100.0 million was repaid ahead of schedule in the final quarter of 2024. Non-current financial liabilities also included liabilities to banks, which fell to €56.7 million at the end of 2024 (December 31, 2023: €164.2 million) due to the early repayment of a bilateral loan.

Current financial liabilities rose to €698.3 million as at December 31, 2024 (December 31, 2023: €215.8 million). In addition to the corporate bond with a carrying amount of €499.1 million, which is due to mature in September 2025, current financial liabilities also included the promissory note of €79.5 million that matures in June 2025 and current liabilities to banks of €90.2 million (December 31, 2023: €108.2 million). The syndicated revolving credit facility (RCF) was undrawn as at the reporting date (December 31, 2023: drawdown of €21.0 million).

Net financial debt (non-current and current financial liabilities less cash and cash equivalents) stood at €913.2 million as at the end of 2024, which was below the prior-year figure (December 31, 2023: €1,210.6 million). This equated to 0.5 times adjusted EBITDA on an annualized basis (December 31, 2023: 0.7 times). To reconcile the net financial debt with the industrial net operating debt (INOD) of €2,497.5 million as at December 31, 2024 (December 31, 2023: €2,566.2 million), the liabilities from the short-term rental business of €814.1 million (December 31, 2023: €716.6 million) and the liabilities from procurement leases of €770.1 million (December 31, 2023: €639.0 million) are added to net financial debt.

Industrial net debt

in € million	Dec. 31, 2024	Dec. 31, 2023	Change
Promissory notes	528.5	696.0	–24.1%
Bonds	995.2	498.0	99.8%
Liabilities to banks	146.9	272.4	–46.1%
Other financial debt	29.6	56.0	–47.1%
Financial debt	**1,700.3**	**1,522.4**	**11.7%**
Less cash and cash equivalents	–787.0	–311.8	< –100%
Net financial debt	**913.2**	**1,210.6**	**–24.6%**
Liabilities from short-term rental business	814.1	716.6	13.6%
Liabilities from procurement leases	770.1	639.0	20.5%
Industrial net operating debt (INOD)	**2,497.5**	**2,566.2**	**–2.7%**
Net defined benefit obligation	666.9	674.8	–1.2%
Industrial net debt (IND)	**3,164.4**	**3,241.0**	**–2.4%**
Adjusted EBITDA[1]	1,945.0	1,748.7	11.2%
Leverage on net financial debt	0.5	0.7	–32.2%
Leverage on INOD	1.3	1.5	–12.5%
Leverage on IND	1.6	1.9	–12.2%

1 Adjusted for PPA items and non-recurring items

Retirement benefit obligation and similar obligations

The KION Group maintains pension plans in many countries. These plans comply with legal requirements applicable to standard local practice and thus the situation in the country in question. The plans comprise defined benefit pension plans, defined contribution pension plans, and plans covering multiple Group companies. As at December 31, 2024, the retirement benefit obligation and similar obligations under defined benefit pension plans amounted to a total of €747.5 million, a year-on-year decrease of €28.2 million that was due to an overall slight rise in the discount rates (December 31, 2023: €775.7 million). The net obligation under defined benefit pension plans, defined as the present value of the associated obligations after deduction of plan assets, came to €666.9 million (December 31, 2023: €674.8 million). Changes in estimates relating to defined benefit pension entitlements resulted in a decrease in equity of €15.3 million (after deferred taxes).

Contributions to pension plans that are entirely or partly funded via funds are paid in as necessary to ensure sufficient assets are available and to be able to make future pension payments to pension plan participants. These contributions are determined by factors such as the funded status, legal and tax considerations, and local practice. Payments totaling €84.5 million (2023: €85.9 million) were made in 2024 for the main pension entitlements in the KION Group. They mostly comprised pension benefits of €27.0 million (2023: €26.1 million) granted directly by the Company and employer contributions to plan assets amounting to €57.5 million (2023: €59.7 million). In 2023 and 2024, the employer contributions included a special funding of €50.0 million in order to increase the funding ratio of the pension plans in Germany.

Liabilities from lease and short-term rental business

The ongoing expansion of the lease business led to higher funding needs in the reporting year. Non-current and current liabilities from the lease business increased to €4,407.5 million as at December 31, 2024 (December 31, 2023: €3,756.2 million). Of this total, €4,280.5 million was attributable to financing of the direct lease business (December 31, 2023: €3,620.5 million) and €127.0 million to the repurchase obligations resulting from the indirect lease business (December 31, 2023: €135.7 million).

Non-current and current liabilities from the short-term rental business totaled €814.1 million (December 31, 2023: €716.6 million).

Other provisions

Non-current and current other provisions rose to €482.6 million as at December 31, 2024 (December 31, 2023: €452.3 million). In addition to provisions for product warranties and for personnel-related obligations, this includes provisions for onerous contracts mainly related to project business in the Supply Chain Solutions segment and other obligations.

Other financial liabilities

Non-current and current other financial liabilities came to €977.0 million as at December 31, 2024 (December 31, 2023: €884.5 million). This item predominantly included liabilities from procurement leases amounting to €770.1 million (December 31, 2023: €639.0 million), for which right-of-use assets were recorded.

Contract liabilities

Contract liabilities, which mainly relate to prepayments received from customers in connection with the long-term project business in the Supply Chain Solutions segment, stood at €778.6 million as at the reporting date (December 31, 2023: €773.3 million).

Equity

Consolidated equity went up by €434.4 million to €6,207.1 million as at December 31, 2024 (December 31, 2023: €5,772.7 million). The net income of €369.2 million earned in the year under review contributed to the rise in equity. The currency translation gains of €151.5 million, which were recognized in other comprehensive income, also had an impact on equity. The actuarial gains and losses arising from the measurement of pensions, which amounted to a net loss of €15.3 million (after deferred taxes), had an impact too. The dividend paid by KION GROUP AG in June 2024 reduced equity by €91.8 million. The equity ratio of 33.0 percent was slightly below the level as at the end of 2023 of 33.2 percent owing to the increase in total assets.

Analysis of capital expenditure

The KION Group’s capital expenditure on property, plant and equipment and on intangible assets in the reporting year (excluding right-of-use assets from procurement leases) gave rise to cash payments of €462.9 million (2023: €442.8 million). The focus in the Industrial Trucks & Services segment was on product development and the expansion and modernization of production and technology facilities. Capital expenditure in the Supply Chain Solutions segment predominantly related to development costs. Purchase commitments for capital expenditure on non-current assets amounted to €36.6 million as at the reporting date (December 31, 2023: €68.5 million).

Analysis of liquidity

Liquidity management is an important aspect of central financial management in the KION Group. The sources of liquidity are cash and cash equivalents, cash flow from operating activities, and amounts available under credit facilities. Using cash pools, liquidity is managed in such a way that the Group companies can always access the cash that they need.

Cash and cash equivalents increased to €787.0 million as at December 31, 2024 (December 31, 2023: €311.8 million).

Taking into account the credit facility of €1,385.7 million that was still freely available and was undrawn as at the reporting date (December 31, 2023: €1,364.7 million), the unrestricted cash and cash equivalents available to the KION Group as at the end of 2024 amounted to €2,172.2 million (December 31, 2023: €1,674.4 million).

In 2024, the KION Group’s cash flow from operating activities amounted to a net cash inflow of €1,170.6 million and was therefore even higher than in the previous year (2023: €1,144.0 million). This was primarily thanks to the significant improvement in operating profit and the substantial reduction in net working capital. Cash outflows encompassed the variable remuneration that was paid and the payments for income taxes, which were much higher than in the previous year due to the success of the 2023 financial year.

There was an increase in net cash used for investing activities to minus €468.6 million in 2024 (2023: minus €428.8 million). Within this total, cash payments in respect of capital expenditure came to minus €462.9 million (2023: minus €442.8 million). This figure included capitalized development costs, which rose year on year to €133.2 million (2023: €116.0 million). In 2024, there were also net payments totaling minus €36.7 million (2023: minus €2.8 million) for acquisitions of companies and equity investments, although these were partly offset by net inflows of €10.3 million (2023: €0.0 million) from the sale of business units.

Free cash flow – the sum of cash flow from operating activities and investing activities – amounted to €702.0 million in the reporting year, which was almost as high as in the previous year (2023: €715.2 million).

Net cash used for financing activities amounted to minus €224.7 million in 2024 (2023: minus €721.7 million). Additions to and repayments of financial debt mainly related to the issue of the corporate bond, additions and repayments under the commercial paper program and the syndicated revolving credit facility (RCF) during the year, and the repayment of promissory notes and bank loans. Payments made for interest portions and principal portions under procurement leases totaled €175.0 million (2023: €157.9 million). Current interest payments were on a par with the previous year at minus €69.1 million (2023: minus €69.7 million). Payments as a result of other financing activities, which mainly related to the repayment of factoring liabilities, totaled minus €61.7 million (2023: receipts of €4.2 million). The payment of a dividend to the shareholders of KION GROUP AG resulted in an outflow of funds of minus €91.8 million, which equates to €0.70 per share.

Condensed consolidated statement of cash flows

in € million	2024	2023	Change
EBIT	**777.8**	**660.6**	**17.7%**
+ Amortization / depreciation[1] on non-current assets (without lease and rental assets)	546.3	485.5	12.5%
+ Net changes from lease business (including depreciation[1] and release of deferred income)	–76.4	–22.0	< –100%
+ Net changes from short-term rental business (including depreciation[1])	47.4	35.9	32.0%
+ Changes in net working capital	243.0	27.5	> 100%
+ Taxes paid	–302.9	–180.0	–68.3%
+ Other	–64.6	136.5	< –100%
= Cash flow from operating activities	**1,170.6**	**1,144.0**	**2.3%**
+ Cash flow from investing activities	–468.6	–428.8	–9.3%
thereof cash payments for capitalized development costs	–133.2	–116.0	–14.9%
thereof cash payments for purchase of other non-current assets	–329.7	–326.9	–0.9%
thereof from acquisitions	–36.7	–2.8	< –100%
thereof from sale of subsidiaries/other businesses	10.3	–	–
thereof changes from other investing activities	20.8	16.8	23.9%
= Free cash flow	**702.0**	**715.2**	**–1.8%**
+ Cash flow from financing activities	–224.7	–721.7	68.9%
+ Effect of exchange rate changes on cash	–2.1	–5.0	58.9%
= Change in cash and cash equivalents	**475.2**	**–11.5**	**> 100%**

1 Including impairment and reversals of impairment

Employees

HR strategy*

The KION Group revised its HR strategy in 2024 to ensure that it provides the best possible support for the Playing to Win strategy and its targeted implementation. To this end, the KION Group forged ahead with a number of strategic HR initiatives.

A major step forward was the harmonization of operational workforce planning, which was achieved by rolling out a standard process across the Group with the aim of ensuring access to the right talent in the right place and at the right time. The process and related IT tool were deployed in selected business units in 2024 in order to gain valuable experience ahead of the planned global implementation in 2025.

New HR dashboards that were introduced in 2024 help HR specialists and managers to gain insights into various aspects of the workforce, identify trends and patterns, proactively respond to changes, and make data-driven decisions.

The strategic deployment of employees on assignment to various countries enables the KION Group to strengthen its presence worldwide. It also helps to ensure that the Group’s global projects are implemented to the utmost satisfaction of its international customers. To maximize the effectiveness of such deployments, the KION Group optimized processes and policies in 2024 that take account of tax and social insurance aspects, provisions of employment law, and immigration matters.

Another focus of people development was on having a targeted blend of global and business unit-specific education and development programs that allow the KION Group’s employees to gain invaluable expertise and add to their professional skills. This not only fosters their personal development but should also boost the Company’s innovative and competitive strength.

Implementation of the HR strategy will continue in 2025. The shared KION Group values – integrity, collaboration, courage, and excellence – form the underlying framework and are firmly embedded in the Company’s HR toolbox. The KION Group’s success in the implementation of the Playing to Win corporate strategy is founded on the capabilities and motivation of its employees.

Competitive wages and salaries*

The KION Group pays remuneration that reflects performance, is in line with market levels and, as a rule, is oriented to the competitive situation in the relevant local market. Most of the employment contracts are based on the collective agreements that have been entered into with labor unions or other employee representative bodies and take account of country-specific aspects. In each country in which the KION Group operates, pay must, as a minimum, meet the statutory minimum wage requirements applicable in that country.

* The content of this chapter/section is disclosed voluntarily and is therefore unaudited.

Headcount

The average number of employees (full-time equivalents (FTEs)), including trainees and apprentices, in the KION Group was 42,439 in 2024 (2023: 41,552).

>>As at December 31, 2024, the KION Group companies employed 42,719 FTEs, 394 more than a year earlier. (ESRS S1–6 paragraph 50 f)<<*

Employees (full-time equivalents)[1]

Dec. 31, 2024	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
EMEA	**24,551**	**3,424**	**1,485**	**29,460**
Western Europe	20,984	3,047	834	**24,865**
Eastern Europe	3,567	368	651	**4,586**
Middle East and Africa	–	9	–	**9**
Americas	**1,064**	**4,928**	**–**	**5,992**
North America	417	4,169	–	**4,586**
Central and South America	647	759	–	**1,406**
APAC	**5,792**	**1,475**	**–**	**7,267**
China	4,794	467	–	**5,261**
APAC excluding China	998	1,008	–	**2,006**
Total	**31,407**	**9,827**	**1,485**	**42,719**

Dec. 31, 2023				
EMEA	**23,778**	**3,901**	**1,376**	**29,055**
Western Europe	20,013	3,491	733	24,237
Eastern Europe	3,746	402	643	4,791
Middle East and Africa	19	8	–	27
Americas	**1,052**	**5,304**	**–**	**6,356**
North America	437	4,456	–	4,893
Central and South America	615	848	–	1,463
APAC	**5,453**	**1,461**	**–**	**6,914**
China	4,646	487	–	5,133
APAC excluding China	807	974	–	1,781
Total	**30,283**	**10,666**	**1,376**	**42,325**

1 Number of employees (full-time equivalents; incl. apprentices; excl. inactive employees) as at balance sheet date; allocation according to the contractual relationship

* This disclosure is part of the Group sustainability statement of the KION Group for the 2024 financial year.

Personnel expenses rose by 4.6 percent year on year to €3,314.4 million due to the growth in the average number of employees for the year and to general salary increases.

Personnel expenses

in € million	2024	2023	Change
Wages and salaries	2,642.0	2,534.1	4.3%
Social security contributions	595.5	565.0	5.4%
Post-employment benefit costs and other benefits	77.0	70.5	9.2%
Total	**3,314.4**	**3,169.6**	**4.6%**

Diversity and inclusion*

The KION Group, which has a direct presence in around 40 countries, sees itself as a global company.

In addition to equal opportunities and the fair treatment of all employees, the KION Group believes that diversity involves respect for different perspectives and different ways of thinking. It attaches particular importance to upholding its values and fostering constructive collaboration. At the end of 2024, employees of more than 110 nationalities were contributing their range of skills and expertise to the KION Group.

One of the KION Group's priorities when assigning people to cross-regional projects and continuing professional development (CPD) programs is selecting a cross-section of nationalities. Examples of such programs are the finance function's talent management program, the mentoring program for women, the KION Management Trainee Program, the KION Transition to Management Program, and the KION Global Executive Program.

Collaboration between employees in different countries is enhanced by international assignments and by the many multinational teams who work together on a daily basis across regions. The KION Group is taking various steps to tackle the challenges of demographic change that go beyond measures to recruit and develop talent. For example, it provides age-appropriate working conditions and health programs so that it can continue to benefit from older employees' experience and pass it on to the younger generation. As at December 31, 2024, 25.3 percent of employees were over the age of 50 (December 31, 2023: 24.9 percent).

The KION Group promotes a culture of diversity, inclusion, and equity that puts people and their mental health first. It is committed to treating all employees with equal respect, regardless of personal characteristics such as gender, color, ethnic or social origin, age, or religious beliefs. These principles are laid down in the KION Group's minimum employment standards and apply worldwide at all Group sites. Further information can be found in the Group sustainability report.

The companies in the KION Group strive to offer employees with disabilities the best possible working conditions. They support reintegration into work and enable people with physical disabilities to remain in employment. The KION Group recruits, employs, and promotes people solely on the

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basis of the skills and qualifications required for the particular role. This approach helps to avoid discrimination when deciding on such matters.

A Diversity & Inclusion Council (D&I Council) was set up in 2022 with members drawn from the ranks of international managers and the objective of making the Company even more focused on the various aspects of diversity, equity, and inclusion. In 2023, the council was expanded to include representatives from all employee resource groups ('Employee Resource Groups'; ERGs) and allyships/networks, such as BOLD – Black Organization Leadership Development, Parents@KION network, Women@KION HQ, and Ladies Power KION HQ.

The D&I Council met several times in 2024, drew up action plans, oversaw their operational implementation, and monitored their success. In June, for example, the council again organized and held a groupwide diversity and inclusion awareness month. The aim was to boost awareness of diversity, equity, and inclusion and to ensure that mutual respect is embedded as a core aspect of this. Workshops, keynote talks, and other events addressed topics such as how respect paves the way for greater equality, builds bridges and can bring cultures together, and how a mixture of generations opens up additional perspectives. Separately from the diversity and inclusion awareness month, employees also had the chance in 2024 to attend inspiring keynote talks that examined subjects such as the importance of non-violent communication and the role of empathy as the basis for a diverse working world.

In addition, new training initiatives were developed and offered through learning platforms, for example a diversity and inclusion learning month. This includes continual updates to the unconscious bias e-learning module and training materials for the talent & performance process aimed at avoiding bias. Efforts to promote diversity, equity, and inclusion (DEI) also encompass the design of internal communications on internal platforms and in the employee magazine and the external communications strategy pursued on the corporate website and on social media. New initiatives were launched in the form of allyships/networks and ERGs. The Diversity & Inclusion (D&I) champions represent another initiative in which interested employees act as multipliers for D&I efforts within the organization.

The proportion of the KION Group's total workforce made up of women (calculated in accordance with ESRS) rose to 18.9 percent as at December 31, 2024 (December 31, 2023: 18.6 percent). To help to increase the proportion of management positions occupied by women, the Executive Board has set targets that are published in the 'corporate governance statement'. The KION Group intends to fill more management positions internationally in order to be able to better meet the growing societal demands. Many KION Group companies offer flexible working-time models in order to promote a good work-life balance, and the option of remote working has been significantly expanded.

Further information on the advancement of women can be found in the section 'Action to increase the proportion of women' in the 'corporate governance statement'.

Development of specialist workers and executives*

People development measures are generally available to the entire KION Group workforce at all organizational levels. The KION Group is committed to introducing new programs targeted at specific groups on an ongoing basis and to offering its employees interesting career opportunities that are compatible with flexible and family-friendly working-time models. The Group companies also collaborate closely on areas such as talent management and training & development programs. This

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helps to systematically identify and support staff across the Group who have potential, who are high performers, or who are experts in key functions.

A key role is played by the KION Group’s well established, globally standardized, and comprehensive Organization Capability Talent Review (OCTR). The process involves identifying and providing targeted development to high-potential candidates as well as holding regular appraisal meetings between employees and their managers. This enables a fair and clearly documented assessment of performance and means that each employee’s individual development needs can be determined.

The KION Learning Academy, a strategic HR initiative, provides training opportunities for all KION Group employees worldwide. In addition, a global analysis of learning requirements across the Group was conducted for the first time, providing the basis for defining the current training portfolio. The introduction of LinkedIn Learning allows the KION Group to offer all employees high-quality digital learning materials on a wide variety of technical, business, and creative topics that have been produced by industry experts. This has become an integral element of both subject-specific and interdisciplinary CPD. Another focus of the KION Learning Academy is the training available for potential and experienced managers. A further example of a KION groupwide people development program is the KION China Exchange Program, which promotes dialogue on intercultural, business, and specialist subjects and is open to selected high-potential employees in a range of departments. The KION ITS EMEA and KION SCS Operating Units also have academies that run subject-specific and interdisciplinary training courses to add to and develop employees’ skills, particularly in sales and service. Other CPD and development programs are geared to regional and local requirements. The Workday learning platform is used to roll out strategically important training courses worldwide and enable employees to find out what training is available.

People development, an important topic for the KION Group, includes not only general training and development programs but also individual talent management. The Group’s programs that are primarily aimed at developing leadership capabilities are coordinated by the central HR function in order to maintain uniform quality standards and a consistent approach throughout the KION Group. For example, the KION global executive program (KGEP), which is run in cooperation with the renowned INSEAD business school, is aimed at jointly strengthening global leadership capabilities and coaching skills in order to improve performance. Overall, 64 percent of all executives have completed the program since 2017. In the KION transition to management program (KTMP), selected employees whom the KION Group has identified as having significant management potential are systematically prepared for the role of an executive. Since 2018, five cohorts of international high-potential candidates have successfully completed a training course to set them on the path to taking on an executive role. By the end of December 2024, 58 percent of past participants who were still employed in the KION Group had been promoted to an executive position. The new participants for the sixth cohort were selected in November 2024. The participants in the 18-month global KION Management Trainee Program take part in a total of four modules in which they learn about target functions, key interfaces, and partners. Assignments at international KION Group sites are also part of the program. The fifth cohort, comprising eleven new management trainees from the KION Group, embarked on the program in 2024.

Training and apprenticeships*

Training that incorporates on-the-job work placements is available to people interested in becoming a trainee or apprentice in a variety of professions in the Group companies. In Germany, KION Group companies currently offer apprenticeships for 19 professions. Besides providing dual vocational training schemes, KION Group companies partner with various universities to offer work placements for students combining vocational training with a degree course. The total number of trainees and apprentices worldwide was 851 as at December 31, 2024 (December 31, 2023: 752).

Sharing in the Company's success*

Since 2014, the remuneration of the approximately 500 executives has included a remuneration component running over several years that is based on the long-term success of the Company and is granted annually.

Employee commitment*

All KION companies aim to ensure a high level of employee commitment, and so a fourth global employee survey was conducted in 2024. This survey was designed to collect input from all employees worldwide, strengthen employees' commitment and motivation, further embed the corporate culture, and thereby support the sustainable growth of the business.

Further information on the employee survey can be found in the Group sustainability report.

Constructive collective labour relations should be a permanent feature of a corporate culture that promotes collaboration. KION GROUP AG has mechanisms in place – and not just those that are required by law – to allow employee representatives to directly address Group management and its representatives about matters that are of relevance for the workforce and that inform them of economic factors that are significant to the Company's most fundamental decisions.

Further information on the workforce and on matters such as occupational health & safety and health programs can be found in the Group sustainability report.

* The content of this chapter/section is disclosed voluntarily and is therefore unaudited.

Group sustainability report

General information

Basis of sustainability reporting

General basis for the preparation of the sustainability report

The Group sustainability statement ('sustainability report') was prepared in accordance with the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD), of Article 8 of Regulation (EU) 2020/852, and of section 315c in conjunction with 289c to 289e of the German Commercial Code (HGB) regarding consolidated non-financial statements. The Group sustainability report covers the period from January 1 to December 31, 2024. In accordance with section 315c (3) HGB, the non-financial Group report was prepared as a framework based on the first sentence of the European Sustainability Reporting Standards (ESRS). KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was commissioned to perform a voluntary limited assurance engagement on the non-financial report.

In addition to KION GROUP AG, all material subsidiaries were included that are controlled by KION GROUP AG and therefore contribute to the Group's business activities (see also the basis of consolidation in the notes to the consolidated financial statements, note [4]; [ESRS 1.123]).

Alignment in accordance with CSR-RUG with voluntary application of ESRS

This Group sustainability report was prepared in accordance with the applicable legal requirements of CSR-RUG. The concept of double materiality analysis in accordance with ESRS means that the understanding of materiality according to GAS 20 is significantly expanded upon for the Group non-financial statement. Based on the KION Group's material topics, the five matters outlined in CSR-RUG have already been covered as follows in accordance with ESRS and expanded for individual requirements of CSR-RUG.

The description of the business model can be found in the 'Strategy, business model, and value chain of the KION Group' chapter (pages 114 to 121). Notes on the amounts reported in the consolidated financial statements, the non-financial risks, and the identification of material matters can be found in the 'Basis of sustainability reporting' chapter (pages 111 to 113) and the 'Impact, risk, and opportunity management' chapter (pages 122 to 132). Environmental matters according to CSR-RUG are comprehensively covered in the reporting with reference to ESRS E1 'Climate change' (pages 139 to 164), ESRS E2 'Pollution' (pages 165 to 173), ESRS E3 'Water and marine resources' (pages 173 to 178), and ESRS E5 'Resource use and circular economy' (pages 179 to 188).

'Employee matters' according to CSR-RUG are covered by the KION Group under ESRS S1 'Own workforce of the KION Group' (pages 197 to 212).

The disclosure requirements according to CSR-RUG on 'social matters' were identified in the KION Group's double materiality analysis as not subject to reporting requirements in accordance with ESRS. The policy on 'social matters' according to CSR-RUG is discussed in the 'Strategy, business model, and value chain of the KION Group' chapter (pages 114 to 121). The findings of the double materiality analysis are taken into account in the targets, actions, and results of the 'social matters' policy reported in the respective topics and sub-topics of the ESRS disclosure requirements. The overarching involvement of stakeholders is disclosed in the 'Description of the process to identify and assess material impacts, risks, and opportunities' (pages 122 to 128) and

'Interests and views of stakeholders' (pages 128 to 131) chapters. The latter chapter has an additional focus on the customers as a stakeholder group and on the safety of KION Group products.

The disclosure requirements relating to 'respect for human rights' according to CSR-RUG are disclosed in reporting in line with ESRS S1 'Own workforce of the KION Group' (pages 197 to 212) and ESRS S2 'Workers in the value chain' (pages 212 to 220).

The disclosure requirements according to CSR-RUG on 'anti-bribery and anti-corruption' were identified in the KION Group's double materiality analysis as not subject to reporting requirements in accordance with ESRS. The requirements with regard to 'anti-corruption and anti-bribery' policies according to CSR-RUG have been integrated into ESRS G1 'Business conduct' (pages 221 to 224).

Definition of the basis of consolidation and information on the upstream and downstream value chain

The assessment of the upstream and downstream value chain included the unconsolidated subsidiaries and equity investments as well as the entities consolidated for financial reporting purposes. The findings of this assessment confirmed that the former are not material, based on the non-financial thresholds defined as material for the Group. This review of the value chain includes the required disclosures on greenhouse gas emissions (GHG emissions) according to ESRS E1 paragraph 44. The basis of consolidation for sustainability reporting is therefore in line with that for financial reporting.

For this disclosure requirement, no joint ventures, joint operations, or equity-accounted material equity investments were identified as part of the Group's value chain (ESRS 1.67) over which it has operational control (ESRS 1.50 b).

As part of the double materiality analysis, the KION Group's own operations and its upstream and downstream value chain were included in the evaluation of the impacts, risks, and opportunities (IROs). This sustainability report therefore also covers the upstream and downstream value chain on the basis of double materiality. Where individual policies, actions, metrics, and targets also relate to the value chain, or to specific parts of the value chain, they are highlighted accordingly in this sustainability report.

Amounts and metrics based on estimates and assumptions are explained, as is the methodology for deriving them. No information regarding the protection of confidentiality or of intellectual property has been omitted. Unless stated otherwise, the qualitative and quantitative disclosures in this sustainability report relate to the period of the KION Group's financial year from January 1 to December 31, 2024.

Disclosures in relation to specific circumstances

The KION Group has voluntarily applied the European Sustainability Reporting Standards (ESRS), specified as the authoritative reporting standards by the CSRD, to prepare this sustainability report. In accordance with ESRS 1.110 and section 289b (1) and (3) and section 315b (1) and (3) of the German Commercial Code (HGB), this sustainability report has been integrated into the combined management report and follows the applicable requirements of the CSR Directive Implementation Act (CSR-RUG).

Voluntary ESRS implementation brings with it the following changes to sustainability reporting defined by section 315 in conjunction with sections 289c to 289e HGB:

- A double materiality analysis carried out in accordance with ESRS for the purpose of identifying material impacts, risks, and opportunities (IROs) in the KION Group's own operations and in the upstream and downstream value chain,
- new or expanded disclosure requirements, metrics, and other key performance indicators in line with ESRS requirements, including descriptions of the material IROs and policies, actions, metrics, and targets.

Prior-year figures have not been disclosed, in accordance with the exemption provision in the first year that ESRS is applied.

Voluntary additional disclosures, including sources

The KION Group reports on requirements beyond the ESRS by providing voluntary disclosures as part of its Group sustainability report, which are labeled accordingly pursuant to ESRS 1.114 a).

Complementary information such as references and sources (for example, websites) that is not part of this Group sustainability report and the combined management report have been clearly labeled in the respective sections of text with double square brackets [[…]] where necessary.

General information in the context of material non-financial metrics

Some metrics in the sustainability report are subject to a high degree of estimation and measurement uncertainty. The reasons for this are explained in the respective chapters. The following metrics are subject to a very high degree of estimation and measurement uncertainty:

- GHG emissions in categories '3.1 Purchased goods and services' and '3.11 Use of sold products' ('Metrics related to climate change')
- Substances of very high concern (SVHC) ('Metrics related to pollution')
- Microplastics ('Metrics related to pollution')
- Resource inflows ('Resource inflows and outflows')

The disclosures, metrics, and other key performance indicators have undergone some changes year on year due to adjustments to the definition of metrics and scales as a result of ESRS being applied for the first time. In addition to a new level of detail, some of the Group's internal metrics have been adjusted. This statement is therefore not fully comparable with the 2023 non-financial report.

No prior-year adjustments were made for possible material errors or changes to estimates for the metrics and other key performance indicators, in accordance with the exemption provision for the first-time application of ESRS.

In order to meet each specific requirement, forward-looking statements regarding sustainability matters made in this sustainability report are always viewed over an appropriate time horizon in line with the financial reporting of the KION Group. A short-term time horizon is a period of up to one year, a medium-term time horizon is a period of between one and five years, and a long-term time horizon is a period of more than five years.

Strategy, business model, and value chain of the KION Group

The KION Group is among the world's leading suppliers of industrial trucks and supply chain solutions. Its portfolio encompasses industrial trucks such as forklift trucks and warehouse trucks, as well as integrated automation technology and software solutions for the optimization of supply chains, including all related services. Across more than 100 countries worldwide, the KION Group sells logistics solutions that improve the flow of material and information within factories, warehouses, and distribution centers. The KION Group, which is included in the MDAX, is the largest manufacturer of industrial trucks in the EMEA region. In China, it is the leading foreign manufacturer.

The KION Group's brands have been established in the regional markets EMEA, APAC, and the Americas for decades. Dematic is a global leader in warehouse automation, providing a diverse range of intelligent supply chain and automation solutions. The Linde and STILL brands serve the premium and higher value segments of the industrial truck market. Baoli focuses on industrial trucks in the lower value and economy segments. The regional industrial truck brand Fenwick is one of the leading suppliers of material handling products in France, while OM is among the leading vendors in the Indian market.

The KION Group is a global company employing 43,297 people from more than 110 countries as at December 31, 2024.

The EMEA region and the key market of Western Europe accounted for the largest share of the workforce with 69.3 percent (30,018 employees) at the end of the year. The APAC region and the key market of China, a future growth market for the KION Group, accounted for 16.9 percent (7,307 employees). The Americas region, including the key market of North America, accounted for 13.8 percent (5,972 employees).*

The business is combined in the two operating segments Industrial Trucks & Services and Supply Chain Solutions, whose respective market position and regional presence complement each other. Corporate Services comprises holding companies and other service companies that provide services such as IT and general administration activities across all segments.

The Industrial Trucks & Services segment sells forklift trucks, warehouse technology, and related services, including complementary financial services, through the three international brands Linde, STILL, and Baoli plus the regional brands Fenwick and OM. The Industrial Trucks & Services segment has a diversified customer base. Customers range from large key accounts with global operations to small and medium-sized enterprises across all sectors.

The Supply Chain Solutions segment, which operates under the Dematic brand, focuses on concept development for, and the installation of, integrated technology and software solutions that are used to optimize supply chains. With global resources, eleven production facilities worldwide, and regional teams of experts, Dematic is able to plan and deliver logistics solutions with varying degrees of complexity in most parts of the world. Key customer industries are general merchandise, grocery retail, apparel, and food and beverage.

Through its regional market presence, the KION Group has positioned itself in the global markets with the product portfolio of its established brands, its sales and service network, and its varied customer portfolio. KION Group customers include major manufacturers, the logistics and transportation sector, grocery retailers, pure-play e-commerce customers, and small and medium-sized manufacturers.

The business model of the Industrial Trucks & Services segment covers the key process steps of the value chain to fully cater to the needs of material handling customers worldwide: product

* This section contains voluntary disclosures in accordance with ESRS 1.114 a).

development, procurement and manufacturing, sales and service, truck rental – including short-term rental – and used trucks, fleet management, and financial services through lease agreements that support the core industrial truck business.

The product portfolio is complemented by services that cover the customers' use of the products. The spare parts business and the provision of service packages for repair and maintenance underpin the longevity and efficient use of these products. Alongside these recurring services, another important building block in the downstream value chain in terms of circularity is the refurbishment of used forklift trucks, such as returns from leasing agreements, and the remarketing of used trucks and trucks that have undergone a major overhaul (remanufacturing).

The business model of the Supply Chain Solutions segment, with Dematic as one of the world's leading warehouse automation providers, comprises intelligent supply chain solutions, automation solutions, and the offering in the autonomous mobile robot (AMR) segment. As supply chain installation projects for these customized systems can take a long time, often up to several years, and frequently involve considerable capital expenditure by the customer, it is only natural that customers expect these installations to be durable, not least from a cost perspective. The business activities of the Supply Chain Solutions segment are rounded off by the service business (customer services), which includes maintenance and modernization of, and upgrades to, installed equipment. Further information on the KION Group's business model and organizational structure can be found in the section 'Fundamentals of the KION Group' in this annual report ([ESRS 1.119 a)]).

As a manufacturer of industrial trucks and a provider of intralogistics solutions, it makes sense for the KION Group to take the whole value chain into account in its sustainability strategy due to the size of its supplier base. But this is also a highly complex task due to the number of stakeholders along the process chain. The KION Group has identified the material topics within its value chain in order to meet the requirement of being able to substantially manage material impacts, risks, and opportunities (IROs). These sustainability matters are discussed in the sections of this sustainability report.

Strategic sustainability management

Strategic sustainability management was a key driver of the new 'Playing to Win' corporate strategy in 2024 [[see 'Strategy of the KION Group']]. The KION Group firmly believes that enshrining sustainability in the corporate strategy can encourage profitable growth, resilience, customer focus, and the successful development of sustainable products and services, and reinforce a sense of responsibility for the Company's workforce, the environment, and society. Building sustainability into the entire value chain starts with product design and encompasses the supply chain, the KION Group's own operations, logistics processes and the lifecycle of the products, solutions, and services offered. By focusing on sustainability, the KION Group strives to offer its customers safe products that are manufactured in the most resource-efficient and energy-efficient way possible in a work environment that is safe and free from discrimination.

The global research and development activities, with their focus on intelligent, networked automation solutions and energy-efficient drive solutions, play their part in achieving the groupwide sustainability targets. An additional focus is the development of software solutions for energy management. Through its business model and strategy, the KION Group pursues the goal of offering increasingly integrated, circular, and emission-free intralogistics solutions in order to contribute to emission reduction. This includes the manufacture of low-emission industrial trucks with alternative drive technologies, and the further development of robotic and automation solutions. The goal is supported by the KION Group's official commitment to net zero (net zero greenhouse gas emissions) by no later than 2050, and by the application of the established international framework of the

Science Based Targets initiative (SBTi). This requires responsible practices along the entire value chain.

In the Industrial Trucks & Services segment, the KION Group's own operations focus on a portfolio of electric trucks, including products powered by batteries and fuel cells. The proportion of industrial trucks ordered with an electric drive system amounted to 91.7 percent in the reporting period.

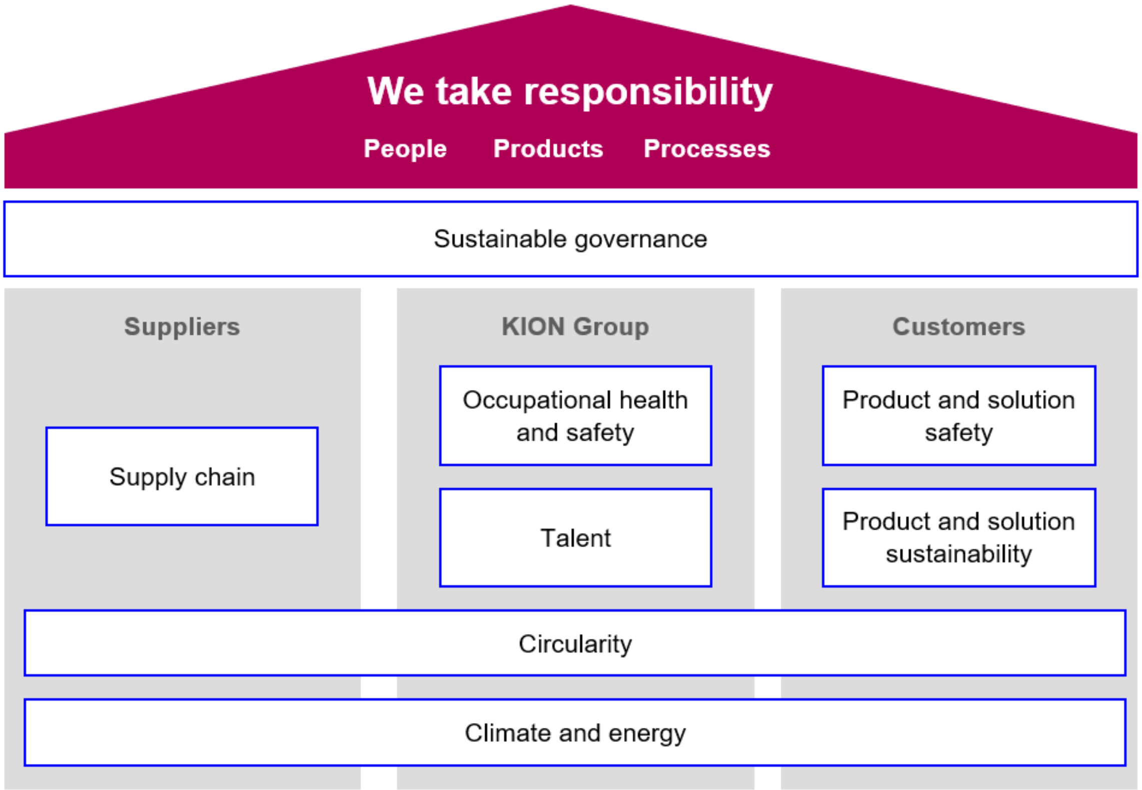
The KION Group's Hamburg facility has been manufacturing high-performance, 24-volt fuel cell systems for industrial trucks since 2023. Lithium-ion batteries have been made by KION Battery Systems GmbH (KBS) since 2020. In addition to its used truck business, the KION Group also stepped up its efforts to reuse materials in line with the principles of the circular economy. Furthermore, the company agreed a strategic partnership with Li-Cycle Holdings Corp. in 2023 for the recycling of lithium-ion batteries.

In the project business for automation solutions, the aim is to integrate innovative drive technologies into the standard product ranges in order to harness the use of electricity more efficiently, and to help customers to reduce their energy consumption. Cloud-native software solutions (IT/OT-driven solutions) are also being increasingly deployed. The Supply Chain Solutions segment offers tailored solutions for numerous cloud environments and helps customers to reduce their environmental footprint through lower material consumption and improved energy efficiency.

The ability of the KION Group's two operating segments to mitigate risk in terms of supply capability, quality, costs, and sustainability along the supply chain is critical for their business activities. Substituting chemical substances that can be harmful to human health or the environment is one of the key principles by which the KION Group operates sustainably and responsibly. The KION Group is continuing to establish a stable supplier base in order to minimize disruptions to production and promote growth. This is an integral element of the 'Playing to Win' corporate strategy, supporting growth and sustainability targets and helping to optimize the cost of materials. It should also encourage the circularity of supply chains and a range of sustainability-conscious products and solutions for customers in order to ensure profitability and competitiveness over the long term. Targeted supply chain management is therefore essential for ensuring the best possible traceability of materials along the value chain.

The KION Group's sustainability activities are managed strategically on a groupwide basis. At its heart, the sustainability strategy is built around the guiding principle of 'We take responsibility' with its three strategic dimensions of people, products, and processes. Within these dimensions, eight overlapping sustainability action fields were defined in which each strategic target has been enshrined [[(see 'Strategy of the KION Group')]].

The eight action fields of KION Group’s sustainability management



Strategy targets and target achievement in 2024

The KION Group’s sustainability strategy was enhanced in 2024, with the eight action fields retained as the foundation of the targets for the years ahead. In the ‘Product and solution sustainability’ and ‘Climate and energy’ action fields, the targets for an increase in electric industrial trucks ordered by customers from 90 percent to 92 percent by 2027, and a reduction in GHG emissions against the base year of 2021 (per year on a linear basis up to 2030: Scope 1 and 2 from 4.2 percent to 4.7 percent, Scope 3 from 2.5 percent to 2.8 percent, net zero by 2050) based on the Greenhouse Gas Protocol, were made more specific than in the previous year. The GHG targets are based on the well-respected Greenhouse Gas Protocol and its operational control approach, and on the net-zero standard of the Science Based Targets initiative.

A quantification was also carried out in the ‘Circularity’ action field in 2024 with a specific target value for an increase in waste recycling in the Company’s own operations to over 85 percent. In the ‘Sustainable governance’ action field, the KION Group increased the targets for EcoVadis ratings for the Group and for selected subsidiaries from ‘Gold’ to ‘Platinum’, the highest rating.

New targets were also set for other action fields. In ‘Occupational health and safety (OHS)’, a target of full compliance with the HSE Standard (KION HSE Assessment) by 2027 was added; in ‘Climate and energy’, the energy intensity in own operations is to be progressively reduced; and in ‘Supply chain’, the proportion of tier 100 suppliers with a low ESG risk is to be successively increased.

The ‘Product and solution safety’ action field was recalibrated and therefore not included in the specific target-setting for 2024, though the underlying policy remained the same (see ‘Interests and views of stakeholders’). There were no changes to the other targets within the groupwide sustainability strategy.

The sustainability strategy includes a qualitative description of the short, medium, and long-term sustainability targets, which were actively pursued up to the end of 2024. The corresponding quantitative metrics and their status at the end of 2024 compared with the previous year can also be found in the following overview. In 2024, the long-standing targets for complete certification of all KION Group sites in accordance with ISO 45001 (occupational health and safety) and ISO 14001 (environmental management) by the end of 2024 were almost achieved. Year-on-year improvements were also achieved for some of the other medium to long-term targets.

Sustainability strategy - Leading targets and status of the KION Group sustainability strategy[1]

Dimension	Action field	Targets and indicators	Target year	Status 2024	(unassured) Status 2023
People	Occupational health and safety	**Reduction** of **accident frequency rate**[2] by **5% per annum** (based on the annual upper limit; long-term: no occupational accidents)*	annually	**4.4 target achieved**	5.2 target achieved
		100% ISO 45001[3] certification rate (all sites)	2024	**99%**	89%
		KION HSE Assessment: 100% average fulfilment score of the KION HSE standard (all sites)	2027	**95.8%**	♦
	Talent	Increase in employee satisfaction to an **engagement score**[4] of at least **75** and a **participation rate**[4] of at least **80%**, as measured by an annual, global employee survey**	2026	**Engagement score: 75 Participation rate: 83%**	Engagement score: 74 Participation rate: 80%
		No cases of non-compliance with KION Group minimum employment standards**	ongoing	**0 cases target achieved**	0 cases target achieved
Products	Product and solution safety	Action field under review	♦	♦	♦
	Product and solution sustainability	**ITS segment**: Strive for an electric-focused portfolio incl. battery and fuel cell-driven products by increasing the **share of electric-powered vehicles sold annually**[5] to **92%**	2027	**91.7%**	91.1%
		Increase **number** of products with available **lifecycle assessment****	ongoing	♦	♦
		Increase **number** of products with **cradle to cradle certification****	ongoing	♦	♦
Processes	Climate and energy	**Absolute reduction** in GHG emissions **(Scope 1, 2, 3)** in metric tons of **CO_2e**[6] compared with base year 2021: **Until 2030: Scope 1+2** by **4.7%** per year (linear) **Scope 3** by **2.8%** per year (linear) **Until 2050: net-zero Scope 1, 2, 3** by **100%**	Net-Zero until 2050	**–1.9% –31.8% 16.2 million tons**	–2.2% –25.1% 17.7 million tons
		Increase share of renewable energy use[7] in own operations	ongoing	**21.2%**	20.3%
		Decrease energy intensity[8] in own operations	ongoing	**54.8 MWh per million €**	56.4 MWh per million €
		100% ISO 14001[3] certification rate (all sites)**	2024	**99%**	90%

Sustainability strategy - Leading targets and status of the KION Group sustainability strategy[1]

Dimension	Action field	Targets and indicators	Target year	Status 2024	(unassured) Status 2023
Processes	**Circularity**	Increase **share of recovered waste** in own operations to **≥ 85%**	2030	**78%**	80%
	Supply chain	**Increase** the **share** of the **annual spend** related to **Direct Tier-1 category A suppliers with low ESG risk**[9]*	ongoing	**60.5%**	24.0%
	Sustainable governance	**EcoVadis platinum rating** for the KION Group and selected assessed subsidiaries**	2027	**KION: Gold Subs.[10]: 2 platinum; 2 gold; 1 bronze; 1 unrated**	KION: Gold Subs.: 2 platinum; 2 gold; 1 bronze; 1 unrated
		S&P Global Corporate Sustainability Assessment (CSA) score ≥ 70 points for the KION Group**	2027	**64**	61

* Further alternative entity-specific indicator; ** Additional disclosure according to ESRS 1.114 a)

1 Further information regarding status and details in the corresponding sub-topics

2 Accident frequency rate is calculated as actual number of lost-time injuries of the own workforce (≥ 1 working day) in relation to the total number of active working hours; in the reporting period and relative to one million hours worked

3 ISO 45001, ISO 14001 or equivalent standards. As initially defined in the target scope, the calculation excludes selected sites that were newly established or acquired during the previous two reporting periods and based on other pre-defined criteria

4 Engagement score is based on the employee satisfaction and the satisfaction with the company (on a 100-point scale). The participation rate indicates how many employees took part in KION Group's global survey

5 Proportion of electric-powered products in ITS segment in terms of units of trucks ordered (based on order intake).
Data source: World Industrial Truck Statistics (WITS)/Fédération Européenne de la Manutention (FEM).

6 According to GHG protocol and the approach of operational control; operating lease contracts classified in category 3.11 ('use of sold products')

7 In accordance with the GHG Protocol and the operational control approach; classification of operating lease contracts outside own operations; purchased energy from renewable sources without specification in the contracts where the underlying supply sources are known (e.g., from residual mixes for electricity) is included (differs from the ESRS definition)

8 In accordance with the GHG Protocol and the operational control approach; classification of operating lease contracts outside own operations; includes energy consumption and revenue of the KION Group without limitation to activities in high climate impact sectors (differs from ESRS definition)

9 Low risk suppliers refers to industry, country, goods and individual supplier risk based on sustainability criteria

10 Status refers to the latest valid rating for selected assessed subsidiaries of the KION Group in the reporting year

♦ In process

With a view to the double materiality analysis carried out in 2024, the material impacts, risks, and opportunities presented in this sustainability report are predominantly managed through these strategic targets under the sustainability strategy or are managed as part of action field programs at other levels. Material results and newly identified, additional specific topics are taken into consideration when the sustainability strategy is being further developed and targets set.

In the environment, social responsibility, and corporate governance (ESG) dimensions, strategic sustainability targets are also used to set variable remuneration for the Executive Board of KION GROUP AG in connection with ESG targets (see 'Integration of sustainability-related performance in incentive schemes').

Business model and value chain

The material inputs of the KION Group's upstream value chain include: engines, electric and other components, high-performance forged parts, counterweights and safety equipment, industrial tires, batteries, conveyor belts and components, structural steel components, and sheet steel components. To produce these inputs, raw materials such as steel, rubber, oil, lead, and lithium are required, in addition to energy. The key suppliers include companies from the automotive, metal construction, electronics, and battery production sectors. The KION Group follows a sustainable procurement approach with interlinked phases: strategy development, risk assessment, risk mitigation, incident management, and corrective actions. The results of each phase feed into the next with the aim of using largely sustainable inputs and creating a circular process.

The conservation of resources is a core element of the KION Group's strategy and business model aimed at minimizing resource outflows from the Group's own value chain. Energy consumption, water consumption, and quantities of waste are the material resource outflows in the KION Group's value chain. The KION Group's aim, therefore, is to offer its customers products and solutions in the future that are resource-efficient as well as energy and cost-efficient. This already involves purchasing and using inputs and materials that were produced in a resource-efficient manner and allow easy reuse, repair, and remanufacturing. By taking appropriate action, the KION Group expects not only a reduction in resource outflows but also benefits, especially for customers, investors, and other stakeholders. This could give the KION Group a competitive edge and increase its profitability.

KION Group customers are very diverse and include major manufacturers, logistics and transportation firms, grocery retailers, general merchandisers (including pure-play e-commerce customers), and small and medium-sized manufacturers. As a result, the KION Group offers its customers a product portfolio with a broad range of product options. Besides its sales business, the Group offers customers – as end-users – product options in the transition to a circular economy that include the acquisition of used trucks, short and long-term lease financing models, and the short-term rental of equipment or rental fleets. The KION Group's distribution channels comprise trade fairs and an established network of dealers in addition to its direct sales activities. Thanks to its long-standing customer base in both operating segments, KION has a strong relationship with its customers, although its market position can be impacted by the competition at any time. In order to cater as fully as possible to customer requirements in relation to resource-efficient products in the downstream value chain, the KION Group must therefore also consider customer interests when dealing with the upstream value chain. A functioning supplier management system with rules and policies for suppliers is thus essential for monitoring the inputs that are purchased.

But it is important to take into consideration that certain inputs can only be purchased from a limited number of suppliers, meaning that there is a certain dependency on suppliers for KION's own operations. By acquiring companies, operating in the production of frames for industrial trucks or in IoT-based software, for example, and establishing its own lithium-ion battery production and own fuel cell production, the KION Group has already expanded its business model with the aim of becoming more resilient.

The established KION Group brand companies set high standards of quality for their premium products and integrated solutions. A long product life and repairability are thus core elements of the KION Group business model. The product lifecycle can be extended through regular servicing and repairs, through modernization measures and modifications, and through upgrades to the materials used. The service and spare-parts business and the remarketing of used trucks following remanufacturing are therefore core elements of the KION Group business model. This means that KION products can be used by customers for a longer overall time in the downstream value chain.

Due to the large number of leasing agreements, returned leased trucks (Industrial Trucks & Services segment) are temporarily reintegrated into the KION Group’s portfolio at the end of the contractual lease period. Refurbishment provides at least one more product lifecycle for these trucks as used trucks, and refurbished products can also be used again in the circular economy. Because the majority of materials are recyclable, equipment is returned to the material flow through the recovery of resources at the end of its initial life. The increased use of recycling is an example of recovery here. This lifecycle management comprises the rental, leased, and used truck businesses, as well as repair, maintenance, upgrading, and remanufacturing activities and the recycling of lithium-ion batteries. Through the strategic partnership with Li-Cycle in Magdeburg, the critical conflict minerals used in the Group’s lithium-ion batteries are used to manufacture new batteries thanks to the almost complete recovery of the minerals at the end of the first lifecycle. Coupled with KION’s own KBS battery production facility in Karlstein am Main, this arrangement means that the resource-efficient battery lifecycle from production to mineral recovery is a closed loop in the KION Group.

The automation solutions (Supply Chain Solutions segment) installed on customer sites are predominantly large-scale installations with numerous individual components. This entails a high level of capital expenditure for the end-user, which means that long useful lives of the installed systems are also in the customers’ interests. Modifications and upgrades – including energy-related measures – and the standard spare parts and service business also extend the product lifecycle. Beyond this solution-oriented product lifecycle, materials from these largely bespoke installations and facilities are returned to the materials cycle as far as possible through recycling.

As the KION Group believes that maintaining long-term customer loyalty is a key factor in the Company’s success, great importance is attached to distribution channels in its business model. The KION Group follows a hybrid sales strategy. Besides a network of dealers and direct sales through field staff, a key role is also played by trade fairs, digital trading platforms, and other digital sources of information. The digitalization and connectivity of KION’s own trucks, tools, and customer installations means that the diminishing volume of business travel by field staff helps to limit carbon emissions. Additional physical and virtual showrooms with 3D product visualization and special design tools allow customers to get a personal insight into the product portfolio or automation solutions before the actual production or installation commences. This conserves resources and cuts greenhouse gas emissions.

Impact, risk, and opportunity management

The ESRS table below shows the topics, (entity-specific) sub-topics, and sub-sub-topics identified by the KION GROUP on the basis of the double materiality analysis that was performed:

Material sustainability matters covered in topical ESRS

Topical ESRS	Topic	Sub-topic	Sub-sub-topic
E1	Climate Change	Climate change adaptation	
		Climate change mitigation	
		Energy	
		Energy-efficient products (entity-specific)	
E2	Pollution	Pollution of air	
		Substances of very high concern	
		Microplastics	
E3	Water and marine resources	Water	Water consumption
			Water withdrawals
E5	Circular economy	Resource inflows, including resource use	
		Resource outflows related to products and services	
		Waste	
S1	Own workforce	Working conditions	Health and safety
S2	Employees in the value chain	Other work-related rights	Child labor
			Forced labor
G1	Business Conduct	Management of relationships with suppliers, excluding payment practices (entity-specific)	

Description of the process to identify and assess material impacts, risks, and opportunities

The material impacts, risks, and opportunities (IROs) for the KION Group are based on the core results of the recent double materiality analysis (DMA) which was carried out in 2023 and finalized in 2024. The KION Group has considered and assessed environmental, social, and governance matters in accordance with the principle of double materiality, which includes the environmental and social impacts of the KION Group's business activities (inside-out) as well as the financial risks to and opportunities for (outside-in) the KION Group's business activities. The DMA is based on the differentiation between material and non-material IROs. The approach to identifying and assessing them is described below.

With regard to the KION Group's business model, the DMA relates to the two operating segments Industrial Trucks & Services and Supply Chain Solutions, as described in the 'Strategy, business model, and value chain of the KION Group' chapter. The materiality analysis in 2022 already followed the principle of double materiality. A new DMA process was formulated and implemented in 2024 to ensure that it meets the methodological requirements of ESRS 1. The next revision of the DMA is scheduled for 2025.

The KION Group has defined the following value chain stages for the identification of IROs: upstream (which includes suppliers, raw materials, and other inputs to the company), own operations, and downstream (which covers distribution, sales, product use, and end-of-life handling as defined in the 'Strategy, business model, and value chain of the KION Group' chapter). The identified IROs were categorized and evaluated according to the respective stage.

To identify potential and actual IROs, the DMA covered all sustainability matters listed in ESRS 1 AR 16. In addition, a benchmark analysis, the results of the 2022 double materiality analysis, and the KION Group's sustainability reports to date were taken into account. Furthermore, external sources such as an analysis of sector-specific trade literature and interviews with selected suppliers, customers, and investors of the KION Group were used to identify IROs.

Various relevant stakeholder groups were directly and indirectly involved in the initial IRO identification phase. Taking into account specific business relationships, the KION Group interviewed customers and suppliers from different Operating Units and regions as well as investors, due to their importance as external key stakeholder groups (see 'Interests and views of stakeholders'). Within its own operations, the interests of the consolidated and unconsolidated subsidiaries of the KION Group were represented by the sustainability coordinators and working groups, and also by the sustainability leads of the Operating Units. Interviews were also conducted with investors, representing the financial and capital markets, and with customers, representing end users in the downstream value chain. With regard to the upstream value chain, suppliers were interviewed as representatives of 'workers in the value chain'. In addition to the direct involvement of suppliers and customers, the interests of other relevant stakeholders such as employees, affected (local) communities, non-governmental organizations, and nature (considered a 'silent stakeholder') were indirectly included by involving relevant corporate functions and sustainability experts, and by including insights from scientific research.

These underlying internal and external inputs formed the basis for a preliminary list of IROs, into which the sustainability risks of the groupwide risk management system were additionally integrated. This preliminary list of IROs was verified and expanded by the Operating Unit (OU) sustainability leads and their respective working groups, as well as by specialists from the corporate functions (see 'The role of the administrative, management, and supervisory bodies'). Their review ensured that relevant activities and business relationships, as well as the context in which they occur (i.e., geographies, sectors, etc.), were taken into consideration.

The KION Group has defined specific rating categories for the evaluation of IROs. The evaluation was performed on a gross basis in line with the groupwide risk management system.

Risks and opportunities in the short, medium, and long term were assessed with respect to their likelihood of occurrence and the potential magnitude of their financial impact. The categories and threshold values for financial materiality and the likelihood of occurrence were in line with the groupwide risk management system applicable in 2024 ('risk report'; [ESRS 1.119 a)]). The severity of actual or potential impacts was assessed from the perspective of the affected stakeholders.

The negative impacts of the KION Group's business activities on the environment and society were assessed in terms of the three components of severity (scale, scope, and irremediable character). With respect to potential negative human rights impacts, severity took precedence over likelihood. Positive impacts, in contrast, were assessed in terms of scale and scope only. Impacts were assessed qualitatively on the basis of the best available data sources, such as internal documentation or literature reviews and articles. Risks and opportunities were assessed on the basis of existing financial evaluations from previous risk assessments, where available, and other data sources, such as market trends or literature reviews and articles.

In the DMA, 'high risks' are understood in the same way as 'material risks'. During the materiality validation process, the materiality threshold for positive and negative impacts was adjusted to ensure a sufficient coverage of relevant impacts. Consequently, the KION Group decided to define the threshold for the financial dimension and the impact dimension at over 50 percent of the highest theoretically possible IRO score per dimension. The IRO score was calculated by taking into account the financial magnitude and impact severity, multiplied in each case by the likelihood of occurrence of risks, opportunities, and potential impacts. This means that IROs are deemed to be material if the IRO assessment exceeds the threshold of 50 percent of the highest possible IRO value resulting from a combination of largest financial scope and/or severity and the highest probability of occurrence.

The methodology used for the financial scope and the assessment is based on the groupwide risk management system. Where possible, the sustainability-related risks were financially quantified or qualitatively assessed and assigned to one of the three assessment categories. The material risks identified through the DMA were integrated into the groupwide risk management system in 2024 and applied qualitatively. A standardized integration of these risks, including a detailed quantitative evaluation, is planned for the future. The process to identify and assess material opportunities and report on them was presented to the Executive Board of KION Group AG in the context of the DMA results. The involvement of the Executive Board of KION GROUP AG in the sustainability due diligence process is described in the 'Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies' chapter.

The preliminary results of the DMA were subject to two review rounds involving internal experts from the corporate functions and the DMA project team. The review included checking the completeness of information and explanations, as well as the plausibility of the evaluation, including cross-checks between IROs. Beyond the sub-topics required by ESRS, two additional entity-specific material sub-topics were identified: 'Energy-efficient products' ('Climate change') and 'Management of relationships with suppliers, excluding payment practices' ('Business conduct'). The final results were discussed with the Sustainability Council and other relevant corporate functions in a dedicated meeting, presented to the workers' representatives and approved by the Executive Board of the KION GROUP AG.

The KION Group is fully committed to continually reviewing and updating its assessments to ensure compliance with relevant regulations, and to mitigate any potential impacts as new information or changes in business activities arise.

The following section provides information on how the standards on the topics of environment and corporate governance were included.

Identifying and assessing material IROs in relation to ESRS E1 Climate change

The DMA procedure integrates climate considerations through data collection and analysis. The sustainability leads of the Operating Units and functions and the KION Group's climate experts were also involved in the DMA process. The aim is to ensure that both the impacts on climate change and the climate-related effects on the Group's value chain, including its own operations, are assessed.

The KION Group identifies relevant Scope 3 categories through a regular materiality analysis of GHG emissions. During this process, activities and plans are screened in order to identify actual and potential future GHG emission sources. The categories '3.1 Purchased goods and services', '3.3 Fuel and energy-related emissions', '3.4 Upstream transportation and distribution', '3.6 Business travel', '3.7 Employee commuting', '3.11 Use of sold products', and '3.12 End-of-life treatment of sold products' of the Greenhouse Gas Protocol (GHG Protocol) standards have been deemed as material for the KION Group since 2021. The categories '3.2 Capital goods', '3.5 Waste generated in operations', and '3.15 Investments' were added in 2023. Categories '3.8 Upstream leased assets', '3.9 Downstream transportation', '3.10 Processing of sold products', '3.13 Downstream leased assets', and '3.14 Franchises' were not deemed as material. The regular reassessment of materiality within the Scope 3 categories and the inclusion in the DMA process emphasize the Group's ambition to comprehensively manage and systematically reduce its GHG emissions. Furthermore, the Group's total GHG emissions profile, previously performed analyses and risk assessments, results from climate-related workshops, as well as research and studies of relevance to the industry, were taken into account in order to identify actual and potential impacts on and by climate change.

The KION Group identified climate-related hazards over the short, medium, and long term and evaluated whether its assets and business activities may be exposed to these hazards through a multi-location analysis of physical risks. [[This was done with the help of four IPCC Representative Concentration Pathway (RCP) scenarios: RCP 2.6, RCP 4.5, RCP 6.0, and RCP 8.5.]]

Considering the variety of results and conclusions that can be drawn from current literature, the KION Group believes that using a wider range of scenarios ensured an appropriate coverage of its assumed risks and uncertainties. These scenarios therefore enabled KION Group to make informed decisions about sensible adaptation measures to mitigate identified risks. The Group's location-specific geospatial coordinates were used as key inputs to the scenario analysis. Limitations arose mainly from the incomplete coverage of the scope for the sake of practicality with a focus on selected company locations, and from potential uncertainties regarding data validity.

The assessment utilized a combination of ERA5 reanalysis, Intergovernmental Panel on Climate Change (IPCC) climate model data, and external risk datasets for the current period (2011 to 2030), while the assessment for the future climate period (2031 to 2050) focused on the likelihood that future climate values will exceed the mean value of the current climate. The KION Group defined time horizons in line with the strategic planning horizons and capital allocation plans: short-term (up to 1 year), medium-term (1 to 5 years), and long-term (5 to 10 years).

The physical risks analysis assessed the likelihood and magnitude of climate-related adverse events and the vulnerability of the KION Group's locations to these events. The analysis has not identified material risks in its own operations. While several instances of high risk were identified in the Group's locations, a detailed review supported by local Health, Safety, and Environment (HSE) teams showed that vulnerability to those risks can be considered low due to indirect exposure and the remedial action already taken.

The results of the various Representative Concentration Pathway (RCP) scenarios, including the high-emission scenario, formed the basis for identifying and assessing short, medium, and long-term climate-related hazards in the Group's own operations. Additionally, the Group's DMA covered physical risks affecting the upstream value chain. The main focus was on disruption to the supply chain due to extreme weather events, which are listed as a material risk in the material sub-topic 'Climate change adaptation'. Previous climate risk analyses did not identify any material downstream physical risks.

In 2023, the KION Group conducted a dedicated transition risks workshop to identify material risks in its own operations and along the value chain. The analysis applies scenarios consistent with limiting global warming to 1.5°C to identify risks pertaining to political, technological, market-related, and reputation-related factors. The net-zero by 2050 scenario was considered appropriate to model the expected development of market demand for low-carbon products and solutions, global supply chains for low-carbon materials, increasing costs of carbon, and the impact of existing and future regulation. This scenario takes into consideration the political, technological and market-related changes to be expected in a transition consistent with the Paris Agreement climate goals. These changes will shape the conditions in which the KION Group expects to be operating, for example in relation to customer demand, availability and pricing of sustainable materials, energy costs, availability of renewable electricity, carbon taxes and pricing, as well as bans on certain products and technologies. Political and market-related developments, both at national and regional level, provided key inputs for the scenario analysis. The main constraints identified relate to the uncertainty of policy implementation, market dynamics, and adoption rates of low-carbon technologies.

The KION Group identified transition events over the short, medium, and long term. Taking into consideration their likelihood, magnitude and duration (permanent or temporary), these events were set in relation to the Group's assets and business activities to determine vulnerability and exposure, as well as the applicability of identified opportunities. Exposure was assessed by quantifying potential financial impacts across various risk categories, namely low, medium, and high impact.

During the course of the DMA process, the Group considered the transition risk workshop's findings and also included opportunities in its own operations and along the value chain. The results of the scenario analysis mentioned above were used during the DMA process as the basis for identifying and assessing short, medium, and long-term climate-related transition risks. Long-term refers to more than five years, with transition risks in more than ten years' time also taken into account.

Although the Group identified assets which contribute to significant GHG emissions and business activities which are not yet taxonomy-aligned, a decarbonization roadmap addressing all sources of GHG emissions was developed as part of the KION Group's commitment to net zero and SBTi. The roadmap includes planned retirement of emission-intense assets and investment in low-carbon technologies. The roadmap thus demonstrates and supports the feasibility of a transition to a climate-neutral economy.

The KION Group used scenarios and assumptions to assess the financial impact of climate-related risks and opportunities. In this financial report, the Group makes qualitative disclosures about risks and opportunities that were deemed material. For example, a stronger involvement in the electrification of intralogistics was identified as a strategic opportunity. This opportunity is consistent with a climate transition scenario in which an increasing carbon price strengthens market demand for electric products that emit significantly less GHGs during their use phase. The disclosed environmental risks are based on the same framework as that underlying the assessment of climate-related risks.

General disclosures on identifying and assessing material IROs in relation to ESRS E2 Pollution, ESRS E3 Water and marine resources, ESRS E4 Biodiversity and ecosystems, and ESRS E5 Resource use and circular economy

To identify and assess actual and potential IROs related to E2, E3, E4, and E5 in its own operations and in the value chain, the KION Group considered all business activities from its consolidated and unconsolidated entities. A list of company activities was compiled and centrally reviewed, and experts from the relevant corporate functions were involved in the identification of IROs and the assessment process. Given the nature of the KION Group's business and of its operating segments, the activities in its own operations are not categorized as highly polluting and are not deemed to be particularly water-intensive. Additionally, the KION Group took the environmental standards applicable to all its entities and sites into consideration. All entities and sites are required to adhere to the Group's HSE Standards and to certify their environmental management systems according to the ISO 14001 standard.

So far, no direct consultations with affected communities have been conducted as part of the DMA process, but they are under consideration as a possible future improvement.

Identifying and assessing material IROs in relation to ESRS E2 Pollution

The assessment identified material impacts and risks related to pollution associated with both business segments, particularly in the upstream value chain. These include impacts on air pollution due to the extraction and processing of raw materials and impacts and risks due to the presence of substances of very high concern (SVHC) found in purchased components. Impacts related to microplastics were deemed to be material, particularly in relation to tire abrasion, which is applicable to any transportation activity across the value chain, and also downstream in the Industrial Trucks & Services segment during the product use phase. For these reasons, the outcome of the DMA outlined material IROs that do not relate solely to a specific site or region.

Identifying and assessing material IROs in relation to ESRS E3 Water and marine resources

The KION Group conducts water stress risk assessments for its own operations resulting in a list of sites located in high water stress areas. [[The assessment of the current climate water stress (available blue water) was based on the World Resources Institute's Aqueduct Water Risk Atlas (version 4.0), while the assessment for the future climate was based on the Aqueduct Water Stress Projections Data.]] The results were taken into account when determining the materiality of water withdrawal in its own operations for both the Industrial Trucks & Services segment and the Supply Chain Solutions segment. With regard to upstream activities, raw material extraction and processing were identified by the KION Group as posing high material risks related to water, particularly in respect of steel and electronics. In its business activities, the KION Group does not depend on marine resources or on commodities related to marine resources.

Identifying and assessing material IROs in relation to ESRS E4 Biodiversity and ecosystems

In 2023, the KION Group carried out an analysis of biodiversity risks for KION Group sites based on their geolocations. The analysis considered proximity to protected areas of biodiversity such as the Natura 2000 sites. Although none of the sites overlap with protected areas, the proximity of some locations is less than one kilometer. The evaluation concluded that the overall risk of negative impacts can be considered low, although further investigation is required at selected sites. There is currently no evidence of significant negative impacts from the KION Group's activities on these areas with sensitive biodiversity that lead to the degradation of natural habitats or disturbances to species within protected sites. These results were taken into account when identifying and assessing IROs related to biodiversity and ecosystems. Furthermore, upstream and downstream activities were considered during the IRO identification process, with the involvement of external stakeholders (customers, suppliers) and experts from corporate functions.

At this stage, the KION Group has analyzed transition and physical risks in the context of climate change, which may include some aspects related to biodiversity.

The identification and assessment of specific dependencies, transition and physical risks, as well as of systematic risks related to biodiversity and ecosystems, were identified as areas for potential improvement and are being considered for future optimization of the DMA process using a step-by-step approach. Based on the DMA findings, the KION Group does not currently foresee a necessity for specific mitigation measures.

Identifying and assessing material IROs in relation to ESRS E5 Resource use and circular economy

To identify and assess actual and potential IROs with respect to resource inflow and waste, the KION Group gave special consideration to its HSE Standard that establishes requirements for material use and waste management. At this stage, a detailed screening of the Group's assets has not yet been performed but is being considered as an area for potential future improvement.

The materiality analysis identified that material IROs related to circularity exist in both operating segments. Analysis confirmed that steel and iron constitute the majority of material resources used. The analysis revealed material risks and opportunities, including risks related to continuing with business activities as usual, such as potential loss of competitiveness, reputational damage, and raw material shortages. Material opportunities related to resource use and circular economy encompass new business models (services, used trucks, leasing and renting) and utilizing waste as a resource. Material risks of transitioning to a circular economy involve challenges with the current product portfolio, extended product development times, and significant investment requirements.

While material IROs were identified in the Group's own operations and across the value chain, the procurement and production stages were identified as primary focus areas, particularly with regard to the use of recycled raw materials, the reduction of hazardous materials, and security of supply.

Identifying and assessing material IROs in relation to ESRS G1 Business conduct

With regard to business conduct, various business activities, sectors, locations, and types of transaction relevant to the KION Group were considered during the DMA process, thanks to the involvement of the corporate compliance experts and the sustainability leads from the Operating Units and corporate functions. Furthermore, insights from established compliance frameworks, including the annual compliance risk assessment and incident management processes, along with different regulatory requirements and market conditions, informed the identification of material IROs related to business conduct matters.

Interests and views of stakeholders

The social and environmental expectations of internal and external stakeholder groups with regard to the KION Group's business activities are addressed as part of active stakeholder management and dialogue. The KION Group has used certain criteria to identify stakeholder groups that are of particular importance for groupwide sustainability management. Given the importance of these stakeholders and the significant role that they play for sustainable and long-term added value, the KION Group aims to consider their specific contributions and requirements in its sustainability performance. The Group's key stakeholders include customers, KION employees, the financial and capital markets (investors, shareholders), suppliers, and workers' representatives. The relevant legislation in the regions where the KION Group operates and, where appropriate, the work of non-governmental organizations (NGOs) and communities, including local communities, are also considered in this analysis.

As described in the double materiality analysis process, the KION Group has interviewed customers, employees, suppliers, and investors in order to identify and analyze material topics. For the qualitative survey in the double materiality analysis, customers and suppliers from the Operating Units and regions were selected in order to provide as full a picture as possible. The views of investors were taken as representative for financial and capital markets. Employee interests were incorporated through working groups in the Operating Units, through action field leads, and through central functions. The Sustainability Council led by the Chief People & Sustainability Officer (CPSO), the Executive Board of KION GROUP AG, the European Works Council, and the Group Works

Council were informed of the views and interests of the relevant stakeholders in the course of discussions about the results of the double materiality analysis (see ‘Description of the process to identify and assess material impacts, risks, and opportunities’)

Customers

The KION Group continuously monitors the changing needs of key accounts and refines the sustainability strategy accordingly. In 2023, mounting customer expectations and carbon-neutral commitments encouraged the KION Group to formally commit to the SBTi’s net zero by 2050 target. The strategic target and the related actions are enshrined in the ‘Climate and energy’ action field. This means that these sustainability-related corporate governance actions also indirectly reflect customer interests. Due to its special importance to customers, the KION Group also participates in the annual sustainability assessment carried out by EcoVadis. As part of its efforts to enhance the sustainability strategy in 2024, the KION Group raised its target EcoVadis rating for the KION Group and its assessed subsidiaries from its current Gold rating to the top Platinum rating between now and 2027 (see ‘Strategy targets and target achievement in 2024’)

In addition to the abovementioned involvement of stakeholders, ‘social matters’* in the context of CSR-RUG also focuses on the strategic ‘Product and solution safety’ action field. With the involvement of key stakeholders, the due diligence processes for this non-financial matter were also carried out at the overarching level as part of the double materiality analysis and validated by the Executive Board of KION GROUP AG (see ‘Description of the process to identify and assess material impacts, risks, and opportunities’).

The KION Group strives to continually improve the safety features of its products in line with the ‘Product and solution safety’ action field, with a focus on providing user-oriented, safe, and ergonomic products and solutions. The strategic targets set for the ‘Product and solution safety’ action field were under review in 2024 (see ‘Strategy targets and target achievement in 2024’). In 2024, the KION Group pursued the following general ambitions.

Many of the safety features in the Industrial Trucks & Services segment are already part of the vehicles’ standard equipment level, which can be expanded at the customer’s request. The KION Group is continuously developing and improving the safety features of its products with the aim of making industrial trucks safer to use. A particular focus of product development in 2024 was on avoiding accidents that lead to personal injury. The KION Group introduced a range of digital assistance and warning systems to minimize this risk, and now offers, among other things, the new safety options Front and Reverse Assist Camera and Reverse Assist Radar. The AI-based camera technology identifies people and avoids collisions by issuing warning signals and reducing speed.

In the context of product safety, a particular focus in the Supply Chain Solutions segment was on avoiding risks from noise pollution at customer sites. New types of analysis, including 3D noise mapping, were integrated to reduce user exposure to increased noise levels and to improve safety at work. The visualization of noise pollution can reveal room for improvement in the systems installed at customer sites. In the Supply Chain Solutions segment, the Dematic Drone Inspection Services support the safety of service technicians during regular inspections of warehouse equipment, from high-bay storage to facility management for an entire building.

The results of the actions described in both segments are in line with the general ambitions of the strategic ‘Product and solution safety’ action field.

* Voluntary disclosure in accordance with ESRS 1.114 a).

Employees

The KION Group performed its annual KION Pulse global staff survey once again in 2024. The survey addresses topics such as internal communication and collaboration, while also providing a platform for employees to share their personal points of view. The aim is to gather ideas, information, and suggestions from all employees and draw on them to take the company forward and fuel the KION Group's sustained – and sustainable – growth. The survey serves as a basis for actions to promote employee satisfaction, motivation, and commitment. In the 'Talent' action field of the KION Group sustainability strategy, target achievement for employee satisfaction is defined in terms of KION Pulse. The survey is also enshrined in the long-term incentive scheme for the Executive Board and executives of KION GROUP AG.

Financial and capital markets

As a listed company, KION GROUP AG – the strategic management holding company of the KION Group – maintains relationships with the financial and capital markets. It does so through regular and close contact with investors and through capital market conferences, for example, where sustainability criteria are also discussed. The KION Group also meets the capital market's need for information by actively participating in the annual Corporate Sustainability Assessment (CSA) carried out by financial services company S&P Global Switzerland SA and is monitored as part of the 'Sustainable governance' action field of the sustainability strategy (see 'Strategy targets and target achievement in 2024').

The sustainability-related interests of the KION Group's financial backers are also consistently addressed. For example, the Group issued a variable-rate promissory note in 2023 that is linked to the achievement of ESG targets over a term of up to seven years (ESG-linked revolving credit facility) (see notes to the consolidated financial statements, note [30]; [ESRS 1.123])

Suppliers

The KION Group formulates its sustainability requirements for suppliers in dedicated guidelines and regulations. It works closely with its suppliers and business partners to encourage and call on them to commit to responsible and low-carbon operations. Besides the Principles of Supplier Conduct, the General Terms and Conditions of Purchase of the KION Group also contain contractual clauses and requirements that not only promote sustainable sourcing, but also demand it of suppliers. [[Both documents can be found online at www.kiongroup.com/en/About-us/Suppliers.]]

The KION Group also undertakes initiatives and pilot projects focusing on lifecycle assessments and cradle-to-cradle certification (C2C) in collaboration with suppliers. This creates a high degree of transparency for sustainable supply chains for KION Group end products and also boosts suppliers' sustainability efforts.

Legislation

The KION Group constantly monitors new legal provisions and amendments, establishing the necessary processes to meet statutory requirements, such as the EU taxonomy and the CSRD. As part of standardization initiatives and the work of interest groups, the KION Group gets involved in dialogue with political decision-makers, especially in relation to digital, environmental, and safety-related product requirements. Besides the KION Group being a member of the Blue Competence initiative of the Mechanical Engineering Industry Association (VDMA), its subsidiaries get involved in the work of trade associations and are also members of international institutions. Furthermore, the KION Group is a member of the German Federal Foundry Association (BDG) and the European Materials Handling Federation (FEM). In line with its Code of Compliance, the Group does not have any political relationships other than its membership of associations. [[The KION Group Code of Compliance (KGCC) can be found online at www.kiongroup.com/en/About-us/Compliance/.]] Over and above its involvement in trade associations, the KION Group is not represented in non-governmental organizations but press releases from these organizations are still followed and considered in its sustainability analysis where appropriate.

Communities and local communities (‘social matters’)*

Through its dialogue with communities, including local ones, at the municipal, regional, and overarching level, the KION Group pursues a global strategy of ongoing corporate citizenship with specific areas of focus with regard to fundraising and sponsorships: funding community facilities, providing humanitarian assistance in emergencies, promoting education and research, and supporting environmental projects. One of the purposes of the groupwide fundraising and sponsorship guideline is to provide transparency internally with regard to the KION Group’s corporate citizenship.

In 2024, the KION Group encouraged its employees to take part in a relief campaign for the victims of the floods in the Spanish province of Valencia. In addition to donations in kind, the campaign raised a total of €257,000 in December 2024 for the Red Cross in Spain.

Material impacts, risks and opportunities and their interaction with strategy and business model

The material risks and opportunities identified by the KION Group were qualitatively assessed in terms of their interaction with its strategy and business model. The assessment factored in scenario analyses and probabilities of occurrence, mainly with regard to climate risks, but also to possible bans on relevant substances. Based on this resilience analysis, the KION Group believes that its strategy and business model are currently resilient in relation to the identified sustainability risks. The actions already initiated and the future mitigation and adaptation actions have been taken into account in the strategy and align with the Company’s business model. Adjustments to the business model or to the product portfolio, or more extensive investment in newer technology, may be required in the future if the risk assessment changes or in order to boost the Group’s resilience, for example in relation to climate change.

Overall, no financial transactions were identified with regard to the material risks and opportunities that had a significant impact on the KION Group’s financial position, financial performance, and cash flow. Up to December 31, 2024, a total of €22.4 million was set aside as a provision for future disposal and recycling obligations, primarily connected to the recycling of lithium-ion batteries installed in industrial trucks. (see notes to the consolidated financial statements, note [33], [ESRS 1.123])

The current potential financial effects of the individual sustainability matters in this sustainability report were individually assessed on the basis of a double materiality analysis in relation to their probability of occurrence and their materiality for the KION Group. They were subsequently classified in qualitative terms as low, medium, or high (see ‘Description of the process to identify and assess material impacts, risks, and opportunities’). Risks and opportunities with a current high financial effect combined with a medium or high probability of occurrence / risks and opportunities with a medium financial effect combined with a high probability of occurrence were identified as material for the KION Group.

* Voluntary disclosure in accordance with ESRS 1.114 a).

Identified risks and opportunities with a current high financial effect and the associated cash flow related to:

- Loss of competitiveness (risk)
- Supply disruption due to a potential ban of PFAS (with no alternatives) (risk)
- Cost increases due to suppliers' efforts to decarbonize and due to the monitoring of data in order to avoid greenwashing (risk)
- New business opportunities from the circular economy (opportunity)
- Achieve compliance with the law while making strategic plans (opportunity)

Risks and opportunities with a current medium financial effect and the associated cash flow related to:

- Extreme weather events in the supply chain (risk)
- Water scarcity in own operations (risk)
- Water scarcity in the supply chain (risk)
- Raw material shortages (risk)
- Organizational structures supporting circularity (risk)
- Reputational damage (risk)
- Low-carbon products (opportunity)
- Alignment of products with sustainability efforts of customers (opportunity)
- Waste as a resource (opportunity)
- Competitive advantage in the market (opportunity)

A detailed explanation of the risks and opportunities can be found in the 'Climate change', 'Pollution', 'Water and marine resources', 'Resource use and circular economy', 'Own workforce of the KION Group', 'Workers in the value chain', and 'Business conduct' chapters in this sustainability report.

Governance

The following chapter comprises disclosure requirements for ESRS 2 GOV-1 'The role of the administrative, management, and supervisory bodies', GOV-2 'Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies', GOV-3 'Integration of sustainability-related performance in incentive schemes', and GOV-5 'Risk management and internal controls over sustainability reporting'. The 'Statement on due diligence' in accordance with ESRS 2 GOV-4 can be found in the notes to this sustainability report.

The role of the administrative, management, and supervisory bodies

From the KION Group's point of view, being transparent, sustainable, and socially responsible, taking account of the societal expectations of stakeholders and the associated management of resources and environmental protection, as well as compliance with and strengthening of living and working conditions, are key criteria for the Group's long-term business success.

Close collaboration between the CPSO and the other Executive Board members and the Supervisory Board of KION GROUP AG is therefore the basis for embedding and managing sustainability as a core element of the corporate strategy. The Supervisory Board's Audit Committee is responsible for all sustainability issues. This non-financial report also falls within its remit. Close collaboration between the Executive Board and the Supervisory Board ensures that sustainability is continually and effectively promoted and embedded in all areas of the Company.

The administrative, management, and supervisory bodies comprised 22 members as at December 31, 2024. Around 27 percent of the positions in the aforementioned bodies are held by women.

Administrative, Management and Supervisory Bodies (AMSB)

Bodies	Total
Executive Board	**6**
Gender diversity ratio[1]	20.0%
Supervisory Board	**16**
Gender diversity ratio[1]	45.5%
thereof Employee Representitives	8
thereof independent from undertaking and Executive Board (in %)[2]	81.3%
AMSB KION GROUP AG in total	**22**

1 Calculated as an average ratio of female to male in the Executive Board and Supervisory Board

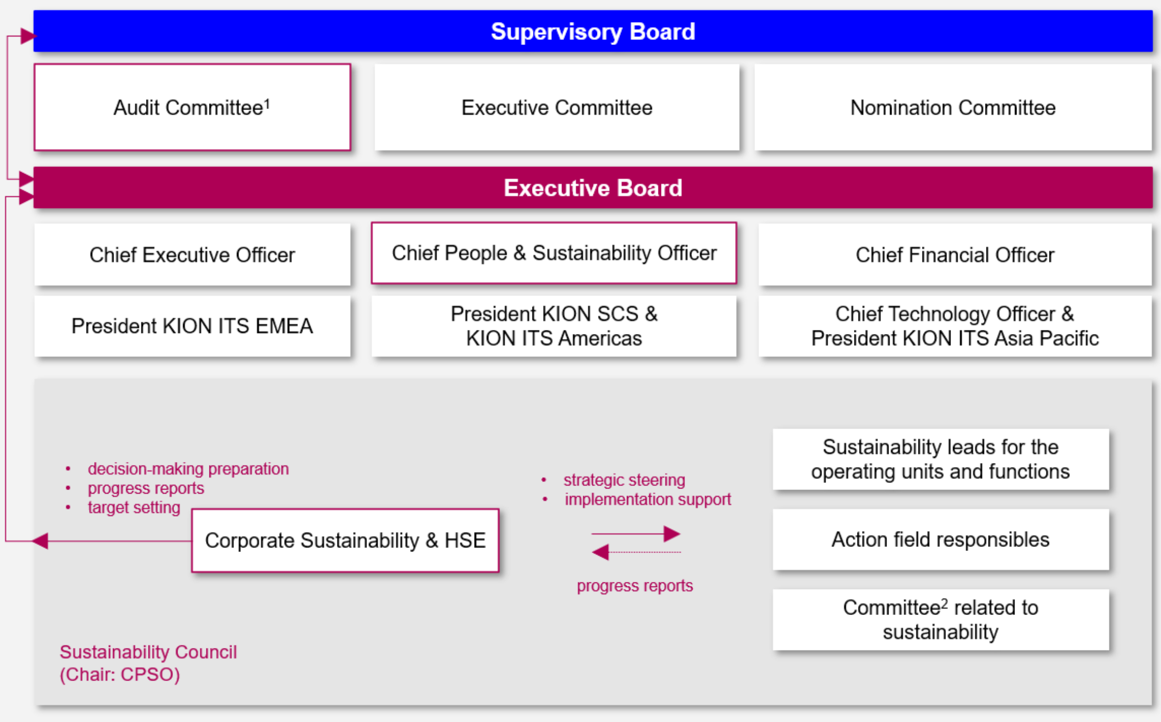
2 Disclosure in accordance with the definition of the German Corporate Goveranance Code (GCGC)

The Executive Board of KION GROUP AG bears collective responsibility for the corporate strategy and is responsible for aligning sustainability targets with the Company’s wider goals. It must ensure that decisions are guided by environmental and social aspects as well as commercial aspects.

The CEO is responsible, in particular, for the corporate strategy, including its communication to the Supervisory Board and other stakeholders, and for its implementation in operations.

Within the Executive Board, the CPSO is responsible for human resources and sustainability issues, including occupational health and safety. The CPSO’s role also entails responsibility for ensuring that the sustainability strategy is developed and implemented in line with the Company’s goals. The CPSO also chairs the Sustainability Council, to which action field leads, sustainability leads from the Operating Units and functions, and members of Corporate Sustainability also belong. Another responsibility of the CPSO is to ensure that all relevant sustainability-related data is captured across the Group and regularly presented to the administrative, management, and supervisory bodies. The remit also encompasses actively supporting the implementation of ESG targets in the Group and strengthening its culture of responsible business.

Roles and responsibilities at a glance



1 Audit Committee responsible for all sustainability and ESG-related matters
2 Human Rights Committee

A central task of KION's sustainability reporting is to provide regular updates on current developments and actions to the Supervisory Board, which is informed at least every six months about progress made towards sustainability targets and about strategic initiatives and their impact the KION Group. The Audit Committee reads these progress reports before they are discussed by the Supervisory Board. For urgent matters, additional ad hoc reports are made to ensure the committee's ability to respond rapidly.

Another fundamental instrument is the materiality analysis, which is used to identify and assess impacts, risks, and opportunities related to sustainability. This analysis is performed by Corporate Sustainability in collaboration with the relevant departments and stakeholders and is signed off by the Executive Board. The results of the analysis are presented to the Supervisory Board for information and discussion.

The Executive Board involves the Supervisory Board and, specifically, the Audit Committee in the development of the sustainability strategy and makes ongoing adjustments to the strategy. The Supervisory Board monitors the Executive Board's implementation of the sustainability strategy and assists the Executive Board in an advisory capacity.

In connection with the Company's targets, the Supervisory Board adopted a profile of skills and expertise for itself in 2017, which is regularly reviewed. The last review was carried out in 2022, during which the profile of skills and expertise for the Supervisory Board was supplemented, among other things, by expertise and experience related to sustainability, especially in the area of alternative energies.

Prior to taking up her position of CPSO of KION GROUP AG on May 1, 2023, Valeria Gargiulo already possessed the requisite functional and practical skills in sustainability management in the automotive industry and also had a long and successful track record in HR management.

Information provided to and sustainability matters addressed by the undertaking's administrative, management, and supervisory bodies

The employees of the KION Group are consulted on an ongoing basis through the representative functions (Corporate Sustainability, action field leads, sustainability leads from the Operating Units and central functions) established by the various governing bodies for the three regions EMEA, APAC, and the Americas. This enables employees' perspectives on potential impacts, risks, and opportunities in the value chain to be considered in operational decision-making on an ongoing basis. Progress is regularly reviewed by the sustainability leads, the action field leads, Corporate Sustainability, and special committees. Progress reports from the regions and from the functions are made to Corporate Sustainability and the Sustainability Council and presented in Executive Board meetings as part of the KION Group's groupwide strategy development and implementation. The action field leads manage the overall programs and targets at Group level. They also assign the agreed targets to the individual segments, regions, and functions and monitor progress toward achievement of the sustainability strategy targets.

The selection of potential Supervisory Board members is primarily based on the specific needs of the KION Group. In addition to professional experience, skills, and qualifications, personal qualities are also considered in the selection process. Equally, demographic criteria (including the standard retirement age of Executive Board members), and diversity are considered. The Supervisory Board believes that, in its current composition, it has adequate sustainability-related skills and expertise in terms of sufficient practical experience (skills) and/or professional/academic training and knowledge (expertise). In order to perform their duties properly, the governing bodies must possess in-depth knowledge in all areas of sustainability and enhance that knowledge at regular intervals ('Profile of skills and expertise for the Supervisory Board'; [ESRS 1.123]).

The Executive Board of KION GROUP AG, led by CEO Dr. Richard Robinson Smith, sets targets and makes decisions on sustainability matters for the KION Group and is responsible for monitoring sustainability-related impacts, risks, and opportunities of the Company's activities. Within the Executive Board, the CPSO leads on sustainability.

The CEO and CPSO stipulate the targets agreed on the basis of the impacts, risks, and opportunities. They make decisions on open sustainability questions related to ESG targets that are part of the groupwide strategy of the KION Group.

The Sustainability Council, chaired by the CPSO, was introduced in 2023 to succeed the sustainability steering group, which had been created in 2017. The Sustainability Council members include the action field leads, the sustainability leads in the segments, regions, and functions, and members of Corporate Sustainability. The Sustainability Council meets every six weeks on average in order to drive forward strategic initiatives related to sustainability. The Council prepares decision proposals for the Executive Board and oversees implementation of the sustainability program across the KION Group. The Corporate Sustainability & HSE department offers guidance and support for the implementation of sustainability topics in the KION Group and informs the Executive Board and Supervisory Board at least once a quarter about developments and progress using a standardized sustainability report format. The reports by Corporate Sustainability & HSE are used as a basis for making decisions about further steps in connection with the impacts, risks, and opportunities.

The KION Group follows generally accepted standards of sound, responsible corporate governance. The way in which the KION Group is managed and controlled is guided by statutory regulations and by the German Corporate Governance Code (GCGC).

Within the bounds of applicable legal provisions, KION also regularly discusses sustainability-related topics with organizations outside the Group. It does so, among other things, through its participation in professional associations and through regular meetings with analysts, investors, and advisory firms. The sustainability expertise of the Executive Board and Supervisory Board is also enhanced through participation in training and complemented by experts [[(see 'Profile of skills and expertise for the Supervisory Board')]].

As part of its corporate governance, the KION Group also considers sustainability matters of relevance for its business model when establishing targets, action steps, and due diligence processes. To be able to fulfill its due diligence obligation with regard to sustainability, the Executive Board is informed about progress, developments, impacts, risks, and opportunities at regular intervals. Corporate Sustainability is responsible for reporting. Information is also shared with the administrative, management, and supervisory bodies through regular meetings of the Sustainability Council. Should serious events occur, the Executive Board also requests proactive ad hoc reports.

Risks and infringements can also be reported directly and anonymously though the Compliance department and its compliance management system (such as the whistleblowing system), meaning that these information channels can also be used for sharing sustainability-related information with the administrative, management, and supervisory bodies.

Integration of sustainability-related performance in incentive schemes

The Executive Board of the KION Group bears collective responsibility for achieving the Group's short, medium, and long-term sustainability targets. For this reason, sustainability-related performance incentives are an integral element of the Executive Board's system of remuneration. The incentive structures for the Executive Board of KION GROUP AG and for senior management are an important lever for driving progress in the area of sustainability.

When setting Executive Board remuneration, the Supervisory Board places particular emphasis on sustainability – by considering social and environmental aspects – as well as on the Company's long-term growth. It does so by giving a high weighting to the variable remuneration components.

The variable Executive Board remuneration comprises a one-year variable component based on the current financial year and a multiple-year variable component based on three financial years (long-term incentive – LTI). The variable components of Executive Board remuneration comprise both short and long-term targets, which are derived from the corporate strategy, including non-financial targets of the sustainability strategy. To ensure that the non-financial sustainability targets remain relevant to the strategy, the Supervisory Board determines the specific targets based on a selection of verifiable ESG targets, which were set for the KION Group's business model and were identified as material for the achievement of the defined sustainability targets.

Both the short-term variable remuneration (short-term incentive – STI) and the long-term variable remuneration (long-term incentive – LTI), which apply to all KION Group executives, incorporate two ESG performance targets. In each case, the ESG targets account for 20 percent of short-term and long-term variable Executive Board remuneration.

The non-financial measures of performance are linked to ESG targets. For the STI 2024, the Supervisory Board defined the following two non-financial targets, each with a weighting of 10 percent:

- The target chosen for the STI 2024 from the ‘occupational health and safety’ category was the KION Group’s lost time injury frequency rate (LTIFR), which indicates the frequency of accidents resulting in lost time of at least one shift per one million hours worked.
- The non-financial measure of performance defined for the STI 2024 from the ‘sustainability and environment’ category was the extent of ISO certification at KION sites in accordance with environmental and occupational safety criteria (ISO 14001 and ISO 45001).

The non-financial measures of performance are linked to ESG targets derived from the Company’s sustainability strategy. For the LTI 2022–2024, the Supervisory Board defined the following two non-financial targets, each with a weighting of 10 percent:

- In the ‘attractiveness as an employer’ category, the results of the annual KION Pulse employee survey are used, specifically the participation rate and the engagement score, each with a weighting of 5 percent. The engagement score measures employees’ motivation and commitment.
- The non-financial measure of performance chosen in the ‘sustainability and environment’ category for the LTI 2022–2024 is the score achieved in the independent sustainability rating S&P Global CSA, which evaluates the Company as a whole, and its progress, based on various criteria.

The Remuneration Committee prepares all Supervisory Board resolutions, especially in connection with the Executive Board members’ variable remuneration components (setting of targets and target achievement for the short-term and long-term variable components of remuneration).

The Remuneration Committee of the Supervisory Board comprises five members. Three of its members are shareholder representatives and two are employee representatives. It is always chaired by the chairman of the Supervisory Board. The Remuneration Committee primarily deals with matters relating to Executive Board remuneration and the remuneration report that has to be prepared each year. In accordance with section 87a AktG, the Supervisory Board of KION GROUP AG is responsible for setting and regularly reviewing the Executive Board remuneration system of KION GROUP AG and the total pay of the individual members of the Executive Board. The Remuneration Committee is responsible for preparing all Supervisory Board resolutions pertaining to the Executive Board’s remuneration.

Risk management and internal controls over sustainability reporting

As part of its internal control mechanisms, the KION Group regularly records risks in the Group through a systematic, groupwide analysis and assessment. The risks include corruption and bribery risks, money laundering risks, and risks of non-compliance in connection with antitrust laws, tax regulations, and cybersecurity rules. Sustainability-related risk, such as human rights abuses or environmental breaches in the supply chain are also systematically recorded. To this end, the KION Group has established a supplier management process in which infringements of protected rights in the supply chain are defined.

In the assessment of potential risk, the characteristics of the corruption perception index for the respective country, the size and structure of the local procurement or sales organization, and contacts with public officials are considered. The groupwide risks are assessed and then assigned a priority in a standardized process. Newly emerging non-financial risks are documented and prioritized. Adequate measures are subsequently determined to eliminate weaknesses, both in processes and control mechanisms.

At regular meetings, the highest supervisory body – the Supervisory Board – is informed of the current situation in the areas of occupational health, safety, and the environment. It also monitors and checks significant sustainability-related risks in relation to corrective actions taken. Furthermore, the Supervisory Board is involved in every key step of the implementation of fundamental initiatives for the future of the Company through regular reports.

Incomplete, inconsistent, or incorrect reporting data is a material source of errors in sustainability reporting and can give rise to erroneous risk assessments for the Group.

Sustainability data covers a broad spectrum of topics and is collated, consolidated, and assessed using raw data from a number of systems of KION subsidiaries. Potential risk in terms of reporting can result from data that is retrospectively updated (e.g., due to improved base data) or from estimates that are replaced with subsequently available actuals, a change in calculation methodology, or regular updates of conversion and emission factors.

To support general data validity and the validity of the data reported by the subsidiaries, the KION Group uses a system-based software solution with integrated controls and an approval process for the individual data packages. Authorized people are assigned specific topics or datapoints, which are run through a standardized process to validate and approve the respective data. This control and its documentation are an integral element of the groupwide internal control system of the KION Group.

With the voluntary initial application of the CSRD in 2024, disclosure requirements and interpretations of the standards entailed risk, which was mitigated by consulting outside advisory firms to meet the minimum requirements of the CSRD.

The risks identified in connection with sustainability reporting are reviewed and classified, and internal control mechanisms are closely scrutinized in the event of any findings relating to them. Risk management concentrates on the content presented in this sustainability report and on the underlying raw data and information, which is incorporated into this sustainability report.

Environmental information

Climate change

The ‘Climate change’ chapter meets the disclosure requirements of ESRS E1 and is based on the results of the double materiality analysis. Material topics for the KION Group are managed in the context of the ‘Climate and energy’ action field.

Transition plan for climate change mitigation

Based on the initial climate targets in 2018 and a comprehensive revision of the climate strategy from 2021 onward, the KION Group formally committed to net-zero greenhouse gas (GHG) emissions by no later than 2050. The climate-related near-term environmental and net-zero targets were formally validated by SBTi in 2024. The KION Group does not have a finalized transition plan for climate change mitigation in place yet. The Group intends to drive forward its transition plan in 2025 by expanding on existing feasibility studies.

Cross-sectoral pathway

	2030	2050
Cross-sector (ACA) reductions[1] pathway based on the year 2020 as the reference year	**–42.0%**	**–90.0%**

[[1 Based on Pathways to net-zero – SBTi Technical Summary (Version 1.0, October 2021)]]

Material impacts, risks, and opportunities and their interaction with strategy and business model in relation to climate change

The double materiality analysis outlined in the ‘Description of the process to identify and assess material impacts, risks, and opportunities’ chapter identified the following positive and negative material impacts, risks, and opportunities in connection with climate change, including the entity-specific sub-topic ‘Energy-efficient products’.

List of all material Impacts, Risks and Opportunities – Climate Change

		Value chain			Time horizon		
Sub-topic	**IRO**	**Up-stream**	**Own operations**	**Down-stream**	**< 1 year**	**1–5 years**	**> 5 years**
Climate change mitigation							
Own production and facilities	Negative impact		•		•	•	•
Primary aluminum production	Negative impact	•			•	•	•
Steel production	Negative impact	•			•	•	•
Purchase of pre-processed parts	Negative impact	•			•	•	•
Business travel	Negative impact	•			•	•	•
Transport and logistics	Negative impact	•	•		•	•	•
Product use phase and end of life	Negative impact			•	•	•	•
Low-carbon products	Opportunity		•			•	•
Competitive advantage in the market	Opportunity		•	•		•	•
Achieving legal compliance while strategically planning	Opportunity		•			•	•
Cost increases due to suppliers implementing decarbonization and to monitor data to avoid greenwashing	Risk	•				•	•
Energy							
Energy use	Negative impact		•		•	•	•
Energy-efficient products (entity-specific)							
Global electrification through product portfolio	Positive Impact			•		•	•
Selection of materials with a high carbon footprint	Negative impact	•		•		•	•
Alignment of products with sustainability efforts of customers	Opportunity	•	•	•		•	•
Climate change adaption							
Extreme weather events in the supply chain	Risk	•					•

Own production and facilities (negative impact)

The KION Group has an influence on climate change through the use of fossil fuels and purchased fossil-based energy in its own operations. This includes mobile use by company vehicles and stationary use in production and in facilities. Fossil-fuel-based energy is used in most KION Group locations, both production sites and administrative sites, for heating, cooling, electricity, process heat, and vehicles.

The scale of the impact of GHG emissions from the Group's own operations is considered medium, with 146,554 tCO_2eq emitted in 2024 (Scope 1 and 2). The impact is widespread due to the Group's international presence, and either difficult to reverse or only reversible over the long term due to the persistent nature of GHG emissions.

The KION Group's business activities require energy, but it does not have to come from fossil sources. By taking the expected legal, commercial, and technological changes in the future into account, the KION Group can adapt its strategy and business model to move away from fossil fuels and the associated GHG emissions in the future.

Primary aluminum production (negative impact)
Some of the goods and components sourced by the KION Group contain aluminum. The mining and processing of primary and recycled aluminum occurs in the upstream value chain and consumes energy, generating GHG emissions as a result. The scale of the negative impact by the KION Group is considered low, based on the aluminum content in purchased goods and services in 2024. However, the impact is widespread due to the Group's global supplier landscape, and either difficult to reverse or only reversible over the long term due to the persistent nature of GHG emissions.

Among other things, the KION Group's business activities involve the manufacturing of material handling equipment, which entails using aluminum. The energy use and GHG emissions associated with the production and processing of aluminum are not a key element of the Group's strategy, which would not be negatively affected by using aluminum made with low-carbon or zero-carbon technologies.

Steel production (negative impact)
Steel is an important raw material for the KION Group and an integral element in assembled parts purchased for its own production. The associated GHG emissions from steel production are generated in the Group's upstream supply chain. The scale of the negative impact is considered medium based on the proportion of the KION Group's GHG emissions accounted for by purchased goods and services in 2024. However, the impact is widespread due to the KION Group's global supplier landscape, and either difficult to reverse or only reversible over the long term due to the persistent nature of GHG emissions.

The KION Group's business activities involve manufacturing material handling equipment, which requires the use of steel. The energy use and GHG emissions associated with the production and processing of steel are not a key element of the Group's strategy, which would not be negatively affected by using steel made with low-carbon or zero-carbon technologies.

Purchase of pre-processed parts (negative impact)
Intermediate products made from steel, plastics, electronic parts, cables, permanent magnets, screws, washers, nuts, etc. are important materials, components, and parts used in the KION Group's production processes. These pre-processed parts cause GHG emissions in the upstream supply chain. The scale of the impact is considered high based on the large proportion of purchased goods and services accounted for by pre-processed parts in 2024. Furthermore, the impact is widespread due to the KION Group's global customer landscape, and either difficult to reverse or only reversible over the long term due to the persistent nature of GHG emissions.

The KION Group's business activities involve manufacturing material handling equipment, which requires the use of pre-processed parts manufactured by suppliers. The energy use and GHG emissions associated with the production and processing of pre-processed parts are not a key element of the Group's strategy, which would not be negatively affected by using pre-processed parts made with low-carbon or zero-carbon technologies.

Business travel (negative impact)
Business travel leads to GHG emissions, with a negative impact on climate change. GHG emissions from business travel are part of the KION Group's upstream value chain. The scale of the negative impact from the approximately 26,000 tCO_2eq of GHG emissions from employees' global business travel in 2024 is considered low. However, the impact is widespread due to the Group's international presence, and either difficult to reverse or only reversible over the long term due to the persistent nature of GHG emissions.

The KION Group's business activities rely to some extent on travel, for example visiting customers and suppliers or facilitating meetings between employees from different global locations. The KION Group encourages its employees to avoid travel in order to progressively reduce the GHG emissions. This goal is supported by increasing digitalization and by networking in virtual meetings and through customer showrooms.

Transportation and logistics (negative impact)
The KION Group's business activities rely on transporting goods between locations. GHG emissions are generated by the transportation of raw materials from suppliers to KION Group locations, and the transportation of semi-finished and finished products between KION Group locations and to customers and dealers. With estimated GHG emissions from the KION Group's upstream transportation and distribution estimated at around 175,000 tCO_2eq in 2024, the scale of the negative impact is considered medium. However, the impact is widespread due to the Group's extensive supplier and customer landscapes, and either difficult to reverse or only reversible over the long term due to the persistent nature of GHG emissions.

The impact of transportation and logistics is caused almost exclusively by the KION Group's upstream value chain, as the Group operates only a small number of its own cargo vehicles that shuttle between Company locations, and commissions most transportation services from third-party providers.

Product use phase and end-of-life treatment (negative impact)
KION Group products cause GHG emissions during their use phase. While electric trucks potentially generate fewer emissions, depending on the electricity mix used, industrial trucks with internal combustion engines can be a significant source of GHG emissions, from use phase to the end of the product lifecycle. These GHG emissions contribute to climate change and its associated negative impacts. With GHG emissions from use phase and end-of-life of around 12.7 million tCO_2eq in 2024, the scale of the negative impact is considered very high. Furthermore, the impact is widespread due to the Group's extensive global customer base, and either difficult to reverse or only reversible over the long term due to the persistent nature of GHG emissions.

GHG emissions from product use phase and end-of-life are directly related to the KION Group's business model. Currently, every product sold and every customer project leads to GHG emissions through energy consumption during the use phase and the treatment at the end of functional life. The Group's strategy includes both a reduction in vehicles' energy consumption and a reduction in the number of vehicles with internal combustion engines. Furthermore, the offering of alternative drive options, such as hydrogen-powered industrial trucks, is to be expanded. Electric vehicles have the potential to be climate-friendly if operated with electricity from renewable sources.

This negative impact is directly linked to the KION Group's business activities, but is located in the downstream value chain. The KION Group can prioritize low-GHG products in its product development and sales strategy, but it has no control over the use phase or the electricity mix of its customers.

Low-carbon products (opportunity)
A shift in customer preferences towards environmentally friendly and low-GHG products could affect demand for products and services. This could have a positive impact on the KION Group's profitability due to higher unit sales of products with electric drive systems. This opportunity depends on shifting demand as well as on the Group's ability to meet this demand with appropriate products and solutions.

Competitive advantage in the market (opportunity)
Rising customer demand for energy-efficient products, solutions, and services could potentially give the KION Group a competitive edge, as energy efficiency is also a key consideration in its product portfolio. This includes relevant certifications. As more businesses focus on sustainability and energy efficiency, customers are increasingly looking for products and services that are climate-resilient and can withstand the effects of extreme weather events.

Achieving legal compliance while strategically planning (opportunity)
The KION Group's compliance and sustainability teams are working to anticipate upcoming climate change regulations and to establish resources and processes to comply with them. Insights gained through early preparation influence the Group's sustainability strategy. Assuming that regulators and markets exert influence on one another, anticipating future compliance requirements potentially supports the Group's ability to develop products and services which fulfill customers' emerging climate-related demands. By closely linking legal compliance with strategic planning, the KION Group strives to anticipate and respond to emerging trends and opportunities. This could have a positive impact on its profitability due to an increase in revenue.

Cost increases due to implementation of decarbonization strategies by suppliers and monitoring of data to avoid greenwashing (transition risk)
The decarbonization of suppliers will require training, collaboration projects, changes in production technology, materials or processes, budget for data tracking tools (for example, to follow up on implemented changes and to avoid greenwashing allegations through robust data availability), and additional employees for managing the transition in the KION Group's entire supply base. Increased costs for implementing decarbonization measures at suppliers could therefore also have a negative impact on the KION Group's profitability.

Energy use (negative impact)
The KION Group consumes energy, mainly electricity, at all of its locations worldwide. While around 74 percent of electricity used across the Group came from renewable sources in 2024, GHG emissions from generating the purchased electricity still accounted for approximately 34,000 tCO_2eq

when applying the market-based calculation method in Scope 2. In addition, the KION Group directly uses fossil sources of energy in its own operations, including diesel, gasoline, natural gas, and coking coal. Using these other energy sources generated approximately 108,000 tCO_2eq of GHG emissions in Scope 1 in 2024. While the impact of these GHG emissions is considered low, the impact is widespread due to the Group's international presence, and either difficult to reverse or only reversible over the long term due to the persistent nature of greenhouse gas.

The KION Group's business activities require energy, but not necessarily fossil energy. Electricity is used to power electric appliances, electric trucks, and some heating systems. Fossil fuels are used in the company's vehicle fleet, in production processes, space heating, and cafeterias, and in its sold products with internal combustion engines, which are delivered to customers with fuel in the tank. The plan is to gradually switch most appliances currently operating on fossil fuels to electricity from renewable sources in the future. This will be implemented in line with the assets' planned replacement cycles and according to the availability and maturity of new technologies. The switch from internal combustion to electric vehicles, for example, is intended to coincide with the renewal of leasing agreements, and will depend on how well-developed the charging infrastructure in each region is. With regulatory, market-related, and technological changes expected in the future, the KION Group's corporate strategy and business model could fully transition away from GHG emissions linked to fossil fuels.

Global electrification of the product portfolio (positive impact)
The positive impacts of a global product portfolio electrification are directly linked to the KION Group's future business performance, as demand for electric trucks and therefore the KION Group's overall revenue have increased in recent years. Many KION Group products and services are available with an electric drive system and can offer the same performance as IC trucks. This has a positive impact on the product portfolio as more and more IC trucks are being replaced by electric ones.

The KION Group is committed to net-zero GHG emissions by 2050, which directly affects its strategy. Since all products in the Supply Chain Solutions segment are only available with an electric drive system, this part of the impact arises directly from the business model itself. In the Industrial Trucks & Services segment, the long-term plan is to electrify most products and solutions (for example through fuel-cell technology and other forms of electrification), creating a close connection between the impact and the ability to implement the business strategy.

This transition affects the carbon footprint of KION Group products and solutions, as energy consumed during the use phase is a significant factor in the products' GHG footprint. If the energy used to power electric trucks comes from renewable sources, it may contribute to the reduction of GHG emissions.

Selection of materials with a high carbon footprint (negative impact)
Selecting goods and materials with a high carbon footprint can significantly impact on a product's ecological footprint, as material consumption and purchased goods are a major contributor to GHG emissions (category '3.1 Purchased goods and services'). By selecting materials and goods with lower GHG emissions, it is possible to reduce the environmental footprint of KION Group products (mainly category 3.1) and the emissions from their use by customers (category '3.11 Use of sold products'). The KION Group has started to review the status of its product portfolio from this perspective and is working on introducing measures to optimize the materials used in its products according to their carbon footprint. This impact is directly related to the KION Group's business

activities as low-carbon and net-zero-carbon products require adjustments in product development and production, as well as in the strategic management of the supply chain.

This impact is relevant in the KION Group's business relationships (selection of materials) upstream and downstream. In order to gain information on the GHG emissions of its upstream value chain, the Group must work closely with its suppliers. The KION Group is responsible for helping them to reduce their GHG emissions and work on alternatives that have a positive impact on the GHG emissions generated by purchased materials, goods, and services (category 3.1).

Alignment of products with sustainability efforts of customers (opportunity)
It is important for the KION Group to align its product and solution portfolio with customers' sustainability efforts by integrating relevant requirements into the product development process, complying with industry-specific initiatives and standards, and responding to customers' needs. Furthermore, the KION Group is focused on incorporating these insights into the development of new products and services, on complying with new regulations that affect customer needs, and on advising customers about best practice when it comes to using products and solutions (such as switching to renewable energy).

Extreme weather events in the supply chain (physical risk)
The physical impacts of climate change and the increased frequency and severity of extreme weather events (storms, floods, hurricanes) due to global warming could lead to an unstable supply chain and to material shortages, which in turn could result in disruptions in the supply chain and increased material costs for purchased goods.

Resilience of the strategy and business model in relation to climate change

In 2024, the KION Group reviewed the resilience of its strategy and business model with regard to sustainability risks using scenario analyses that included climate risks. The analyses covered all areas of the value chain (see 'Material impacts, risks, and opportunities and their interaction with strategy and business model')

Based on a net-zero scenario in line with limiting global warming to 1.5° Celsius, the analysis assumed that there will be a shift in demand from higher-emission to lower-emission products and services as customers seek to reduce their GHG footprint. However, the speed at which this shift takes place will vary from one region of the world to another. As a consequence, a diversified product portfolio will be needed to meet customer demands at different stages of climate transition. The analysis also assumed that internal combustion engines will be banned in certain countries, while production and sales will remain possible in other regions. These assumptions are reflected in the KION Group's strategy to offer a broad product portfolio of vehicles with high-efficiency internal combustion engines and drives that run on alternative fuels, while simultaneously pressing ahead with the electrification of the entire range.

The resilience analysis used the International Energy Agency's Announced Pledges Scenario (APS) and a net-zero scenario to estimate the development of energy markets. The APS was chosen as a more conservative approach, not focused on a 1.5°C target, to assess the impact of energy-related emissions in the event that the world's leading regions are not ambitious enough in setting targets for their energy systems in the coming years. These estimates interact with the KION Group's goal of achieving net-zero GHG emissions by 2050 at the latest, which depends to a large extent on the availability of low-emission energy in the products' use phase. The APS was also used to estimate carbon prices, which in turn influence the decision to invest in low-carbon technologies in the Group's own operations.

It was presumed, based on the assumptions of carbon costs and the availability of low-carbon energy, and in line with the KION Group's decarbonization targets, that currently existing and emerging technologies will be available to the extent and at the cost required to meet the Group's Scope 1 and 2 targets by 2030. This applies to fuel consumers in own operations, including the Group's vehicle fleet and foundries. Assumptions were also made regarding the availability and cost of raw materials with a low GHG footprint, particularly steel products, by 2050.

Raw materials and components are a major source of GHG emissions in the KION Group's upstream value chain. The transformation required in the industry to supply low-carbon alternatives is still at an early stage, and therefore the market volumes are limited compared to what is required.

The resilience analysis of the KION Group's strategy and business model included transition scenarios up to 2030, 2040, and 2050, as well as anticipated financial effects, in line with the near-term and long-term decarbonization and reduction targets set.

The transformation of the industry is expected to generate high demand for low-carbon alternatives, such as green steel, and increase competition. As a consequence, the prices of low-carbon alternatives could rise significantly in the short and medium term. By focusing on reducing the energy consumption of sold products (category '3.11 Use of sold products') and shifting to a broadly electrified product and solution portfolio as part of the short-term strategy, the KION Group is addressing net-zero requirements while remaining competitive and developing capacity and robust structures in the supply chain.

[[To assess the vulnerability to physical climate risks, scenarios with high emissions, including RCP 8.5, were taken into account in order to model acute and chronic location-specific climate risks.]]

There is a degree of doubt in the resilience analysis due to uncertainties in the underlying data and models. Assumptions about future carbon prices and technologies will influence the planning of investments in low-carbon technologies, while technological changes affecting energy consumption and the energy mix will influence the anticipated reduction in emissions during the use phase of KION Group products.

In its strategies, investment decisions, and climate change mitigation activities, the KION Group addresses business activities that are not compatible with a net-zero target, e.g., the manufacture of vehicles with internal combustion engines, by taking appropriate action to improve their performance and climate impact. At the same time, it is focusing its business on activities that are compatible with the targets set. This two-pronged approach allows the Group to align its business strategy with climate targets while making the transition financially viable.

The results of the analysis were positive with regard to the KION Group's ability to adapt its business model to climate change. Feasibility studies were conducted up to mid-2024 to assess the necessary action to achieve GHG reductions in line with net-zero requirements. The feasibility studies showed only a limited need for investment, based on the assumption that the ability to achieve climate targets will help the KION Group to secure finance on favorable terms.

To ensure the highest level of transparency and comparability, the KION Group uses the widely adopted international disclosure and scoring platform CDP in order to publicly communicate its GHG management and the progress made against targets since 2017.

Policies related to climate change mitigation and adaptation

The following subchapters deal with the KION Group's material strategic priorities in relation to climate change mitigation.

Commitment to net zero and the Science Based Targets initiative

Through its explicit commitment to achieving net-zero GHG emissions along the entire value chain by no later than 2050 and setting appropriate strategic climate targets, the KION Group strives to align its targets with the goal of the Paris Climate Agreement to limit global warming to 1.5°C. The SBTi used its own net-zero standard to formally validate the KION Group's climate targets in 2024. This standard sets the minimum ambition for climate change mitigation, to which the KION Group is committed and which it has enshrined in its sustainability strategy. Energy efficiency and the use of renewable energy are elements of the roadmap toward net zero.

The commitment to SBTi covers the Group's Scope 1, 2, and 3 emissions, including the entire value chain, the Company's products and solutions, and the energy used in its own operations. Responsibility lies with the Executive Board of KION GROUP AG, in particular with the CPSO. The targets are assessed regularly (at least once a year) as part of strategy reviews, internal target setting, and progress monitoring. Progress on climate targets, action taken, and GHG emissions is reported publicly at least once a year. The KION Group's commitment to the SBTi is available to the public at www.sciencebasedtargets.org/companies-taking-action and is communicated to the Company's employees and to customers and suppliers.

The commitment to net zero mainly affects the KION Group's employees, suppliers, customers, investors, and other stakeholders. Employees provided input and feedback on the feasibility of targets when defining the commitment. They also suggested schedules for implementation and supported the planning of each initiative. Customers and investors expressed their expectations – as part of regular stakeholder dialogue or in the context of materiality analyses, for example – of the KION Group's climate-related targets and performance.

In addition to the 'Climate change mitigation' subtopic, the commitment to the net-zero target and Science Based Targets initiative addresses aspects of climate change adaptation. Beyond this, no specific policy for the 'Climate change adaptation' sub-topic was in place in the upstream value chain at the end of 2024. The Group intends to formulate a policy from 2025 onward based on the results of future risk analyses.

Health, Safety, and Environment Statement of Intent

Particularly worth highlighting in the context of climate action is the Health, Safety, and Environment (HSE) Statement of Intent's ambition to use fewer natural resources and energy, generate less waste, and reduce the Group's own operations' emissions in air, land, and water. This policy is linked to climate change mitigation as it aims to reduce emissions, such as greenhouse gases, into the air and the consumption of natural resources, including for power generation.

The policy covers Scope 1 and 2 emissions without alternatives. However, Scope 3 emissions are not within the scope of this policy. Responsibility lies with the Executive Board of KION GROUP AG, in particular with the CPSO. Data on energy use, GHG and pollutant emissions, and waste generated is published every year.

The HSE Statement of Intent is binding for the entire KION Group, including employees, contractors, and agency workers. The policy was developed by involving employees via representatives (OU HSE heads), while other stakeholder groups were taken into account through their respective departments. The HSE Statement of Intent is reviewed regularly, and at least annually, by Corporate Sustainability & HSE and other relevant stakeholder functions.

The policy is provided to employees during their induction, displayed on the organization's notice boards, and communicated via the intranet. A copy of the policy statement must be made available upon request to any employee, customer, contractor, auditor, or regulatory authority.

[[The HSE Statement of Intent is also available to the public on the KION Group's website via www.kiongroup.com/sustainability.]]

Strategic focus on increasing the proportion of renewable energies
Increasing the proportion of renewable energy helps to reduce Scope 1 and 2 GHG emissions and is thus linked to climate change mitigation and energy use. The KION Group has pursued this strategy since 2023 and aims to increase the proportion of renewable energy in the total energy used in the Group's own operations and at its sites within Scope 1 and 2. The annual publication of data on energy consumption and GHG emissions is overseen by the CPSO (see 'Strategy targets and target achievement in 2024')

This strategy affects the KION Group's employees, suppliers, customers, and investors. The input and feedback of employees on the feasibility of targets, including suggested schedules for implementation and support for initiatives, was taken into account during development. Customers were indirectly involved in enshrining this approach in the strategy. [[Further information on the strategy is available to the public on the KION Group website at www.kiongroup.com/sustainability/ and is communicated internally to employees.]]

The product development process in the Industrial Trucks & Services segment
The Innovative Product Evolution Process 2 (iPEP 2) is a framework for product development along the entire value chain in the Industrial Trucks & Services segment. Key elements are the definition of roles and process architecture, integrated project planning, and a shared glossary. The main idea is to tailor the process to a specific project. Every project has specific parameters and requirements, such as the need for sustainability, that must be taken into account in project management.

The Chief Technology Officer (CTO) on the Executive Board of KION GROUP AG is responsible for iPEP implementation. The policy undergoes regular internal checks through which requested changes are approved, rejected, or revised. After approval, all changes undergo the same implementation phase, during which they are tested, communicated, and released into the process.

The policy mainly affects product development, but other functions such as product management, quality assurance, operations, procurement, controlling, and service are also involved. It was developed with input from all affected stakeholders and underwent a process evaluation as part of the KION Product Development Optimization change initiative. Every iPEP user can request changes and a review of the process, which is then evaluated according to the proposed change. The policy is available on the intranet and communicated to the workforce by the communications department.

Actions and resources in relation to climate change policies

With regard to its Scope 1 emissions, the KION Group began to progressively replace internal combustion vehicles with electric vehicles in its fleet of company cars and service vehicles in 2023. This action is expected to be completed by 2040. This links to the commitment to the net-zero targets, the SBTi targets, and the targets for absolute GHG reduction. The Group intends to press ahead with its transition plan in 2025.

A progressive electrification of the fleets of company cars and service vehicles is not feasible across the entire Group due to country-specific restrictions such as supply bottlenecks in vehicle production and inadequate charging infrastructure. As a result, the KION Group subsidiary in Brazil started to switch to bioethanol as a short-term solution for reducing GHG emissions from gasoline consumption. This action is linked to the strategic targets of the ‘Climate and energy’ action field to increase the proportion of renewable energy used and achieve an absolute reduction in GHG emissions for the Group. In the context of Scope 1 GHG emissions, this represents a decarbonization lever through the use of renewable energy sources in own operations. The subsidiary plans to further increase the proportion of bioethanol in its fuel consumption in 2025.

More than 74 percent of the electricity purchased by the KION Group in 2024 already came from renewable sources (green electricity, Scope 2). Due to the organization’s global footprint and the large number of sites, sourcing green electricity through power purchase agreements (PPAs) or local retail renewable PPAs is not always feasible. The KION Group therefore plans to gradually improve transparency by purchasing energy attribute certificates (EACs) to achieve 100 percent electricity from renewable sources at all its locations, and thus reduce Scope 2 emissions by increasing the proportion of renewable energy. The ultimate goal is to completely switch to green electricity by 2030. This action is at the planning stage and is expected to start in 2025.

In the context of the ESRS disclosure requirements for contractual instruments for the sale and purchase of energy, these only applied to electricity for the KION Group.

Furthermore, the Group is pursuing the ambition to ensure that its suppliers can also meet SBTi decarbonization targets by 2029. In total, at least 5 percent of the Group’s emissions from purchased goods and services are generated on the supplier side. The active involvement of suppliers and the corresponding actions are linked to the commitment to net-zero targets and SBTi targets, and to the guidelines on climate change mitigation that apply to suppliers. A base year of 2023 was set for these targets.

Actions related to energy-efficient products (entity-specific)

The KION Group is working on collecting supplier-specific data in order to improve the underlying data. With this in mind, it launched a project in March 2024 aimed at reducing emissions in procurement, which relates to the entity-specific ‘Energy-efficient products’ sub-topic. The project is designed to help the global procurement team to reduce greenhouse gas emissions in category ‘3.1 Purchased goods and services’ by evaluating, analyzing, and actively reducing GHG emissions of purchased goods and services. The focus is on direct tier 1 suppliers worldwide in the KION Group’s upstream value chain. These are suppliers who have a direct business relationship with a KION Group entity. Direct suppliers are those who supply materials used in KION’s products.

The project includes the following milestones: analyzing previous GHG emissions, conducting a feasibility study for a net-zero target by 2050, creating structures and processes that enable the procurement team to consider GHG emissions in its decisions, and conducting pilot supplier workshops to understand their climate-related ambitions. Furthermore, the selection of a suitable software tool for managing GHG emissions is to be supported.

Teams of lifecycle assessment (LCA) experts assist the affected internal stakeholders. New insights based on the findings of the LCAs can then be integrated early on during the design phase. Online training sessions on LCAs come under the company-specific topic of energy-efficient products. Several extended online training courses on this topic were conducted with external partners in 2024 to provide the relevant employees with the necessary knowledge and skills to make informed decisions based on lifecycle assessments. The sessions in 2024 covered theoretical and practical aspects of LCAs and were targeted at a broad audience, from managers to technicians across a wide range of departments. The employees learned what an LCA is and how it can be best used for projects and design evaluations to support general decision-making regarding the sustainability aspects of KION Group products. This is especially important for research and development (R&D).

Working with an external provider, the KION Group conducted a series of workshops in 2024 on the company-specific topic of energy efficient products, in line with the Cradle-to-Cradle principle and relevant categories. They were designed to give the KION Group's sustainability experts the knowledge they need so that they can concentrate on their activities connected to the Cradle-to-Cradle certification. The workshops were targeted at a broad audience, from managers to technicians, with the aim of increasing skills in this area.

The KION Group's decarbonization levers

Switching to alternative fuels is the key decarbonization lever in the KION Group's own operations. Diesel and gasoline consumption in the vehicle fleet (mainly company cars and service vehicles) accounts for a large proportion of energy consumption and emissions in the Group's own operations. By switching its fleet to electric, the KION Group can benefit from electric vehicles' lower energy consumption, and switch to electricity from renewable sources to further reduce GHG emissions from transportation.

Another source of fossil GHG emissions are the KION Group's two foundries, which use coking coal. The KION strategy includes replacing the coke-powered furnaces with electric arc furnaces. Natural gas consumption for space heating and process heat, such as the ovens used in manufacturing, can be addressed by switching to technologies such as heat pumps for space heating and electric ovens in manufacturing.

Combined with fuel switching, the use of renewable energy is another key decarbonization lever for the KION Group's business activities. The proportion of renewable energy used in the Group in 2024 was 21 percent. And the proportion of renewables in total energy consumption can be significantly increased through the electrification of processes for which alternative technologies are potentially available. Where electrification is not feasible in the medium term, alternative renewable fuels such as bioethanol or green hydrogen could provide an alternative.

Emissions from the product use phase in the Industrial Trucks & Services segment accounted for more than 66 percent of the KION Group's total GHG footprint in 2024. Although the proportion of sold vehicles with internal combustion (IC) engines was only 8 percent, the GHG emissions from their use phase amounted to over 35 percent. Further reducing the proportion of IC vehicles will help to reduce GHG emissions meet the Group's climate targets.

More than 50 percent of the KION Group's total GHG emissions in 2024 were attributed to the use phase of electric products and solutions sold to customers. In order to reach the net-zero target, it is necessary to address these emissions too. The corporate strategy therefore involves increasing the energy efficiency of products by improving battery technology and using high-efficiency batteries, such as lithium-ion cells, to reduce energy consumption Furthermore, the KION Group is working closely with its customers to increase the proportion of renewables in their electricity mix.

'Purchased goods and services' (category 3.1) represented 20 percent of the KION Group's total GHG emissions in Scopes 1 to 3 in 2024. As part of its overall decarbonization strategy, the Company plans to work with its suppliers on reducing GHG emissions. This includes increased material efficiency, switching to alternative materials, increased use of recycled materials, and technological solutions to decarbonize production processes for energy-intensive products like steel. Further details can be found in the 'Actions related to energy-efficient products (entity-specific)' chapter. Beyond this, the KION Group had not implemented a specific policy for the ‘Climate change adaptation’ sub-topic in the upstream value chain at the end of 2024.

In 2024, the KION Group had only minimal capital expenditure and operating expenses in connection with actions and policies relating to climate change. The assumption is that significant expenditure will be necessary to achieve the targets relating to climate change mitigation and climate change adaptation. The relevant planning process for this is currently still at the implementation stage. In 2025, the KION Group intends to define in greater detail the investments in, and expenditure on, climate change mitigation in its transition plan, and follow that up with detailed reporting. The plan will also close any gaps in policies and actions relating to identified impacts, risks, and opportunities.

Targets related to climate change mitigation and adaptation

The KION Group calculates and controls its GHG emissions based on the international Greenhouse Gas Protocol (GHG Protocol). Where it is technologically possible, the GHGs covered are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride.

The GHG Protocol includes an option, in the attribution of emission sources and company thresholds to the direct and indirect GHG emissions categories in Scope 1, 2, and 3, to determine beneficial ownership on the basis of operational control. The KION Group has taken an operational control approach for years and attributes indirect GHG emissions generated during the use of products, including those leased downstream over which the KION Group retains beneficial ownership (financial control) as the lessor (operating lease agreement), to the GHG emissions in Scope 3. The main factors influencing these GHG emissions, such as the type of product, the way and extent to which it is used, and the electricity mix powering electric products, lie outside of the KION Group. The Group therefore believes that the quantification and control of these GHG emissions differs significantly from the way in which GHG emissions included in Scope 1 and 2 are quantified and controlled. The classification of operating leases in Scope 3 is thus the same as for lease business in which the customer takes beneficial ownership (finance lease), and for sold products and solutions that are recognized over their entire lifetime in the combined category ‘3.11 Use of sold products’, which includes category ‘3.13 Downstream leased assets’.

Unlike the KION Group’s chosen approach of operational control in accordance with the GHG Protocol, ESRS follows the principle of financial control and the importance of beneficial ownership. Changing the classification of lease business from operating leases to align with ESRS would result in significant adjustments to the KION Group’s existing sustainability strategy.

Given the abovementioned climate targets, in particular the net-zero target, the disclosures on target achievement, and the formal validation by the SBTi in 2024, the KION Group has decided to deviate from ESRS 1.62 and the principle of financial control. Instead, the Group will persist with the approach of operational control and, in accordance with the GHG Protocol, continue this method of reporting consistently in this Group sustainability report.

All of the abovementioned GHG targets are gross targets and do not include negative GHG emissions, carbon offsetting, or GHG emission avoidance as a means of achieving GHG emission reduction targets. Starting from the base year of 2021, the GHG emission reduction targets aim to limit global warming, on a cross-sector pathway, to 1.5°C compared with pre-industrial levels. The assessment excludes any GHG emission reductions before 2020. The KION Group considered a net-zero scenario as well as one based on pledges announced to date.

Absolute reduction targets for Scope 1 and 2

The KION Group has set itself the target of reducing Scope 1 and 2 GHG emissions by at least 90 percent by 2050, starting with 2021 as the base year (baseline value: 149,359 tCO_2eq). The near-term target for 2030 is an absolute reduction by 42 percent. The baseline for the Scope 1 and Scope 2 reduction target relates to GHG emissions from direct and indirect energy consumption in own operations. Emissions from customers' use of leased products over which the KION Group retains beneficial ownership (financial control) as the lessor (operating lease agreements) are classified as Scope 3 emissions in line with the operational control approach of the GHG Protocol, and are thus not part of the reduction target for Scope 1 and 2.

The target has a scientific basis and covers all Scope 1 and 2 emissions that are under the operational control of the KION Group within the meaning of the GHG Protocol. For the purposes of setting and achieving targets for GHG emissions, the KION Group uses the market-based method as the basis for the calculated Scope 2 GHG emissions. The KION Group set the target using the SBTi net-zero framework and the detailed methodology sheets. The Science Based Targets initiative (SBTi) is an organization that helps companies to set climate targets. The goals set by the Science Based Targets initiative are widely accepted and considered to be grounded in climate science. The SBTi's methodology is subject to inherent uncertainties with regard to the underlying research findings and forward-looking assumptions about the reduction of greenhouse gas emissions needed to achieve the 1.5°C target. The SBTi methodology, which was published in 2021, is currently being revised. New research-based insights into the progress of climate change could lead to a revision of the SBTi methodology and of the assessment whether the target levels are sufficient to limit global warming to 1.5°C. The KION Group will adjust its target if the SBTi methodology changes.

The target was formally validated by SBTi in 2024. When defining the basic assumptions for GHG emission reduction targets, the KION Group considered future developments that could potentially influence its GHG emissions and its efforts to reduce them: Company growth and a rise in unit sales would lead to an increase in energy consumption and emissions along the value chain. The switch to electric vehicles, the decarbonization of global electricity grids, rising carbon taxes, and the availability of technologies such as green steel and electric arc furnaces would help the KION Group to reduce the emission intensity of its activities.

The KION Group has taken the following actions to ensure that the baseline value is representative:

- The KION Group used emission factors from the same sources. Where methodologies or emission factors were changed, the base year was recalculated using the same methods.
- Adjustments to the organizational boundaries accounted for less than 5 percent of changes in the GHG inventory.
- The base year of 2021 is considered representative for the KION Group's business activities in the years since. This was formally validated in the SBTi's assessment of the reduction targets.

With regard to sustainability matters prior to 2030, the same base year of 2021 is used for comparative analyses. The KION Group will choose a base year no more than three years before the first reporting year of the new target period when defining new targets. From 2030 onward, the Group will update its base year every five years.

Absolute reduction target for Scope 3

The KION Group's absolute reduction target for Scope 3 emissions was set using the SBTi methodology. It envisages a reduction of at least 25 percent in category '3.11 Use of sold products' by 2030, and of no less than 90 percent across Scope 3 by 2050. According to the operational control approach, category 3.11 includes GHG emissions generated during the use of products leased downstream as part of the KION Group lease business. The base year is 2021 with a baseline value of 19,764,107 tCO_2eq. The SBTi formally validated 2021 as the representative base year for the KION Group, based on historical data and expected future growth. The target covers 100 percent of the KION Group's Scope 3 emissions for the net-zero target and 83 percent of Scope 3 emissions for the near-term target which covers category 3.11. If the SBTi methodology is updated, the KION Group agrees to adjust its target accordingly. Affected stakeholders were involved in setting the target. Customers and investors were interviewed about their expectations regarding the KION Group's climate targets, while internal stakeholders were consulted about the feasibility and timeline of necessary action.

Currently, the Group is pursuing the strategic objectives of conducting more lifecycle assessments for products and obtaining Cradle-to-Cradle certificates for selected products. LCAs are an essential source of information used to define GHG emission reduction targets as part of the KION Group's commitment to the SBTi framework. They provide an overview of the environmental impact of KION products, including their carbon footprint. This kind of information is increasingly requested by customers and essential when it comes to countering the negative impact of selected materials on the environment.

The KION Group is currently following the Cradle-to-Cradle processes with the aim of obtaining the Environmental Protection Encouragement Agency (EPEA) certificate. A Cradle-to-Cradle analysis complements the LCA by assessing the effectiveness of processes in terms of their sustainability. It assesses the safety, circularity, and sustainability of a product across five categories with regard to sustainability performance. Furthermore, implementing the Cradle-to-Cradle framework into its processes should help the KION Group to align its products with the sustainability efforts of its customers.

The KION Group's two strategic objectives relating to LCAs and cradle-to-cradle certifications form the basis for the development of targets directly linked to the IROs in question. The plan is to define specific metrics and targets for them by the end of 2025.

No target was defined for the 'Climate change adaptation' sub-topic in 2024 in relation to Scope 3 GHG emissions in the upstream value chain.

Proportion of electric vehicles sold annually (Industrial Trucks & Services segment)

The KION Group plans to establish a portfolio focused on electric drive systems, including battery-powered and fuel cell-powered products, by increasing the proportion of electric vehicles sold annually. Given the positive trend, starting from a base year of 2019 and a baseline of 85 percent, the KION Group decided to increase the previous target from 90 percent to 92 percent by 2027.

The target is calculated as the proportion of electric products (including fuel cells and other electric technologies) ordered annually in the Industrial Trucks & Services segment (in terms of units in new business).

This target relates to the GHG emission reduction target in the KION Group's commitment to the SBTi framework, and to the IRO 'Global electrification of the product portfolio'. The target was defined in collaboration with the relevant departments and Operating Unit representatives who are responsible for the 'Product and solution sustainability' action field. The adjusted target was then approved by the Executive Board of KION GROUP AG.

Metrics related to climate change

In the context of climate change, the metrics for energy consumption, energy mix, and energy intensity, the metrics for greenhouse gas emissions, and the entity-specific metrics for energy-efficient products are presented below. The methods and significant assumptions are explained in this context, as are, where appropriate, the estimates and outcome uncertainties. Furthermore, information is disclosed on greenhouse gas removal, on greenhouse gas reduction projects financed through emission allowances, and on internal carbon pricing.

Metrics on energy consumption, energy mix, and energy intensity

Energy-related metrics are determined in the same way as GHG emissions. Energy data for the KION Group's own activities is primarily calculated and controlled in line with the definition of the Company for the purposes of calculating GHG emissions in accordance with the GHG Protocol and the operational control approach. The energy consumed in the reporting year by products leased downstream over which the KION Group retains beneficial ownership (operating lease) is not included in the Company's own energy consumption. This definition, which is comparable to the approach for GHG emissions, is in line with the attribution of energy consumption in the KION Group that is relevant to climate targets and the commitment to SBTi.

To calculate energy data, the KION Group uses conversion factors in the latest version of 'UK Government GHG Conversion Factors for Company Reporting' (Department for Environment, Food & Rural Affairs, DEFRA). The factors used were selected due to their scientific basis, reliability, and widespread acceptance in international reporting standards.

To determine energy intensity in climate-intensive sectors according to ESRS, the NACE classification system was used to identify the energy intensive sectors of relevance for the KION Group. Entities in the KION Group were assigned the relevant NACE Codes. The KION Group operates in the following energy-intensive sectors according to ESRS, which were included in the calculation of energy intensity:

- NACE Code 46 Wholesale trade, except of motor vehicles and motorcycles
- NACE Code 28 Manufacture of machinery and equipment n.e.c.
- NACE Code 52 Warehousing and support activities for transportation
- NACE Code 27 Manufacture of electrical equipment

Energy consumption, energy mix and energy intensity (own operations) according to GHG protocol and the operative control approach[1]

in Mega-Watt-hours (MWh)	2024
Total Energy consumption by sources of energy (MWh)	
(1) Fuel consumption from coal and coal products	58,879
(2) Fuel consumption from crude oil and petroleum products	245,060
(3) Fuel consumption from natural gas	122,015
(4) Fuel consumption from other fossil sources	43
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	76,073
(6) Total fossil energy consumption (MWh) (lines 1 to 5)	**502,071**
Share of fossil sources in total energy consumption (%)	**79.7%**
(7) Consumption from nuclear sources (MWh)	**5,878**
Share of nuclear sources in total energy consumption (%)	**0.9%**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	2,499
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources [actively sourced][2]	116,380
(10) Consumption of self-generated non-fuel renewable energy	3,365
(11) Total renewable energy consumption (MWh) [actively sourced][2] (lines 8 to 10)	**122,243**
Share of renewable sources in total energy consumption (%) [actively sourced][2]	**19.4%**
Total energy consumption (MWh) (total lines 6, 7 and 11)	**630,191**
Total energy consumption from activities in high climate impact sectors (MWh)	**624,189**
Energy intensity per KION Group's net revenue associated with activities in high climate impact sectors (in MWh/€ million)	**54.3**
Renewable energy production in own operations	**10,237**

1 KION Group's energy data and GHG emissions are calculated and managed in accordance with the GHG Protocol and the operational control approach. Leased assets that remain in the ownership of the KION Group for the term of the lease in accordance with the financial control approach (operating lease contracts) are classified as Scope 3 GHG emissions due to their indirect nature and the lack of operational control. Differs from ESRS 1.62 and not allocated to the Group's own operations (energy data and GHG emissions in scope 1 and scope 2)

2 In accordance with ESRS E1 AR32 (j), the energy classification of electricity, steam, heat or cooling is defined more strictly with regard to the allocation to renewable and non-renewable sources. Energy consumption is only taken into account as renewable if the origin is specifically defined in the contractual agreements with the suppliers. These include, for example, electricity purchase agreements, standardized green electricity tariffs, market instruments such as guarantees of origin for renewable sources in Europe or comparable instruments such as certifications for renewable energies in the USA and Canada). In accordance with ESRS, renewable components from sources not specified in contractual instruments (e.g. when using residual mixes for electricity) are classified as non-renewable

Metrics on greenhouse gas emissions

GHG emissions for Scope 1, Scope 2, and Scope 3 are always calculated in line with the standards of the Greenhouse Gas Protocol. The calculation takes entities under financial control into account, including financially immaterial subsidiaries and those under operational control.

The subsidiaries' greenhouse gas emissions are recorded, reported, and reviewed annually while taking the threshold values set at Group level into account. This review is based on the scope of consolidation for financial reporting, including the subsidiaries classified as financially immaterial, and the criteria for operational control. Compared with 2023, there are no material changes in the definition of the KION Group business units to be included or its upstream and downstream value chain for 2024.

When calculating or reporting greenhouse gas emissions, the KION Group does not use any information from entities in its value chain that have a different reporting period.

The KION Group primarily calculates and controls GHG emissions in accordance with the GHG Protocol and the operational control approach. For the reporting year, GHG emissions from the use of products leased downstream over which the KION Group retains beneficial ownership (operating leases) are recognized in full as indirect GHG emissions for the entire lifecycle in the year the order was placed, together with other products and solutions sold, in category ‘3.11 Use of sold products’ in combination with ‘3.13 Downstream leased assets’, and in ‘3.12 End-of-life treatment of sold products’. This approach is in line with the KION Group’s commitment to SBTi.

According to ESRS 1.62, the principle of financial control must be followed. The KION Group decided to deviate from ESRS when it comes to leased property, plant and equipment over which the Group retains beneficial ownership (operating lease) during the term of the lease. Under the principle of financial control, the energy consumed and greenhouse gases emitted during the use of assets leased downstream would have to be recognized by the KION Group under Scope 1 and 2. However, since it is the customers that have operational control, there is a significant difference to the energy consumed and greenhouse gases emitted in the Group’s own operations in terms of their origin and the ability to measure and control them. They are indirect in nature from the Group’s perspective. Furthermore, period-specific shifts and adjustments to indirect GHG emissions would arise in categories ‘3.3 Fuel and energy-related emissions’, ‘3.11 Use of sold products’ (respectively ‘3.12 End-of-life treatment of sold products’ and ‘3.13 Downstream leased assets’). For this reason, the KION Group is following the operational control approach.

Greenhouse gas emissions (GHG emissions) according to GHG protocol and the operational control approach[1]

	Retrospective		Milestones and target years			
	2021 (Base year)	**2024**	**2025**	**2030**	**(2050)**	**Average annual % target / Base year**
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO_2eq)	111,484	108,401	90,673	64,660	11,148	4.7
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	–	20.5%				
Scope 2 GHG emissions						
Gross Scope 2 GHG emissions (location-based) (tCO_2eq)	88,164	77,176	–	–	–	-
Gross Scope 2 GHG emissions (market-based) (tCO_2eq)	37,875	38,153	30,986	22,069	3,809	4.7
Significant scope 3 GHG emissions[2]						
Total Gross **indirect** (Scope 3) GHG emissions (tCO_2eq)	23,476,782	16,011,381	–	–	2,347,678	2.4
(1) Purchased goods and services	3,096,120	2,824,664	–	–	309,612	-
(2) Capital goods	46,631	39,102	–	–	4,663	-
(3) Fuel and energy-related activities (not included in scope1 or scope 2)	39,900	40,711	–	–	3,990	-
(4) Upstream transportation and distribution	162,098	174,956	–	–	16,210	-
(5) Waste generated in operations[3]	16,292	16,393	–	–	1,629	-
(6) Business traveling	11,030	25,826	–	–	1,103	-
(7) Employee commuting	30,114	30,326	–	–	3,011	-
(11) Use of sold products[3,4]	19,764,107	12,556,215	17,568,095	14,823,080	1,976,411	2.8
(12) End-of-life treatment of sold products	189,502	118,853	–	–	18,950	-
(15) Investments	120,986	184,335	–	–	12,099	-
Total GHG emissions						
Total GHG emissions (location-based) (tCO2eq)	23,676,430	16,196,957	–	–	–	-
GHG intensity (location-based) per KION Group's net revenue ($t\ CO_2e$ / €)	–	0.0	–	–	–	-
Total GHG emissions (market-based) (tCO2eq)	23,626,141	16,157,934	21,304,159	18,524,241	2,352,807	2.4
GHG intensity (market-based) per KION Group's net revenue ($t\ CO_2e$ / €)	–	0.0	–	–	–	-

Greenhouse gas emissions (GHG emissions) according to GHG protocol and the operational control approach[1]

	Retrospective		Milestones and target years			
	2021 (Base year)	2024	2025	2030	(2050)	Average annual % target / Base year
Total biogenic emissions of CO_2						
Biogenic emissions of CO_2 from the combustion or bio-degradation of biomass not included in Scope 1 GHG emissions	735	715	–	–	–	-
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass not included in Scope 2 GHG emissions	7,240	11,522	–	–	–	-
Biogenic emissions of CO_2 from combustion or bio-degradation of biomass that occur in value chain not included in Scope 3 GHG emissions[3]	–	849,931	–	–	–	-

1 KION Group's energy data and GHG emissions are calculated and managed in accordance with the GHG Protocol and the operational control approach. Leased assets that remain in the ownership of the KION Group for the term of the lease in accordance with the financial control approach (operating lease contracts) are classified as Scope 3 GHG emissions due to their indirect nature and the lack of operational control. Differs from ESRS 1.62 and not allocated to the Group's own operations (energy data and GHG emissions in the Scope 1 and Scope 2)

2 Share of total GHG emissions in scope 3 calculated from primary data amounting to 0.1%

3 The value reported for the base year 2021 in Scope 3.5 includes both fossil and biogenic emissions from the treatment of waste from own operations. For the reporting year 2024, the value in Scope 3.5 only includes fossil GHG emissions. Biogenic emissions from the treatment of waste generated in own operations in 2024 are included in the key figure for biogenic CO_2 emissions from the value chain

4 GHG emissions from the 'use of products' that are initially leased to customers are included in the GHG emissions from the 'use of products' over their entire life cycle. Category 3.11 therefore includes GHG emissions from category 3.13 ('downstream leased assets')

Scope 1 greenhouse gas emissions

Emissions from stationary combustion, such as through the use of heating systems, process heat, furnaces, and generators, are calculated on the basis of the amount of fuel consumed.

GHG emissions from mobile combustion result from the fuel used by KION vehicles and forklift trucks on the KION Group’s sites. Emissions are calculated based on the volumes of fuel recorded.

To calculate GHG emissions in Scope 1, the KION Group uses the latest version of ‘UK Government GHG Conversion Factors for Company Reporting’ (Department for Environment, Food & Rural Affairs, DEFRA) to obtain conversion and emission factors. The emission factors used were selected due to their scientific basis, reliability, and widespread acceptance in international reporting standards.

Scope 2 GHG emissions

Scope 2 GHG emissions are calculated on the basis of the purchased electricity, heat, and cooling consumed at production sites and in administrative buildings. The KION Group reports Scope 2 GHG emissions under the location-based and the market-based approach.

Location-based emissions are calculated on the basis of average regional emission factors from the ecoinvent database. Market-based GHG emissions are calculated on the basis of contracts and information from suppliers about emissions. At sites with power purchasing agreements and guarantees of origin, the specific energy sources are used. Otherwise, the data is based on supplier-specific information from power purchasing agreements. In a few cases, no information on energy sources is available, so information on the residual electricity mix at the site is used. This is based on data from the European Residual Mix, published by the AIB (Association of Issuing Bodies), and emission factors from the ecoinvent database, which provide detailed information on the composition of regional energy mixes. The KION Group uses the latest version of DEFRA's emission factors to calculate GHG emissions from purchased heat. The emission factors used were selected due to their scientific basis, reliability, and widespread acceptance in international reporting standards.

Significant Scope 3 GHG emissions

The KION Group carried out a GHG materiality analysis to determine the relevant Scope 3 categories. This analysis is updated in the event of significant organizational changes and is carried out in accordance with the KION Group's internal guidelines for calculating emission data. The following categories are not currently considered in detail in the calculation of Scope 3 GHG emissions, as they were not deemed material: '3.8 Upstream leased assets', '3.9 Downstream transportation and distribution', '3.10 Processing of sold products', and '3.14 Franchises'. The category '3.13 Downstream leased assets' is not disclosed separately; instead, it is reported, together with sold products and solutions over the entire lifetime, in category '3.11 Use of sold products' using the same calculation method.

The GHG emissions in categories '3.1 Purchased goods and services' and '3.2 Capital goods' mainly stem from the sourcing of steel and steel constructions, batteries and chargers, engines and generators, industrial trucks, chemicals, lubricants, and industrial gases (category 3.1) as well as machines, building constructions, hardware, equipment, and facilities (category 3.2). An internal database, which directly interfaces with the KION Group's accounting system, is a central source of data. It tracks spending on purchased goods and services, capital goods, transportation, and leased assets. For category 3.1, only spending on purchased goods and services is taken into account, whereas category 3.2 covers spending on capital goods. As the internal database does not cover the entire KION Group, estimates are made for these entities in order to calculate the GHG emissions. In addition, the months from October to December are extrapolated on a linear basis using the actual data up to September in each year. Emissions are also determined based on expenditure. The KION Group obtains the emission factors from a specialist provider to ensure that the data is up to date and offers a high degree of geographical and sector-specific detail. The KION Group is working on successively collecting supplier-specific data in order to improve the underlying data for key areas of spending. The 'cradle-to-gate' methodology is applied in respect of GHG emissions included in the calculation.

The GHG emissions under category '3.3 Fuel and energy-related emissions' were calculated using energy consumption data for each entity. The same data serves as the basis for calculating Scope 1 and 2 GHG emissions. For direct energy sources, emission factors from the UK's Department for Environment, Food and Rural Affairs (DEFRA) were used in order to calculate upstream emissions. For upstream emissions from purchased indirect energy (electricity, heating, cooling) and for transmission and distribution losses, country-specific ecoinvent emission factors were used.

The GHG emissions reported under category '3.4 Upstream transportation and distribution' are mainly gleaned from general logistics, road transportation, intralogistic services, and storage. They are calculated using a spend-based approach, as described in connection with category '3.1 Purchased goods and services'. The internal database is also the main source of information here, as it tracks spending on transportation, goods and services, capital goods, and leased assets, taking account of the emission factors obtained from a specialist provider. Estimates are made on the same basis as for category 3.1. Only the transportation emissions arising from inbound and outbound transportation (well-to-wheel) in connection with transportation activities carried out and paid for by the KION Group in 2024 are reported on this basis.

The calculation under category ‘3.5 Waste from own operations’ is based on entity-specific waste data from Group sites, broken down by waste category and recycling rates. Non-recycled materials were calculated using emission factors from the ecoinvent database, which entail assumptions about the treatment of waste. The calculation does not include emissions from the recycling process.

The calculation in category ‘3.6 Business travel’ is based on the actual distance traveled and the mode of transportation, or, if that information is not available, on spend data. The required information is submitted by various travel providers and aggregated centrally by the KION Group. Any missing data from individual Operating Units was extrapolated on the basis of headcount. The emissions comprise all relevant greenhouse gas emissions during transportation. They are calculated using the well-to-wheel approach. Emissions from hotel stays are outside the minimum boundary and are not reported under category 6. The emission factors from ‘UK Government GHG Conversion Factors for Company Reporting’ (DEFRA) were adjusted for inflation and also adjusted using inflation rates and exchange rates for Europe from Statista.

Emissions in category ‘3.7 Employee commuting’ were calculated for each region based on the number of employees at the end of the financial year (headcount). The following regions, in which there are sites, were included in the calculation: western Europe, eastern Europe, Middle East and Africa, North America, Central America, South America, China, and the APAC region excluding China. Assumptions were made about the mode of transportation (car, ride sharing, public transportation, bicycle, walking) and average distance commuted. The emissions were calculated using the emission factors from ‘UK Government GHG Conversion Factors for Company Reporting’ (DEFRA) and the well-to-wheel approach. Emissions include all relevant greenhouse gas emissions that arise from vehicle use by employees while commuting. Emissions from remote working are below the minimum boundary and are not reported under category 7.

GHG emissions in categories ‘3.11 Use of sold products’ and ‘3.13 Downstream leased assets’ are calculated separately for the Industrial Trucks & Services and the Supply Chain Solutions segments. In the Industrial Trucks & Services segment, information on the energy consumption of forklift trucks and warehouse trucks is taken, for example, from product specifications given to customers and from internal sources and calculations. The number of trucks recorded in 2024 is based on the number of industrial trucks ordered, which are logged every month in the Industrial Trucks & Services segment for the World Industrial Truck Statistics (WITS) statistics. As neither the statistics nor the intern available information on order intake differentiate between sold assets and those leased downstream, the KION Group discloses the GHG emissions from both categories collectively in category 3.11. This is based on the assumption that there is no material difference in the way that sold trucks and leased trucks are used. For the Supply Chain Solutions segment, a revenue-based calculation model is used in the form of a reference approach. An average energy intensity (estimated energy over the lifetime of solutions per euro of revenue based on reference prices) was calculated in order to determine the GHG emissions on the basis of anticipated achievable revenue. The objective is to account for the complexity and individual nature of each project, which currently prevent the use of a standard method of calculation. The reference model was developed with the aid of an internal calculation tool that is used during the tendering process to estimate a facility’s energy consumption with the help of customer specifications, empirical values, and scientifically based technical parameters. This involves identifying from the agreed facility layout which conveyor assets are used in which specifications, and calculating the resulting energy consumption over the lifetime and, based on the associated price structure, relating it to revenue.

The GHG emissions in category ‘3.11 Use of sold products’ were calculated using the emission factors from ‘UK Government GHG Conversion Factors for Company Reporting’ (DEFRA) for vehicles with internal combustion engines, and the ecoinvent database for electricity consumption during product use. Geo-specific emission factors were used to take the end customer's electricity mix into account (location-specific). The products of the KION Group are sold or initially leased, but are recognized together as the estimated GHG emissions from the use of sold or initially leased products are the same. All emissions from the use of sold or leased products are reported under category 3.11 in accordance with the GHG Protocol and the operational control approach.

In relation to category '3.12 End-of-life treatment of sold products', lifecycle assessments are available for several representative product categories in the Industrial Trucks & Services segment that include information on end-of-life treatment. They are used to determine average GHG emissions per product category. The number of trucks recorded in 2024 is based on sales figures from internal sources and order intake data from World Industrial Truck Statistics (WITS). In the Supply Chain Solutions segment, end-of-life emissions are estimated using extrapolated data from the Industrial Trucks & Services segment and based on revenue figures because detailed analysis is not currently possible. As the range of industrial trucks used in projects in the Supply Chain Solutions segment is very broad and includes third-party equipment, insufficient data was available at the end of the reporting year for a specific analysis of emissions from the handling of sold Supply Chain Solutions products at the end of their lifecycle. The KION Group is in the process of preparing lifecycle assessments for the Supply Chain Solutions segment in order to establish a more reliable basis for calculation.

The KION Group holds investments in associates and other entities whose emissions are reported under category '3.15 Investments'. These emissions are calculated on the basis of the investees' prior-year revenue and the KION Group's share in the investees. The investees' revenue is multiplied by a sector and country-specific emission factor and the KION Group's share in the investees. The pro rata Scope 1 and Scope 2 emissions of these investees are included under category 3.15 for 2024 in accordance with the minimum requirements of the GHG Protocol. Scope 3 emissions of investees that are part of the KION Group's value chain are included in the reporting. Emission factors from the Exiobase database are used.

Emission Reduction Targets and Decarbonisation Levers[1]

	2021 (Base year)	2030	2050
GHG Emissions - Scope 1 and 2 - Business as Usual Scenario (in kt CO_2eq)	**149**	**191**	**201**
Decarbonisation Levers (reduced kt CO_2eq)			
Energy efficiency and consumption reduction	–	–1	–2
Fuel switching and electrification	–	–72	–126
Use of renewable energy	–	–32	–49
Other	–	–	–9
GHG Emissions Targets - Scope 1 and 2 - Reduction Scenario (in ktCO_2eq)	**149**	**86**	**15**
GHG Emissions - Scope 3 - Business-as-usual-Scenario (in kt CO_2eq)	**23,477**	**25,423**	**30,140**
Decarbonisation Levers (reduced kt CO_2eq)			
Use of renewable energy	–	–5,166	–16,441
Phase out, substitution or modification of product	–	–1,721	–5,458
Green procurement	–		–5,893
Total GHG Emissions - Reduction Scenario (kt CO_2eq)	**23,477**	**18,536**	**2,348**
Total GHG Emissions - Business-as-usual-Scenario (kt CO_2eq)	**23,626**	**25,614**	**30,341**
Total GHG Emissions - Reduction Scenario (kt CO_2eq)	**23,626**	**18,622**	**2,363**

1 The calculation of GHG emissions in the business-as-usual scenario takes into account both the assumed company growth and changes in the energy systems and the resulting reductions in the GHG intensity of energy used.

Sources of estimation and outcome uncertainty

The calculations under categories ‘3.1 Purchased goods and services’, ‘3.2 Capital goods’, and ‘3.4 Upstream transportation and distribution’ are based on secondary data and are therefore subject to inherent uncertainty. Supplier-specific figures are not currently available, which is why average emission factors for the industry were used. The data is based on procurement data rather than on weight information or specific aspects of transportation. The procurement data available as at the end of the third quarter of the year is extrapolated. Due to the spend-based approach, the accuracy of the GHG emissions calculations compared with mass-based and activity-based approaches is limited. As not all subsidiaries are fully covered by the underlying spend data, an extrapolation is made on the basis of total energy consumption. A different extrapolation factor is used for production sites than for sales and administrative sites. In general, uncertainty arises from the use of industry-average emission factors. Although these have been checked and are scientifically sound, they are also based on a large number of assumptions. The allocation of emission factors and the categorization of purchased goods and services creates additional uncertainty. This arises in particular from purchased merchandise or semi-finished parts, as they cannot be clearly assigned to a category. As a result, a proportion of purchased goods and services remains unassigned to a category, and no suitable emission factor is available for this expenditure. Instead, it is calculated using an average emission factor that is specific to the KION Group.

The calculations under category '3.6 Business travel' are predominantly based on activity data, such as passenger kilometers. Where no activity data is available, calculations are based on procurement data and extrapolations using headcount. Procurement data is subject to fluctuations and costs can vary depending on business conditions; estimates of travel emissions are therefore subject to uncertainty. In addition, secondary data from internationally recognized emission databases is used.

No primary measurement data is available for the category '3.7 Employee commuting'. Instead, statistical figures – which vary by region – are used in order to estimate emissions from KION employees' commuting. These figures are based on averages from relevant surveys and can only approximate the actual emissions.

The following calculation methodologies apply in relation to category '3.11 Use of sold products'. The calculation of emissions in the Supply Chain Solutions segment is generally subject to a high degree of uncertainty due to project-specific differences in components and energy consumption. An average energy consumption figure for a number of reference projects was therefore determined through an analysis of projects. This figure has a high degree of uncertainty, as the elements can vary significantly between projects, energy consumption data from outsourced work can sometimes be incomplete, usage by customers can only be estimated on the basis of project specifications, assumptions about technical parameters might be adjusted, and no measurement data is available yet to validate planning data. Furthermore, the useful life of the assets can vary widely depending on the project. A medium average useful life was assumed for the calculation. There is also a lack of primary data on the electricity mix of customers, which is why national-average grid electricity factors are used (location-specific). Taking a conservative approach, the current location-specific electricity mix is applied for the entire use phase (lifetime emission factors), which adds uncertainty as potentially decreasing or increasing power grid factors are not taken into account. Furthermore, breaking the energy use in reference projects down to a revenue-based average value is a major simplification that entails a high degree of uncertainty. It should also be noted that all reference projects for the Supply Chain Solutions segment that were taken into account in the development of the reference model are located in the EMEA region. The extrapolation to other regions adds a further element of uncertainty to the estimates. The base data has not been updated as part of an annual review of the methodology since the average lifetime energy intensity was determined via the reference projects in 2022.

In the Industrial Trucks & Services segment, material uncertainty stems from the estimated operating hours of the equipment, which can vary considerably depending on how and where the equipment is used. Further uncertainty stems from estimates of lifetime electricity consumption. As there is no primary data on the electricity mix of customers, national-average grid electricity factors are used (location-specific). Taking a conservative approach, the current location-specific electricity mix is applied for the entire use phase (lifetime emission factors), which adds uncertainty as potentially decreasing or increasing power grid factors are not taken into account. As a data source, WITS gives rise to uncertainty as it reflects global order intake, and the number of trucks ordered is not based on the actual time of delivery to the customer. Overall, this time lag is negligible when it comes to calculating the GHG footprint.

In the calculation of category '3.12 End-of-life treatment of sold products', the end-of-life emissions per truck category in the Industrial Trucks & Services segment are based on modeled average figures that are taken from lifecycle assessments for the relevant truck category. Truck-specific end-of-life GHG emissions therefore cannot be disclosed precisely. There is no primary data in the Supply Chain Solutions segment, which is why end-of-life emissions are extrapolated from revenue-based data in the Industrial Trucks & Services segment.

No primary data is available for GHG emissions from investments under category ‘3.15 Investments’. Instead, industry-specific Scope 1 and Scope 2 emission factors are used to multiply the relevant prior-year revenue. This approximation does not reflect the companies’ specific activities, but represents a statistical average value for the respective industry.

Disclosures on greenhouse gas removal, on greenhouse gas reduction projects financed through emission allowances, and on internal carbon pricing

In 2024, the KION Group did not carry out any GHG removal or storage activities either in its own operations or in its upstream or downstream value chain. The KION Group is in the planning phase for defining the scope of the methodologies and frameworks applied in terms of neutralizing any residual, unavoidable greenhouse gas emissions. The Group is guided by the standards of the SBTi on carbon removals as part of a net-zero target framework.

In the course of validating its climate targets, the KION Group resolved to not communicate claims of GHG neutrality.

The KION Group did not purchase any carbon credits in 2024, and no internal carbon pricing scheme was in place.

Entity-specific metrics for energy-efficient products

With respect to the material impacts and opportunities related to energy-efficient products, the KION Group discloses the entity-specific metric ‘proportion of electric vehicles sold’ for the Industrial Trucks & Services segment. The metric is linked to the respective strategic target and reflects both the potential positive impacts on downstream GHG emission reductions and the opportunities associated with a highly electrified product portfolio. In the reporting year, the proportion of electric vehicles sold in the Industrial Trucks & Services segment amounted to 91.7 percent (see ‘Strategy targets and target achievement in 2024’).

The calculation is based on the number of units in the order intake documented on a monthly basis for new business and is considered representative of the number of trucks sold. This involves determining the number of trucks ordered with an electric drive as a proportion of the total order volume in the Industrial Trucks & Services over the year as a whole. Order intake data is reported by the regional subsidiaries and brands across the Group, and software is used to collate it in the course of market research analyses. The industrial trucks ordered are divided into product categories according to the World Industrial Truck Statistics (WITS) of the Fédération Européenne de la Manutention (FEM), and the volume of electric trucks ordered is determined on the basis of these categories. The metric was not validated by an external body.

Pollution

The ‘Pollution’ chapter meets the disclosure requirements of ESRS E2 and is based on the results of the double materiality analysis. Material topics for the KION Group are managed in the context of the ‘Climate and energy’ action field.

Material impacts, risks, and opportunities and their interaction with strategy and business model in relation to pollution

The double materiality analysis described in the ‘Description of the process to identify and assess material impacts, risks, and opportunities’ chapter identified the following material negative impacts and risks in relation to pollution. These primarily relate to the upstream value chain. In two cases, potentially negative impacts in the KION Group’s own operations were identified.

List of all material Impacts, Risks and Opportunities - Pollution

		Value chain			Time horizon		
Sub-topic	**IRO**	**Up-stream**	**Own operations**	**Down-stream**	**< 1 year**	**1-5 years**	**> 5 years**
Pollution of air							
Resource extraction and processing	Negative impact	•			•	•	•
Environmental pollution due to logistics	Negative impact	•	•		•	•	•
Substances of very high concern							
Substances of very high concern in the upstream value chain	Negative impact	•	•		•	•	•
Supply disruption due to potential ban of PFAS (without alternatives)	Risk	•				•	
Supply disruption due to potential ban of PFAS (with some alternatives)	Risk	•				•	
Microplastics							
Microplastic creation during transport	Negative impact	•	•	•	•	•	•

Resource extraction and processing (negative impact)

Raw materials such as steel, iron, and other metals are contained in parts and products purchased by the KION Group and used in its products. The extraction of these raw materials generally has a relevant environmental impact, primarily air pollution, which is caused by the release of pollutants during the extraction and processing of raw materials in the upstream value chain. Nitrogen oxides, carbon dioxide, and carbon monoxide are some of the pollutants known to result from this process.

As a manufacturer of material handling equipment that relies on these raw materials, the KION Group has identified air pollution caused by the production of these materials and resulting from business relationships as a material impact in the upstream value chain.

Pollution from logistics (negative impact)

Road transportation is a major source of air pollution, with carbon dioxide, particulate matter, and nitrogen oxide being the most relevant pollutants. The largest source of air pollution for the KION Group is the transportation of goods from suppliers to its sites, as well as transportation between its sites, which is primarily operated by third-party logistics providers.

The potential impact of the Company's vehicle fleet on pollution was also taken into account, but was deemed not material as it was found to be below the relevant thresholds due to the mileage and transported weight. While the transportation of people and goods is essential to the KION Group's operations, the negative impact is not part of the corporate strategy. The link between the KION Group and the impact is mainly the result of business relationships, with the Group's own operations contributing to a lesser extent. It is estimated that the bulk of transportation-related air pollution is attributable to third-party freight transportation providers. A smaller proportion can be traced back to the Company's fleet, which mainly consists of service vehicles.

Substances of very high concern in the upstream value chain (negative impact)

Substances of very high concern (SVHCs) have a negative impact on humans and the environment due to their intrinsic properties, such as carcinogenicity, mutagenicity, reproductive toxicity, persistence, and bioaccumulation. If these substances are released into the environment, humans can be exposed through the ingestion of water and food, or through inhalation, for example. The emission of SVHCs, for example due to a leak, can cause health problems or lead to a loss of biodiversity.

This impact is not directly linked to the KION Group's business model, as the Group neither produces nor directly uses SVHCs. While SVHCs might be found in parts and products purchased by the KION Group, they are not expected to be released into the environment. Within the context of business relationships in the upstream value chain, these substances could potentially have an impact in the production processes of supplied parts and products.

Supply disruption due to potential ban of per- and polyfluoroalkyl substances (without alternatives) (risk)

A potential complete ban of perfluoroalkyl and polyfluoroalkyl substances (PFAS) by the European Commission under REACH Annex XVII represents a material risk for the KION Group, as it would substantially affect several components in KION Group products. A potential lack of alternatives – from a technical and financial perspective – to PFAS could negatively impact on the Group's productivity and result in fines and lost sales. The probability of this risk occurring depends on the final decision taken by the European Commission.

A complete ban could lead to the exclusion of certain KION Group products from the Company's product portfolio. Higher maintenance costs and production halts due to insufficient availability of parts are also possible. Depending on the nature of the restrictions on PFAS, this could have various consequences. These may include disruption to the supply of parts, limited availability of complete products, and reduced access to certain technologies.

Supply disruption due to potential ban of per- and polyfluoroalkyl substances (with some alternatives) (risk)

Disruption to the supply chain following a ban would represent a risk to the Group's profitability, even if there were alternatives for certain applications. This scenario could lead to disruption or delays to supply, similar to a complete ban, though the consequences would be less severe. In this case, the number of affected components in KION products could be lower, depending on the defined alternatives. The overall impact would mirror that of a ban without alternatives, though to a lesser extent.

Generation of microplastics during transportation (negative impact)
Microplastics can have a negative impact on humans and the environment. This impact occurs in the Group's own operations and in the upstream and downstream value chain. The transportation of goods or people on road surfaces such as asphalt causes tire abrasion, particularly during braking, which generates microplastics that accumulate in the environment.

The impacts of transportation-related microplastics were not part of the KION Group's corporate strategy or business model. Nonetheless, there is a partial link in the downstream value chain to the Group's products through the tires as purchased parts for vehicles in the Industrial Trucks & Services segment. As manufacturing these tires is not a business activity of the KION Group, most of the negative impact occurs in the downstream value chain when customers use KION industrial trucks.

A smaller proportion of microplastics is generated in the upstream value chain during the transportation of goods between suppliers and the KION Group's sites, as well as between its sites, and during the internal use of its vehicle fleet (mainly in connection with distribution and service activities).

Policies related to pollution

The following subchapters deal with the KION Group's material policies related to pollution.

The KION Group addressed the growing relevance of microplastics throughout the value chain as part of its double materiality analysis in 2024 and deemed this negative impact to be material for the first time. As a consequence, no specific policy was in place for the complex sub-topic of 'Microplastics' at the end of 2024.

Principles of Supplier Conduct
The KION Group Principles of Supplier Conduct contain specific requirements and rules with regard to pollution in the upstream value chain, and set out environmental, ethical, and social guidelines for the global supplier base. Suppliers are encouraged to manage their emissions responsibly in order to protect the environment for current and future generations.

Further details on the KION Group Principles of Supplier Conduct are available in chapter 'Policies related to value chain workers'.

KION Group Code of Compliance
The KION Group Code of Compliance (KGCC) sets out general principles for conduct that are binding for all employees and business partners of the KION Group. In the context of pollution, the KION Group strives to develop environmentally friendly products and business processes. The Group is also committed to protecting the environment and society by using eco-friendly manufacturing technologies. Furthermore, the KGCC demands compliance with regulations and the timely securing of required permits, and calls on all KION Group entities and employees to reduce pollution overall. The code also indirectly addresses the substitution and minimization of substances of concern by considering the latest technology standards, the best available and environmentally friendly methods, the use of safe products, and the reduction of pollution.

The scope of the KGCC includes upstream and downstream operations as well as the Group's own operations. The CEO and Chief Compliance Officer are responsible for overseeing compliance.

Stakeholder groups, including employees and business partners, are involved in the regular review of the KGCC through central functions such as the HR department, with regard to human rights, and the Procurement department, with regard to supplier requirements. To ensure that the KGCC is effectively communicated, the KION Group conducts regular training sessions for employees and all new workers. Business partners are informed about the policy in various ways, depending on the type of relationship.

[[The KGCC is available to the public on the KION Group's website www.kiongroup.com/en/About-us/Compliance/.]]

Health, Safety, and Environment Statement of Intent

The Health, Safety, and Environment (HSE) Statement of Intent is a policy that outlines the principles governing HSE. The key content of the policy, which applies upstream, downstream, and to the Group's own operations, covers compliance with legislation and standards, aspects that promote an HSE culture, mandatory training and stakeholder engagement, impact assessments, and reporting and responsibilities.

The HSE Statement of Intent also covers the mitigation of negative impacts linked to the pollution of air, water, and soil, including prevention and control. It states that the KION Group, represented by the Executive Board of KION GROUP AG, is responsible for systematically pursuing efforts to reduce emissions and discharges into air, land, and water. Furthermore, business partners covered by the scope of the policy have to comply with all national HSE legislation, codes of practice, and industry standards relevant to the KION Group's activities. The Group must provide a safe environment for anyone affected by its operations. This is to be achieved by identifying hazards and eliminating them, or reducing them to an acceptable level, in accordance with or exceeding applicable standards. The HSE Statement also calls for the assessment of the environmental impact of historical, current, and future activities.

Further details on the HSE Statement of Intent are available in chapter 'Policies related to climate change mitigation and climate change adaptation'.

Health, Safety, and Environment Standard

The KION Group HSE Standard defines minimum requirements for all KION Group locations and entities with regard to HSE matters, in addition to local regulations and the requirements of relevant ISO standards, such as ISO 14001 Environmental management systems. The HSE Standard applies to all KION employees, workers, and guests across all locations, including factories, sites, sales and service organizations, and individuals at customer sites. The standard applies to contractors, such as companies or individuals, who provide services or products to the KION Group and its local sites on behalf of an external company.

The CPSO function is responsible for implementing and overseeing the standard. The HSE Standard is reviewed regularly, and at least once a year, by the central Sustainability & HSE department and the stakeholder functions. The KION Group's workers were involved in the review, approval, and development process for the standard through the HSE heads of the Operating Units and the HSE network.

With regard to mitigating negative impacts linked to the pollution of air, water, and soil, including prevention and control, the HSE Standard states that effective environmental management is essential to the KION Group. All local subsidiaries are called upon to control and reduce waste, emissions, and the use of hazardous substances in accordance with applicable national legislation and the ISO 14001 or equivalent standards. This includes water, water discharges, land use, noise, biodiversity, and vibration. Furthermore, as part of the ISO 14001 certification process, all local subsidiaries are required to maintain an environmental impact and aspect register, which is supported by environmental audits and highlights the impacts on the environment. The HSE Standard also requires subsidiaries to complete an environmental risk assessment to minimize or eliminate any environmental risks. The assessment of environmental risks must cover all local subsidiaries and any customer sites where KION employees work. Emergency planning for sites is also included, with the fundamental aim of avoiding accidents and emergency situations.

The KION Group's HSE Standard is available to the workforce in nine languages.

Actions and resources related to pollution

The following subchapters deal with the KION Group's material actions related to pollution.

Supplier compliance program

In 2022, the KION Group started to systematically collect data on material compliance information from its supplier base. In 2024, the compliance program focused on the KION ITS EMEA Operating Unit. Its purpose is to collect compliance data on substances of very high concern (SVHCs) in goods according to Article 33 of the EU REACH regulation, as well as information relating to the Restriction of Hazardous Substances Directive (EU-RoHS), to chemicals covered by the Toxic Substance Control Act (US-TSCA), to Article 9 of the EU's Waste Framework Directive (WFD), and to conflict minerals according to the US Dodd-Frank-Act. Through global supply chain compliance provider Assent, the KION Group called on suppliers to provide part-specific chemical composition information in the context of its compliance program.

By systematically assessing supplier data, the KION Group strives to reduce compliance risks, increase transparency along the upstream value chain, and avoid pollution. This includes the gradual reduction of harmful materials and compounds, and the restoration, regeneration, and transformation of ecosystems where pollution has occurred.

Reporting of substances of concern in products across KION ITS EMEA

Article 9 of the EU's Waste Framework Directive (WFD) requires suppliers of articles containing substances of very high concern to provide information on these articles. This information is stored in the European database of substances of concern in articles as such or in complex objects (Products) (SCIP), which is managed by the European Chemicals Agency (ECHA). The KION Group began to submit SCIP reports as early as December 2020. Since 2024, these SCIP reports have been automated thanks to a data interface with the EU system. Assent, the KION Group's global supply chain compliance partner, is currently producing and submitting SCIP dossiers on behalf of 21 consolidated subsidiaries that sell products in the EMEA region. Several hundred simplified SCIP notifications (SSNs) have already been submitted, with the aim of increasing transparency and thus helping to avoid pollution. This includes the gradual reduction of harmful materials and compounds, the minimization of pollution, and the restoration, regeneration, and transformation of ecosystems. In addition, the reporting to authorities could positively influence pollution management.

Development of actions to address microplastics

As pollution from microplastics is a new and specific material topic for the KION Group, further analysis is needed to gain a better understanding of influencing factors. Future developments, including a detailed roadmap, will be defined once adequate assessments have been completed and data collection processes have been optimized.

Development of actions to address upstream air pollution

Potential actions in relation to the new material topic of air pollution in the upstream value chain are currently being examined. As the KION Group does not directly control sources of air pollution in purchased materials, formulating a detailed roadmap is a complex task because all proposed actions have to be carried out in collaboration with suppliers. The first step is to obtain better data on materials associated with air pollution from key suppliers supplying such material to the KION Group's subsidiaries.

Targets related to pollution

At the time of reporting, specific targets for environmental pollution were in preparation but have not yet been finalized. Since SVHCs and microplastics are relatively new aspects, further analysis of influencing factors, metric and scope definitions, and structured databases and data collection are required to establish a baseline and set targets. The necessary processes are already under way and will be continued in the coming years.

Metrics related to pollution

The following subchapters deal with the KION Group's material metrics related to pollution.

Reporting on pollution has been expanded in line with the DMA results. The following includes disclosures on the newly identified material sub-topics of SVHCs and microplastics, and a revised scope of disclosure for air pollution.

Where available, measurements were used to develop pollution-related metrics. Estimates were only used where measurements were unavailable. The metrics for microplastics and SVHC metrics were not validated by an external body.

Metrics related to air pollution and microplastics

With respect to air pollution, the KION Group identified a material negative impact in relation to its logistics infrastructure (upstream and own operations) (see 'Material impacts, risks, and opportunities and their interaction with strategy and business model'). The air pollutants linked to the Group's vehicle fleet were analyzed and an estimate was made for each substance. A comparison of the estimated amounts against the thresholds defined by the European Pollutant Release and Transfer Register (E-PRTR) confirmed that no substance exceeded the threshold.

With regard to the material impacts of air pollution identified in upstream activities linked to the extraction and processing of raw materials, the KION Group applies transitional provisions for value chain information.

The KION Group also reported on microplastics for the first time in 2024 based on the negative material impact 'Generation of microplastics during transportation'. The following method was used to calculate the volume of microplastics: the number of kilometers driven by the KION Group fleet multiplied by the amount of microplastics generated per kilometer. The calculation is based on the actual fuel consumption for the reporting year, which is used to estimate the distance driven by applying a conversion factor of liters per kilometer. For greater accuracy, publicly available studies were used to determine specific average conversion factors depending on the type of vehicle and fuel. Fuel consumption data is gathered for each consolidated subsidiary and listed as a table in a groupwide system encompassing the KION Group's consolidated entities for financial reporting purposes. Electric vehicles were included by applying the average distance driven in the reporting year to the number of vehicles. The number and type of vehicles was determined across the Group based on a range of data sources at regional level and at the level of the Operating Units. The amount of microplastics was then estimated using average emission factors for the various vehicle types. Publicly available studies were consulted for the calculation of microplastics from vehicle tire wear.

In the reporting year, the amount of microplastics generated through tire abrasion during transportation was 59,753 kilograms.

The data is based on specific assumptions regarding fuel consumption. An assumption was made, for example, that diesel consumed by the subsidiaries was only used in vehicles and that other uses of the fuel were negligible. With regard to the consumption of compressed natural gas in vehicles, the same methodology was applied as for electric vehicles. Hybrid and internal combustion vehicles were included in the same pool to ensure that the fuel consumption of the hybrid vehicles was sufficiently reflected when estimating the distance traveled.

This metric is subject to a high degree of measurement uncertainty due to the reliance on average conversion factors, scientific research, and estimates regarding distance traveled and microplastics generated. The main limitations are therefore related to the use of conversion factors, averages, and the inevitable uncertainty of using scientific research in place of actual data. A range of sources and studies were consulted in order to minimize this uncertainty as much as possible.

Metrics related to substances of very high concern

With respect to the negative material impact 'Substances of very high concern', the KION Group discloses the amount of SVHCs that are embedded in its products, or in parts of its products, due to procured components in the Industrial Trucks & Services segment. The external service provider Assent supports the data collection process for SVHC-related information with regard to the parts purchased for the KION ITS EMEA Operating Unit (see 'Actions and resources related to pollution'). This information is then combined with the quantities and weight of the purchased parts to calculate the amount of SVHCs for KION ITS EMEA. The amount calculated for KION ITS EMEA was used as a reference value and applied to the APAC and Americas regions, with revenue as a parameter.

Substances of very high concern (SVHCs)

in kg	2024
Total amount of substances of very high concern that leave facilities as products and as part of products	**4,677.2**
Allocation of SVHCs by hazard classes[1]:	
Hazardous to the aquatic environment (Aquatic Acute 1)	4,441.5
Hazardous to the aquatic environment (Aquatic Chronic 1)	4,441.5
Reproductive toxicity (Repr. 1A)	4,391.8
Reproductive toxicity (Lact.)	4,391.8
Specific target organ toxicity — repeated exposure (STOT RE 1)	746.0
Acute toxicity (Acute Tox. 4)	696.3
Carcinogenicity (Carc. 2)	696.3
Reproductive toxicity (Repr. 1B)	61.7
Respiratory/skin sensitization (Resp. Sens. 1)	61.8
Reproductive toxicity (Repr. 2)	49.7
Acute toxicity (Acute Tox. 2)	49.7
Carcinogenicity (Carc. 1b)	47.5
Germ cell mutagenicity (Muta. 2)	47.5
Flammable gases (Flam. Gas 1)	1.0
Gases under pressure (Press. Gas)	1.0
Oxidising solid (Ox. Sol. 1)	2.2
Carcinogenicity (Carc. 1A)	2.2
Germ cell mutagenicity (Muta. 1B)	2.2
Acute toxicity (Acute Tox. 3)	2.2
Skin corrosion/irritation (Skin corr. 1A)	2.2
Respiratory/skin sensitization (Skin Sens. 1)	2.2

1 SVHCs can be assigned to more than one hazard class. An addition of the hazard classes therefore does not correspond to the total amount of SVHCs in the products or parts of products produced.

The calculation methodology is based on the assumption that all components purchased in the reporting year were incorporated into products or were parts of products. Where suppliers stated the exact concentration of SVHCs, this figure was used. Otherwise, the concentration applied was equal to the minimum amount for which a supplier is legally required to report the substance (above 0.1 percent weight by weight). Given the lack of options for estimating with more reliable data, this methodology was deemed to provide the best possible estimate. The use of data from the EMEA region as a reference implies a similar base of materials in supplied parts, and thus a similar presence of SVHCs in the portfolio of the Industrial Trucks & Services segment, in the APAC and Americas regions too.

The main limitations result from the assumptions regarding the concentration of SVHCs, the partially incomplete data on the weight of purchased parts, and the lack of SVHC data for purchased parts in the two other regions. To address these limitations, calculation and logic rules were set that require the use of accurate data where feasible and the avoidance of underestimating and overestimating as much as possible. While SVHC data was available for individual components of the purchased parts, only the total weight was available for the purchased parts as a whole.

Consequently, the calculation of SVHCs had to be based on a best estimate derived from the total quantity of purchased parts. This involved taking the highest reported concentration for each SVHC contained in the various purchased parts as a best estimate and extrapolating it to the total weight of the product. The total quantity of SVHCs may be overestimated as a result of this generalized calculation. With respect to purchased parts for which weight information is not available, the KION Group opted to exclude them from the calculation as no reasonable estimate was possible. For these reasons, and due to the reliance on third-party (upstream) data and the use of estimates, the reported amount of SVHCs in, or as part of, products is subject to measurement uncertainty.

The KION Group evaluated a number of potential approaches to reporting with the aim of disclosing the respective metrics related to substances of very high concern for the Supply Chain Solutions segment. It was not possible to obtain specific information as the method for calculating the data was still in development in the year under review. The Group therefore considered using estimates based on reference models and publicly available information. However, these approaches were rejected as they were deemed to not fulfil the requirements of ESRS 1 Appendix B in terms of data quality and reliability.

The KION Group therefore relies on the applicable transitional provisions in the same way as it does for information from the value chain, as the relevant data from the upstream value chain is needed for the required metrics for the Supply Chain Solutions segment. The Group will continue to pursue an approach to obtaining SVHC data for the Supply Chain Solutions segment in the next reporting period. With this in mind, future plans include an expansion of upstream SVHC data collection via Assent or, alternatively, via a reference-model approach that includes a survey to collect specific data from the respective main suppliers.

Water and marine resources

The ‘Water and marine resources’ chapter meets the disclosure requirements of ESRS E3 and is based on the results of the double materiality analysis. Material topics for the KION Group are managed in the context of the ‘Climate and energy’ action field.

Impacts, risks, and opportunities and their interaction with strategy and business model in relation to water and marine resources

The double materiality analysis described in the ‘Description of the process to identify and assess material impacts, risks, and opportunities’ chapter identified the following material negative impacts and risks in relation to water and marine resources.

List of all material Impacts, Risks and Opportunities – Water and marine resources

		Value chain			Time horizon		
Sub-topic	**IRO**	**Up-stream**	**Own operations**	**Down-stream**	**< 1 year**	**1–5 years**	**> 5 years**
Water							
Water withdrawals							
Water scarcity in own operations	Risk		•			•	•
Water scarcity in the upstream value chain	Risk	•	•			•	•
Water consumption							
Water consumption in the upstream steel industry	Negative impact	•			•	•	•
Water consumption in the upstream electronics industry	Negative impact	•			•	•	•

Water scarcity in own operations (risk)

The KION Group faces material risks from increasing water scarcity in some locations due to water-intensive processes such as cooling at foundries and the washing of machinery and equipment, as well as consumption for drinking and other operational uses. Climate change and extreme weather events exacerbate this scarcity, heightening the risk of production disruptions and unforeseen operational costs. In water-stressed regions, the KION Group’s water use may intensify local resource depletion, further straining ecosystems. Although most of the water is returned to the environment, the risk of operational disruption remains. The KION Group is committed to reducing water withdrawal across its operations to further mitigate the risk of water scarcity.

Water scarcity in the upstream value chain (risk)

As the KION Group relies on global supply chains, the potential risk of water scarcity at different levels of its upstream supply chain may pose the risk of intermittent disruption to the manufacture of KION products. Disruption could be caused by delays in receiving materials from suppliers due to water shortages in upstream processes. This may result in a high level of operational inefficiencies and unforeseen costs for the KION Group. With water shortages expected to disrupt operations ever more frequently, the risk to business continuity and operational efficiency could grow in the future.

Water consumption in the upstream steel industry (negative impact)

Steel is a key upstream material for the KION Group. Producing steel consumes substantial amounts of water and thus contributes to the depletion of water resources, particularly in water-stressed regions such as parts of China, Mexico, and India. The extensive use of water, coupled with water-related hazards such as contamination and scarcity, may have negative environmental impacts in certain regions. It can therefore be assumed that these upstream activities have a negative impact on water scarcity and lead to increased pressure on the environment in vulnerable regions.

Water consumption in the upstream electronics industry (negative impact)
Like the steel industry, the electronics industry is a key supplier for the KION Group's products and solutions. The KION Group recognizes that the manufacture of electronic products and certain parts of the upstream value chain for electronic products consume significant amounts of water, particularly in the production of non-ferrous raw materials such as copper and lithium. Smelters and refineries use local water resources, which may lead to a depletion of those resources, especially in regions where water scarcity is already a concern. The KION Group is aware that sourcing electronics for its products may contribute to negative environmental impacts.

Policies related to water and marine resources

The following subchapters deal with the KION Group's material policies related to water and marine resources.

The KION Group is committed to sustainable water management practices across its operations. In its own operations, the Group acts in accordance with the HSE Statement of Intent and the HSE Standard in order to promote the responsible use of water at all sites, including those in areas where water risk is high. No groupwide policy specifically addressing water scarcity in the Group's own operations and water consumption in the upstream supply chain was in place in the reporting year. This is because water scarcity was newly identified as a specific risk in the upstream value chain and in own operations and only deemed material in the most recent double materiality analysis conducted in 2024. The KION Group plans to further elaborate its policies to address identified impacts, risks, and strategic developments.

Health, Safety, and Environment Statement of Intent
One of the aims of the HSE Statement of Intent is to reduce the consumption of natural resources, including water, while minimizing polluting discharges. Further details are provided in the 'Policies related to pollution' chapter.

Health, Safety, and Environment Standard
The internal HSE Standard outlines site-specific actions that, in some cases, exceed national regulations and meet ISO 14001 standards. Local guidelines and standards are in place to ensure compliance with regional regulations and support the administration of environmental management across the KION Group's sites. As part of the HSE induction, all employees at local sites and mobile engineers, agency workers, temporary workers, and contractors working for the KION Group must receive initial environmental training that covers water conservation, the management of waste, and recycling. Water consumption is also to be reduced by converting waste materials into reusable materials and objects, which is why all local sites must have waste recycling procedures in place. Further details about the HSE Standard are provided in the 'Policies related to pollution' chapter.

Principles of Supplier Conduct
The KION Group sets sustainability standards for the suppliers in its supply chain through specific guidelines, including its Principles of Supplier Conduct, that require compliance with national water management standards. Suppliers entering into a business relationship with the KION Group must meet these requirements. The Principles of Supplier Conduct are described in greater detail in the 'Policies related to workers in the value chain' chapter.

The KION Group expects to update its Principles of Supplier Conduct in the future to incorporate water-related matters and promote responsible and sustainable water usage by suppliers.

Actions and resources related to water and marine resources

The following subchapters deal with the KION Group's material actions related to water and marine resources.

As water scarcity was newly identified and deemed material in the most recent double materiality analysis conducted in 2024, a detailed roadmap that includes a structured action plan is required. The KION Group launched several initiatives in 2024 aimed at addressing water-related impacts and risks, in line with existing policies and the results of the materiality analysis.

With regard to the KION Group's own operations, the results of the materiality analysis were incorporated into the sustainability strategy, particularly in the 'Climate and energy' action field, which encompasses local environmental protection and water management (see 'Strategy targets and target achievement in 2024')

Water-related initiatives in the Group's own operations

The KION Group has implemented several initiatives at local level in its own operations aimed at reducing water withdrawal from a variety of sources. These initiatives meet legal requirements and are consistent with environmental management systems such as ISO 14001.

Projects to improve water management include the construction of water treatment plants to enable the reuse of water. One such plant was opened in 2022 for the ITS segment in India, for example. This included rainwater harvesting projects and the introduction of water-saving technologies to optimize water usage. Measures to detect and prevent leaks were also implemented. Regular local monitoring of water data has been instituted, complemented by centralized reporting to improve oversight.

In order to establish a culture of economical water use, communication initiatives were launched to educate employees, and regular training courses were held to embed effective water management practices. In addition to external auditing as part of ISO 14001 certification, internal central audits are carried out in accordance with the HSE Standard to support local efforts to manage water resources effectively.

While several water-related initiatives have been implemented over the years, the focus in future will be on targeted and effective action that makes a measurable and significant contribution to mitigating water scarcity in the Group's own operations. By taking this action, the KION Group is committing itself to the sustainable management of water resources and the minimization of negative water-related impacts in its own operations.

Water risk and stress analysis in the Group's own operations

The KION Group strives to deepen its understanding of water risks within its own operations, particularly in regions where water stress is high. With this in mind, an analysis of the potential water risks in the KION Group's own operations was carried out across most of its sites in 2024, based on the current status of data according to the Aqueduct Water Risk Atlas (version 4.0) of the World Resources Institute. The majority of identified sites generally consume relatively little water. Due to significant water withdrawals at some KION Group sites, the analysis shows a medium overall risk. The results indicate that targeted investments and action at selected sites with high water risk can make a significant contribution to reducing the overall risk. Furthermore, the results must be integrated into the regular risk management process to ensure that water risks are systematically monitored and addressed.

Water risk and stress in the upstream supply chain

Water scarcity in the supply chain was newly identified and deemed a material topic in the most recent double materiality analysis conducted in 2024. No specific action was taken during the reporting period to address these risks or related issues.

A range of screening methods and tools, such as the EcoVadis assessment, are used to evaluate suppliers against sustainability criteria, including water management practices This identifies potential areas for improvement and highlights suppliers who have already taken action to protect water resources (see ‘Policies related to workers in the value chain’).

The collection of comprehensive environmental data on the entire lifecycle of selected components, including the associated water consumption, was started in LCA projects This data collection will help to build a robust database that will inform future sourcing decisions (see ‘Actions related to energy-efficient products (entity-specific)’).

Looking ahead, the KION Group aims to adopt an incremental approach, starting with detailed analyses focusing on water-intensive raw materials and components. The plan is to use insights from these analyses to mitigate water risks in the supply chain.

Targets related to water and marine resources

The KION Group did not pursue specific, groupwide targets that address water scarcity in its own operations in 2024. Targets were set locally by each site, taking into account potential environmental impacts in accordance with local regulations and ISO 14001 certification.

The KION Group monitors the effectiveness of policies and actions relating to water withdrawal and discharge in its own operations, which fall within the scope of its annual reporting. As the ‘Climate and energy’ action field evolves, the need for groupwide, water-related targets for own operations is being analyzed to facilitate adaptation to strategic developments and effective regular monitoring of the impact and effectiveness of policies and actions aimed at mitigating associated risks.

The KION Group did not pursue water consumption reduction targets in the upstream value chain in 2024. The gradual phase-in of action on upstream water consumption is under consideration in supplier management.

Metrics related to water and marine resources

The following deals with the KION Group’s material metrics related to water and marine resources.

The KION Group defined entity-specific metrics for monitoring the material risks associated with water withdrawal in the Group’s own operations. In order to standardize these disclosures, the Group aimed to mirror the metrics defined under ESRS E3-4 paragraph 28 ‘Water consumption’ and applied them to water withdrawals.

Water withdrawal in own operations

in cubic meters (in m³)	2024
Totel water withdrawal	**606,030**
thereof in areas at water risk[1]	324,877
Water withdrawal by source in total:	
Third-party water	575,402
Groundwater	21,140
Surface water	846
Seawater	–
Other sources	8,642
Water intensity[2]	**52.7**

1 Including areas with high-water stress

2 Relation of total water withdrawal of own operations in m³ per € million net revenue

The KION Group collects and compiles water-related data from consolidated entities on an annual basis through a centralized internal reporting system. Reporting entities are required to highlight deviations from previous reporting periods, along with any relevant contextual explanations. Where available, the data sources included direct measurements (water meters) and invoice data from utility companies. Otherwise, estimated values were used as described below. Reporting entities must follow a standardized, groupwide estimation guideline, with data based on estimates documented in a dedicated field. In the reporting year, 40 percent of water withdrawal data was based on direct measurements (water meters) or on invoice data. 37 percent of metrics were calculated using best estimates based on data from previous years. In the remaining cases (22 percent), metrics were extrapolated using available data, historical data, country-specific averages, and other key business variables. Estimates are verified to maintain accuracy and reliability. Furthermore, external certification bodies validate the local environmental reporting procedures (including water) and the corresponding evidence as part of ISO 14001 certification.

Water withdrawal refers to the volume of water drawn from the respective sources and is measured according to standardized definitions that facilitate consistent reporting across all locations. Water withdrawal data for areas at water risk, including high water stress, was calculated using a data model based on the Atlas Aqueduct 4.0 framework. Water risk areas were identified using the default settings provided by the World Resources Institute (WRI), which classifies overall risk scores on a scale from 3 (high) to 5 (extremely high). Areas of high water stress were defined according to ESRS criteria. The identified risk areas were matched with corresponding KION Group locations using geolocation data, and the water withdrawal volumes were consolidated for these locations.

Resource use and circular economy

The ‘Resource use and circular economy’ chapter meets the disclosure requirements of ESRS E5 and is based on the results of the double materiality analysis. Material topics for the KION Group are managed in the context of the ‘Circularity’ action field.

Material impacts, risks, and opportunities and their interaction with strategy and business model in relation to resource use and circular economy

The double materiality analysis described in the ‘Description of the process to identify and assess material impacts, risks, and opportunities’ chapter identified the positive and negative material impacts, risks, and opportunities outlined below in relation to resource use and circular economy in the KION Group.

List of all material Impacts, Risks and Opportunities – Resource use and circular economy

		Value chain			Time horizon		
Sub-topic	**IRO**	**Up-stream**	**Own operations**	**Down-stream**	**< 1 year**	**1–5 years**	**> 5 years**
Resource inflows, including resource use							
Natural resource depletion	Negative impact	•					•
Use of recycled raw materials and components	Positive Impact	•					•
Production and disposal of batteries	Negative impact			•		•	
Loss of competitiveness	Risk			•		•	
Reputational loss	Risk		•				•
Raw material shortages	Risk	•	•			•	
New business opportunities	Opportunity		•			•	
Resource outflows related to products and services							
Non-circular product portfolio	Negative impact		•	•			•
Refurbishment of products	Positive Impact			•		•	•
Corporate structure to support circularity	Risk		•	•		•	
Waste							
Packaging waste	Negative impact	•	•	•	•		
Waste from own operations	Negative impact		•			•	•
Waste as resource	Opportunity		•			•	•

Depletion of natural resources (negative impact)

The KION Group has identified the depletion of natural resources through the consumption of various raw materials, input materials, and rare precious metals as a material negative impact. The depletion of natural resources in a linear economy can have long-term consequences for people and the planet, leading to the destruction of ecosystems or water scarcity. The resulting fluctuations in commodity prices can put pressure on the economy as a whole and lead to social upheaval. The KION Group's business model is based on the manufacturing of products for which a number of raw materials and components are required. To mitigate the depletion of natural resources, the KION Group can directly influence sustainable sourcing, for example by purchasing recycled products.

Use of recycled materials and components (positive impact)

Besides virgin resources, the KION Group also uses raw materials with a recycled content in its production, such as steel and iron, which saves finite natural resources and protects ecosystems. The KION Group thus reduces the potential waste involved and helps to avoid the GHG emissions that the extraction of new raw materials entails. Together with these positive impacts, the KION Group believes that the use of recyclates and refurbished components is also an important building block for growing its business as it provides better coverage of the Group's resource needs. To achieve this aim, adjustments must be made to the upstream value chain.

Manufacture and disposal of batteries (negative impact)

Due to technological advances in batteries, the KION Group has identified material negative impacts in the production and disposal phases. When producing batteries, particularly lithium-ion batteries, a number of materials are used, including flammable substances, heavy metals, and electrolytes that have a potentially harmful impact on the environment. Improper disposal of these materials can not only cause pollution but can also endanger people, animals, and plants. The KION Group produces its own lithium-ion batteries for the products powered by electric drives in the Industrial Trucks & Services segment. The Group ensures the safe disposal of leased batteries that are returned after use by the customer and over which the KION Group retains beneficial ownership. Where batteries are sold to customers or dealers, however, the waste disposal obligation is transferred along with beneficial ownership.

Loss of competitiveness (risk)

There is a material risk for the KION Group if its competitive position is potentially weakened. The resilience of the KION Group could be under threat in the long term should competitors succeed in fully implementing circular economy strategies ahead of time. Customers, including major customers, could prefer competitor products.

Reputational damage (risk)

In view of customer expectations with regard to circularity, an inadequate range of circular products could result in a loss of market share and damage the Company's reputation in the capital markets. Investors' interest in the Company could also be tangibly dampened, and obtaining corporate finance could become harder.

Raw material shortages (risk)

In the materiality analysis, raw material shortages were determined as a further risk that could entail supply shortages and rising material prices for the KION Group. This could push up purchase costs and lead to production stoppages. It could also increase inventory levels and lengthen delivery times for customers, which could have an adverse impact on the KION Group’s profitability.

New business opportunities (opportunity)

Integrating circular business processes presents a material opportunity for the KION Group to expand its current business model and tap into new customer segments. This could generate additional revenue streams. To achieve this, circularity needs to move further up the agenda in the political arena and in society as a whole in order to create the right framework conditions and facilitate a lasting increase in circularity.

Non-circular product portfolio (negative impact)

The KION Group has identified its contribution to the linear use of resources – due to a product design that follows a linear lifecycle – to be a material negative impact of its operations. Products in a non-circular product portfolio frequently comprise materials, composites, and components that are difficult to recycle. This means that valuable raw materials are lost from the recycling system, both depleting natural resources and making it more difficult and costly to dispose of these products. In the course of its business activities, the KION Group exerts direct influence on the development and design of its product portfolio, including the composition and properties of its products and solutions. At the same time, the KION Group is dependent on the alternatives available on the market to achieve consistent characteristics for products with recycled materials.

Refurbishing of products (positive impact)

The KION Group can make sure that the design of its products is potentially sustainable by taking criteria such as durability, repairability, and accessibility into account. Using a high proportion of recyclable materials also allows products to be reused or refurbished more easily. In turn, this can have a positive impact on ecosystems and biodiversity because valuable resources are saved and GHG emissions are cut in sourcing and production. Refurbishing trucks and warehouse technology and modernizing fully integrated systems are part of the KION Group’s business model. The industrial trucks in the Industrial Trucks & Services segment, of which the KION Group retains beneficial ownership, are leased to customers multiple times, refurbished between leases if required, or sold to dealers or customers following refurbishment. In the Supply Chain Solutions segment, equipment is serviced or upgraded, with older technology being replaced by newer and more efficient technology.

Organizational structures supporting circularity (risk)

With regard to a functioning circular economy, sufficient financial resources must be available for the necessary investment in the development and expansion of existing corporate structures if the risks of a loss of competitiveness and reputation are to be avoided. This can represent a financial risk for the KION Group.

Packaging waste (negative impact)

The creation of packaging waste in the course of the KION Group's business was determined as a material negative impact. The KION Group works with complex products and equipment that are handled in great numbers along the value chain. This means that packaging waste arises in the procurement of goods in the supply chain, during the Company's own production processes, when setting up equipment and using products and solutions at customers, and when shipping spare parts. Packaging waste, which comprises various types and forms of plastic, can be hugely damaging to the environment with the greatest impact on oceans and seas. This results in a loss of biodiversity and poses a risk to humans, whose bodies absorb microplastics through their food.

Waste from own operations (negative impact)

Waste from the KION Group's own operations has been identified as a further negative impact, in particular waste that cannot be recycled. This includes mixed waste from demolition works or hazardous waste from production, for example paint shop residue or work materials and replaced components covered in oil. If this waste is not disposed of properly and finds its way into the environment, soil and water can be contaminated, endangering plants and living things in the surrounding area.

Waste as a resource (opportunity)

An improvement in its ability to sort and recycle waste would enable the KION Group to reuse more of its waste and integrate it into circular processes. This represents a material financial opportunity for the KION Group as it could give rise to significant cost reductions. It could also help to secure the availability of resources. Turning waste into a resource depends on further technological advances in the recycling industry and on the KION Group optimizing its internal processes.

Policies related to resource use and circular economy

The following subchapter deals with the KION Group's material policy related to resource use and circular economy.

'Circularity' is a relatively new action field in the KION Group's sustainability strategy. In the past, the focus was on internal communication, network building, and establishing the action field. A comprehensive circularity strategy including targets, KPIs, and an action plan is in the process of being drawn up for both the Industrial Trucks & Services and the Supply Chain Solutions segments (see 'Strategy targets and target achievement in 2024'). As a result, there is as yet no central groupwide policy on the sub-topics of resource inflows and resource outflows.

Health, Safety, and Environment Standard

The KION HSE Standard governs management of the sub-topic of waste. In addition to environmental protection, it covers a number of other areas, such as health and safety aspects. The 'Environmental protection' chapter addresses various issues such as training, risk assessment and audits, waste management, packaging and materials management, waste recycling, climate change mitigation, emissions, and the discharging of liquid chemicals. More information on application of the HSE Standard is provided in the 'Policies related to pollution' chapter.

The HSE Standard sets out the requirement that all local sites must control and minimize waste, emissions, and the use of hazardous substances in accordance with national legislation and ISO 14001 or equivalent certification. The Standard also stipulates that the logistics department must design packaging in consultation with the procurement department to minimize waste and the use of materials and to reduce upstream and downstream energy consumption. Furthermore, the HSE Standard also requires all group sites to operate a program for the regular collection and disposal of hazardous and non-hazardous waste by approved contractors. These contractors must be approved and suitably qualified in their fields and hold the permits required under national legislation.

Beyond the material impacts, risks, and opportunities, other aspects – such as transitioning away from the use of virgin resources, relative increases in the use of recycled resources, sustainable sourcing, and the use of renewable resources – are not covered by the HSE Standard or other policies.

Actions and resources related to resource use and circular economy

The following subchapters deal with the KION Group's material actions related to resource use and circular economy. In this context, the KION Group focuses on refurbishing used industrial trucks, recycling lithium-ion batteries, and improving its waste management.

Refurbishment of used industrial trucks

The refurbishing process includes disassembly, changing wearing parts, repainting, and reassembly. Used trucks, especially returned leased trucks, are carefully checked at the end of their first lifecycle of around five years and refurbished in a standardized procedure.

In the KION ITS EMEA sales and service organizations, the KION Group operates refurbishing centers at sites in Barcelona (Spain), Lainate (Italy), Stuhr (Germany), Örebro (Sweden), Poznań (Poland), and Çerkezköy (Turkey). In April 2024, the KION Group commenced work on extending its current refurbishing center in Velké Bílovice (Czech Republic). Scheduled for completion in 2025, it should significantly increase the KION Group's refurbishing capabilities. Furthermore, the refurbishing of used trucks also continued around the world at KION sites in Indaiatuba (Brazil) and Jingjiang (China) in 2024.

Recycling of lithium-ion batteries

With regard to KION ITS EMEA Sales & Service, in the reporting year the KION Group continued its strategic partnership with Li-Cycle Holdings Corp., which began in 2023. The cooperation agreement that was signed with the latter on the recycling of lithium-ion batteries facilitates the resource-efficient recovery of a large proportion of the materials in these batteries. It means that the critical minerals contained in the old batteries can be used to make new batteries. With the material from batteries starting to be recovered in 2023, the Group's recycling figure by weight increased substantially in 2024.

Other actions were also taken in relation to the refurbishing of lithium-ion batteries. The refurbishing of batteries creates a new product lifecycle for them, saving valuable resources and reducing GHG emissions (Scope 1). KION Battery Systems GmbH (KBS), a subsidiary of the KION GROUP AG, is the central unit responsible for refurbishing the lithium-ion batteries from the returned leased trucks. In the first half of 2024, work also commenced on drafting a workshop handbook for the refurbishing of lithium-ion batteries (48V/90V) for the STILL branches in Germany. The handbook is intended to enable the branches' workshops to refurbish the batteries themselves, depending on their condition. The aim is to minimize journeys transporting the batteries to be refurbished centrally by KBS, allowing branches to make the refurbished batteries available to their customers more quickly and cheaply. A feasibility study for refurbishing lithium-ion batteries for the North America region was also carried out in the first half of 2024.

Improvement of waste management

In the reporting year, measures were introduced in the Supply Chain Solutions segment aimed at reducing the volume of waste being generated and increasing the proportion being recycled. The Installation Waste Management Team, which is responsible for avoiding waste, was established in 2024. At regular meetings, ideas for reducing the volume of waste that is generated at customer sites are shared and strategies are developed. Potential steps include identifying and compiling a list of suitable recycling partners, assessing sites' waste disposal practices, and, taking this as the starting point, creating strategic waste disposal plans. The KION Group's overarching aim is to enhance the recycling and waste management capacities of the sites.

Also in 2024, the Supply Chain Solutions segment used records and observations to create a guideline for assessing waste management at site level and determining appropriate measures. Since conditions at Dematic's sites vary, for example due to differing requirements in each US state or to the type of waste involved, different approaches are needed in order to bring about improvements. The guideline facilitates a more precise assessment of the waste generated at different sites and sets out suggested plans of action and next steps for making waste management sustainable. The finalized guideline including recommended action is intended to support the expansion of recycling and waste management capacities of Dematic's sites from 2025.

Targets related to resource use and circular economy

The following subchapter deals with the KION Group's material targets related to resource use and circular economy.

Increase in waste recycling

For the sub-topic of waste, the KION Group has set itself a target of significantly increasing the proportion of waste that it recycles relative to the total volume of waste generated. The target for increasing the proportion of recycled waste from the Group's own operations has been embedded in its sustainability strategy. The KION Group's target for 2030 is at least 85 percent, with a baseline value from 2023 of 80 percent. In terms of the waste hierarchy, the target relates to the levels of Preparation for reuse and Recycling. The target has been set voluntarily and is not the result of a statutory obligation (see 'Strategy targets and target achievement in 2024')

The target was developed in collaboration with HSE staff of the KION Group who are experts in waste management. Because it is not currently possible to forecast the volume of waste that will be generated in the future, the target is based on the absolute figures from 2023 and past experience in recent years. The relevant Operating Units define their individual percentage targets using a bottom-up approach. These results are aggregated with the absolute figures to produce a groupwide target.

Conversion and construction work on buildings and factories can produce considerable volumes of waste that cannot be recycled. If such measures are planned at the Operating Units' sites, they are factored into the target setting, even though precise volumes of waste cannot be forecast.

In terms of material impacts, risks, and opportunities in the sub-topics of resource inflows and resource outflows, there is currently neither a measurable, outcome-oriented target nor a time-bound target that is used as a central key performance indicator. In 2024, emphasis was placed on increasing internal transparency and evaluating different KPIs.

Resource inflows and outflows

In addition to providing general information about resource inflows and outflows in the KION Group, the following subchapters deal with the KION Group's material metrics in this regard.

Various materials are used in the manufacture of the KION Group's product portfolio. These materials are mainly composed of steel and iron. They are used to manufacture components such as masts, cabins, counterweights, or parts for storage systems, conveyor systems, and sortation systems. Process materials and semi-manufactured parts are also used in the course of production. They include chemicals, such as paint, powder coatings, and oil and lubricants. Various types of plastic and rubber are used as well as electronics. Batteries for industrial trucks are purchased or produced in-house. Packaging material, including wood, cardboard, and plastic, is also used for shipping spare parts and delivering system parts to customers.

Durability

Durability and repairability are essential properties that are factored into the product development process for the KION Group's products. The counterbalance trucks and warehouse trucks that are produced in the Industrial Trucks & Services segment are designed to have a long life. Their construction from predominantly steel and iron helps to ensure that the industrial trucks are robust. They can clock up many hours of operation. The number varies in line with individual customer use and product configuration. A large proportion of the equipment in the Supply Chain Solutions segment is also composed of steel in order to ensure the equipment's robustness and durability for many years. Their modular construction allows systems to be flexibly adjusted and expanded in order to cater to changing requirements.

With regard to the expected durability of the products manufactured by the KION Group, there is currently no generally recognized industry average for specific products or for product groups.

Repairability and refurbishment

Because downtime for systems or industrial trucks can entail considerable costs, the products of the KION Group are designed to give customers maximum possible operational readiness. In the event of a stoppage, technicians must be able to access the point of repair rapidly, so straightforward and safe access is essential. A high degree of repairability and durability are important principles for the KION Group and form the core basis of the aftersales business model.

There is no established rating system for the repairability of products and systems of the KION Group. However, a high level of repairability is an important factor in their sustainability. This is reflected in a number of indicators, such as the long availability of spare parts, customized service agreements, and modular product construction. The speed of accessing the point of repair, the ease of disassembly with standard tools, and the option to install software upgrades and updates help to ensure that repairs can be made rapidly. These measures mean that products and systems can be used for a long time, thereby saving resources.

The longevity and repairability of KION Group products, particularly industrial trucks, allow them to be refurbished at the end of their first customer deployment. This provides the option of reusing them as rental or used trucks.

Recycling

The use of iron and steel in KION Group products ensures a high level of recyclability. Plastic components and lithium-ion batteries are a further major source of recycling potential. Steps have already been taken to improve the recycling process for lithium-ion batteries.

Metrics on resource inflows and outflows

The reported metrics for resource inflows and outflows are based on specific methods and significant assumptions, and, where applicable, on the estimates and outcome uncertainties presented below.

Resource inflows and outflows

in tonnes (t) and in %	2024
Resource inflows	
Overall total weight of used products and technical and biological materials (including packaging) (t)	989,509
Weight of secondary reused or recycled components and intermediary products used in production (t)	281,251
Share of secondary reused or recycled components and intermediary products used in production (%)	28.4%
Resource outflows	
Share of recyclable content in products and their packaging	48.5%

The main source of data for determining the 'Overall total weight of used products and technical and biological materials (including packaging)' metric is an internal database, which directly interfaces with the KION Group's accounting systems and is based on primary data such as invoices. If no direct data is available, figures are extrapolated on the basis of average purchases of materials. Only purchase data for materials from outside the Group is used in the calculation. Movements of materials within the Group are not included. Procurement spending that does not directly contribute to the consumption of materials, such as travel expenses or services, is not included in the calculations.

The overall total weight for the Industrial Trucks & Services segment was extrapolated on a linear basis using the data available. This calculation involved the use of proportionally available procurement data as well as a pro rata projection combined with a benchmark (kg per industrial truck) based on the KION Group's order intake data. For the Supply Chain Solutions segment, the weight of procured materials was determined on the basis of an analysis of material groups due to a lack of available data. Owing to the similarity of the material groups in the two segments, an ITS benchmark based on the ratio of weight to procurement costs (kg per euro) was used for the segment and extrapolated to a total weight for SCS.

The overall total weight of products and technical and biological materials used (including packaging) includes all KION Group entities subject to disclosure requirements. The base data only takes external procurement data into account. Intragroup supply relationships were not included to avoid double counting. All resource-relevant procurement categories are covered. Net material weight is used. The biological materials used in the manufacture of KION Group products were deemed not to be relevant, as an analysis of the procurement data concluded that the total amount was below the defined materiality threshold.

A degree of measurement uncertainty in this metric stems from the lack, and sometimes insufficient quality, of weight data stored in the procurement systems. Where an Operating Unit does not have specific weight data, average figures from comparable Operating Units with a similar product portfolio are used and extrapolated on the basis of procurement spending.

No complete data from the upstream value chain is available for the 'Weight of secondary reused or recycled components and intermediary products used in production' metric. The KION Group therefore used secondary data from internationally recognized sources. For steel and iron, which represent the largest proportion of purchased materials, average global recycling input rates for iron and steel are used. These are obtained from the recycling atlas of the German Mineral Resources Agency (DERA) at the Federal Institute for Geosciences and Natural Resources (BGR).

The recycling input rate of other materials was not included in this metric in the financial year, but there are plans to do so in the future. As part of a pilot project, data was requested directly from suppliers; however, the response rate was too low to make reliable assertions regarding the KION Group's recycling input rates. In addition to steel and iron, the KION Group plans to systematically assess other material groups over the coming years and determine the relevant average values. Until then, a conservative recycling input rate of zero is assumed for the materials used, as no reliable reference data is available. For more information regarding substances of very high concern in the materials used, see chapter 'Metrics related to substances of very high concern'.

The calculation of the 'Proportion of recyclable products and their packaging' metric is based on the total weight of materials used. [[The recyclability was calculated on the basis of a global average figure for steel and iron contained in the OECD report 'Global Material Resources Outlook to 2060' (Publications | OECD).]] This average figure is also used in the highly respected DERA recycling atlas.

There is a degree of measurement uncertainty in the 'Weight of reused or recycled secondary components and materials used in production' and 'Proportion of recyclable products and their packaging' metrics as no data from the upstream value chain is available. Consequently, the DERA recycling atlas was used to source the average global values for both metrics, in particular for steel and iron as essential purchased materials.

Metrics on waste generated

The KION Group is a mechanical engineering company, most of whose waste is in the scrap metal waste stream. In 2024, another substantial amount came from the foundries. Packaging waste such as wood was also generated.

Waste generated

	2024		
in tonnes (t)	Non-hazardous	Hazardous	Total
Total amount of waste generated	**68,620**	**15,826**	**84,446**
Waste diverted from disposal	**54,605**	**11,055**	**65,660**
Preparation for reuse	3,840	950	4,790
Recycling	38,360	8,880	47,240
Other recovery operations	12,406	1,224	13,630
Waste diverted from disposal (in %)	**79.6%**	**69.9%**	**77.8%**
Waste directed to disposal	**14,015**	**4,771**	**18,786**
Incineration	2,418	696	3,113
Landfill	8,678	1,672	10,350
Other disposal operations	2,920	2,403	5,323
Total amount of non-recycled waste	**30,261**	**6,945**	**37,206**
Share of non-recycled waste in %	**44.1%**	**43.9%**	**44.1%**

Data on waste volumes is collected at the relevant KION Group sites. Where direct measurement on site is not possible, the amount of waste is primarily based on estimates drawing on waste disposal documentation, waste amounts from previous years, and the experience of those in charge of local waste management. The estimation of waste volumes is always based on a standardized Group specification.

Incorporating the EU Taxonomy

Regulation (EU) 2020/852 (Taxonomy Regulation) and the corresponding delegated acts establish a classification system that defines sustainability criteria for economic activities across six environmental objectives: climate change mitigation, climate change adaptation, sustainable extraction and use of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

In line with the requirements of the regulatory framework, the KION Group discloses the taxonomy-aligned, taxonomy-eligible but not taxonomy-aligned and the taxonomy non-eligible proportion of turnover (revenue), capital expenditure (CapEx), and operating expenditure (OpEx) for the 2024 financial year.

Furthermore, the Climate Delegated Regulation 2022/1214 outlines specific disclosure requirements related to gas and nuclear energy activities. As the KION Group is not engaged in economic activities within these energy sectors, there are no implications for the KION Group's reporting or for the corresponding taxonomy metrics. The templates specified in the supplementary Delegated Regulation are not applicable and are not included in this report.

Detailed tables in accordance with the Taxonomy Regulation can be found in the notes to the Group sustainability report (see 'Further disclosures on the EU Taxonomy').

Taxonomy-eligible economic activities

An interdisciplinary team reviewed the Group's relevant economic activities and allocated them to the corresponding taxonomy-eligible activities as defined in the Taxonomy Regulation. For the 2024 financial year, the KION Group assessed taxonomy eligibility for economic activities defined in the Climate Delegated Act (Delegated Regulation (EU) 2021/2139), the Complementary Climate Delegated Act (Delegated Regulation (EU) 2022/1214), the Amending Climate Delegated Act (Delegated Regulation (EU) 2023/2485), the Environmental Delegated Act (Delegated Regulation (EU) 2023/2486), and the Disclosures Delegated Act (Delegated Regulation (EU) 2021/2178 as amended on June 27, 2023). The assessment concluded that the KION Group's economic activities relate to the environmental objectives of climate change mitigation (CCM) and transition to a circular economy (CE). The four remaining environmental objectives were also evaluated for potentially taxonomy-eligible activities, but no taxonomy eligibility was identified.

In addition, Delegated Regulation (EU) 2022/1214 outlines specific disclosure requirements for economic activities related to fossil gas and nuclear energy. As the KION Group is not engaged in economic activities within these energy sectors, there are no implications for the KION Group's reporting, nor for the corresponding taxonomy metrics. The templates specified in the supplementary Delegated Regulation are not applicable and are not included in this report.

The KION Group's taxonomy-eligible economic activities are listed in the table below.

KION Group taxonomy-eligible activities

Contribution to environmental objective	Economic activity under Taxonomy Regulation	Application of the economic activity at KION Group
Climate change mitigation	3.2 Manufacture of equipment for the production and use of hydrogen	Manufacturing of fuel cells for industrial trucks
	3.4 Manufacture of batteries	Manufacturing of lithium-ion batteries
	3.6 Manufacture of other low carbon technologies	Manufacturing of electrified trucks and warehouse trucks
	3.10 Manufacture of hydrogen	Manufacturing and storage of hydrogen in context of a hydrogen station
	6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Purchasing and leasing of an internal fleet of vehicles as part of KION Group's fleet management
	7.7 Acquisition and ownership of buildings	Leased/rented and acquired office buildings
Transition to a circular economy	4.1 Provision of IT/OT data-driven solutions	Software solutions and operational technologies (OT) based on artificial intelligence (AI)
	5.1 Repair, refurbishment and remanufacturing	Repair activities provided as part of aftersales services (ITS and SCS segment)
	5.2 Sale of spare parts	Sale of spare parts as part of aftersales and customer services
	5.4 Sale of second-hand goods	Sales of used business trucks (expenditures related to refurbishment are summarized under activity 5.4 as the purpose of this activity is the sale of second-hand goods)
	5.5 Product-as-a-service and other circular use- and result-oriented service models	Leasing and renting of trucks to customers

Assessment of the taxonomy eligibility of economic activities

For the KION Group, the most relevant economic activities related to the CCM objective are '3.2 Manufacture of equipment for the production and use of hydrogen', '3.4 Manufacture of batteries', '3.6 Manufacture of other low-carbon technologies', and '3.10 Manufacture of hydrogen'. The KION Group regards economic activity 3.6 as the most appropriate for its core manufacturing activities, since no industry-specific economic activity has been defined for the intralogistics sector as yet. This activity relates to technologies that demonstrate substantial savings of GHG emissions over their lifecycle compared with the best performing alternative technology available on the market.

In addition, the KION Group identified several activities related to the CE objective as taxonomy-eligible. The activities relevant to the Group under this environmental objective are '4.1 Provision of IT/OT data-driven solutions', '5.1 Repair, refurbishment, and remanufacturing', '5.2 Sale of spare parts', '5.4 Sale of second-hand goods', and '5.5 Product-as-a-service and other circular use- and result-oriented service models'.

Assessment of the taxonomy alignment of economic activities

In accordance with the Taxonomy Regulation, the taxonomy alignment of taxonomy-eligible economic activities was assessed on the basis of the following requirements:

- Compliance of the associated economic activity with the technical screening criteria for a substantial contribution,
- Compliance of the associated economic activity with the technical screening criteria for the prevention of significant harm to one or more of the environmental objectives (do-no-significant-harm or DNSH criteria)
- Compliance with minimum safeguards

Compliance with substantial contribution criteria

The taxonomy alignment of activity ‘3.2 Manufacture of equipment for the production and use of hydrogen’ under the CCM objective was assessed, as the KION Group develops and manufactures fuel cells. Since a substantial contribution is inherent in the activity’s description, the manufacturing activity automatically fulfills the criterion.

The taxonomy alignment of the manufacture of selected electric trucks (e-trucks) was also assessed, in reference to activity ‘3.6 Manufacture of other low-carbon technologies’ under the CCM objective. These particular trucks represent the only available technology solution in their power range currently on the market that enables the electrification of outdoor logistics handling. In previous years, an externally verified lifecycle assessment (LCA) showed that e-truck technology can produce substantially lower GHG emissions over its lifecycle compared to conventional internal combustion (IC) trucks. This LCA was performed on the basis of ISO 14040 and ISO 14044. It does not currently meet the material contribution criterion. In the reporting year, the KION Group also completed a carbon footprint analysis based on the ISO 14067 standard, in accordance with the relevant requirements, although this has not yet been verified by a third party.

Assessments were also carried out for the taxonomy alignment of activities ‘3.4 Manufacture of batteries’ and ‘3.10 Manufacture of hydrogen’ under the CCM objective. The manufacture of lithium-ion batteries contributes substantially to the reduction of GHG emissions due to their greater energy efficiency compared with lead-acid batteries. In addition, batteries pave the way for a substantial number of low-carbon technologies in other sectors and industrial applications. The reduction of lifecycle GHG emissions calculated for economic activity 3.10 has not been verified and therefore does not meet the substantial contribution criterion.

The economic activities ‘6.5 Transport by motorbikes, passenger cars and light commercial vehicles’ and ‘7.7 Acquisition and ownership of buildings’ under CCM cannot fulfill the substantial contribution criterion at this time. With respect to activity CCM 6.5, electric vehicles currently do not constitute a material portion of the overall Group fleet; the KION Group therefore did not pursue the assessment of substantial contribution requirements further. Regarding activity CCM 7.7, the assessment confirmed that the requirements have not been met, either due to the buildings’ energy performance or because the energy performance certificates do not meet the requirements of the Taxonomy Regulation. Consequently, these economic activities can only be classified as taxonomy-eligible for the 2024 financial year.

The taxonomy alignment for economic activities under the CE objective was assessed for the first time in 2024.

Within economic activity ‘4.1 Provision of IT/OT data-driven solutions’, the KION Group develops software inhouse and sells it along with third-party hardware, which is used to operate this software. The requirements for a substantial contribution were deemed to have been met with respect to at least two of the software functions listed. However, the requirements related to the hardware materials and to the reuse, recovery, or recycling at the end of life could not be met. The KION Group is only a reseller of hardware manufactured by third parties, who control the materials used in components and the design. Furthermore, the hardware's end of life is managed by the customers and not by the KION Group. As the software and the hardware are currently sold under the same performance obligation pursuant to IFRS 15, it was not possible to consider the software for alignment in isolation. The activity can therefore only be considered as taxonomy-eligible, but not as taxonomy-aligned.

With respect to economic activity '5.1 Repair, refurbishment, and remanufacturing', assessment of the substantial contribution criteria focused on sales contracts and waste management. The KION Group selected and assessed a sample of service contracts from the Industrial Trucks & Services segment and the Supply Chain Solutions segment that were deemed to be representative. Based on this assessment, the activity was confirmed to fulfill the necessary requirements. Waste management processes were assessed separately, taking refurbishment and repair activities into account. In the Industrial Trucks & Services segment, the analysis focused on the waste management plans of the refurbishment sites. With respect to repair activities, the criteria were deemed not to be applicable to either segment since the repairs (and therefore the related handling of waste) occur primarily at customer sites.

The KION Group also assessed the substantial contribution criteria for economic activities '5.2 Sale of spare parts', '5.4 Sale of second-hand goods', and '5.5 Product-as-a-service and other circular use- and result-oriented service models', with a particular focus on requirements related to sales contracts and packaging. Samples of service contracts covering the sale of spare parts, from both the Industrial Trucks & Services segment and the Supply Chain Solutions segment, as well as contracts covering industrial truck leasing and the sale of used trucks, were deemed to fulfill the necessary requirements. With respect to packaging, the criteria were mainly assessed for activity CE 5.2, where partial alignment could be confirmed for some packaging suppliers. For activities CE 5.4 and CE 5.5, a preliminary assessment showed that the main materials required for shipping industrial trucks are only for protective purposes (such as foam), while common packaging (such as pallets or plastics covers) is used very rarely and could be considered not to be material. However, a more detailed assessment would be required to fully confirm fulfillment of the criteria, and such an assessment would also have to be performed if the activities are to fulfill the DNSH requirements in Appendix C.

Compliance with DNSH criteria

The KION Group also assessed the DNSH criteria, which are designed to ensure that the risk of considerable impairment toward another environmental objective is avoided.

An assessment of climate risk and vulnerability was carried out in line with Appendix A of Annex 1 to the Delegated Regulation (EU) 2021/2139 in order to determine whether the Group's economic activities do no significant harm to the 'Climate change adaptation' objective. The focus was on KION Group sites where taxonomy-eligible activities related to the core business (CCM 3.2, CCM 3.4 and CCM 3.10) are performed. Overall, no material climate-related physical risks were identified.

To review the other overarching DNSH criteria, workshops were held with HSE managers of the Operating Units in relation to the KION Group's affected economic activities. The analysis initially focused on activities CCM 3.2, CCM 3.4, and CCM 3.10. Compliance with the DNSH criteria is ensured primarily by employing established environmental management systems that adhere to ISO 14001 standards. In addition, the KION Group sites relevant to taxonomy alignment were analyzed with respect to their proximity to biodiversity-sensitive areas. The base data for this assessment was provided by the European Environmental Agency's Natura 2000 Network Viewer. The analysis found that none of the KION Group sites where taxonomy-eligible economic activities related to the ‘Climate change mitigation’ objective take place are located in or near these sensitive areas. The assessment of the DNSH criteria in accordance with Appendices B and D of Annex 1 to the Delegated Regulation (EU) 2021/2139 therefore concluded that the aforementioned activities and the associated sites fulfill these criteria.

In the reporting year, the Group also investigated whether its activities fulfill the DNSH criteria with regard to the objective of a transition to a circular economy. For activity CE 5.1, the assessment considered repair and refurbishment activities separately. With respect to the refurbishment activities, the analysis evaluated selected refurbishment centers, which were confirmed to comply with the criteria set out in Appendix B, since they are assessing and tracking water-related impacts in a dedicated register as part of the ISO 14001 certification process. The criteria in Appendix B were deemed not to be applicable to repair activities in either segment, since repairs (and the relevant water-related impacts) mainly occur at customer sites. With respect to activities CE 5.2, CE 5.4, and CE 5.5, spare parts warehouse sites (both for the Industrial Trucks & Services segment and the Supply Chain Solutions segment) and manufacturing sites (for the Industrial Trucks & Services segment) were identified as relevant locations for the KION Group. Given that 99 percent of the Group’s sites (100% for the manufacturing sites of the Industrial Trucks & Services segment) are ISO 14001 certified, the Group considers this to be an indication that the criteria set out in Appendix B have potentially been met. The criteria set out in Appendix D are not applicable to activity CE 5.1 and were therefore not considered.

The DNSH criteria for pollution prevention and control outlined in Appendix C of Annex 1 to the Delegated Regulation (EU) 2021/2139 require that economic activities do not lead to the manufacture, placing on the market or use of restricted substances subject to current European legislation on chemicals, or of other groups of substances (as defined under point (f)) in Appendix C. Due to the EU Commission’s amendments to Appendix C within the Delegated Regulation (EU) 2023/2485, the requirements under point (f) are currently not fulfilled for activities CCM 3.2, CCM 3.4, CCM 3.6, and CCM 3.10. With respect to activity CE 5.1, only the labor portion of the repair activities fulfilled the criteria, the materials used in the repairs did not. This distinction was only possible for the Industrial Trucks & Services segment. Repair activities in the Supply Chain Solutions segment therefore have to be considered in total, and are considered not taxonomy-aligned. Similar to activities CCM 3.4 and CCM 3.6, activities CE 5.2, CE 5.4, and CE 5.5 do not currently comply with the requirements outlined in Appendix C either. Overall, only a clearly defined portion of activity CE 5.1 currently fulfills the DNSH criteria set out in Appendix C, while all other activities mentioned above do not fulfill these criteria and are therefore shown as taxonomy-eligible but not taxonomy-aligned.

With regard to the objective of a transition to a circular economy, assessment of the DNSH criteria is focused on reuse and the use of secondary raw materials, design for greater durability and recyclability, and the provision of information on materials throughout the lifecycle of the manufactured products. Fulfilment of these requirements was assessed and found to be met. Analysis of activity CCM 3.4 demonstrated that batteries produced by the KION Group are designed for high durability and easy disassembly. The KION Group is also legally obliged to ensure that batteries can be returned and recycled. Furthermore, the steel used in industrial trucks can be easily recycled, meaning that a high proportion of this material can be reused, in line with the principles of the circular economy.

DNSH requirements related to the CCM objective apply to activities CE 5.2, CE 5.4, and CE 5.5 only. The criteria are not applicable with respect to the KION Group’s CE 5.1 activity, as there is no on-site generation of heating or cooling, nor any cogeneration, including power. Further analysis regarding activities CE 5.2, CE 5.4, and CE 5.5 would have to be carried out at a later stage to see if these activities fulfill the DNSH requirements in Appendix C.

Compliance with minimum safeguards

The Taxonomy Regulation requires undertakings to implement processes that ensure compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles (UNGP) on Business and Human Rights, the eight fundamental conventions of the International Labour Organization, and the International Bill of Human Rights. These minimum safeguards primarily cover human rights, bribery and corruption, fair competition, and taxation. To ensure compliance with these minimum safeguards, the KION Group is establishing appropriate processes (including due diligence and risk assessments) and setting groupwide guidelines and policies, the use of which is monitored. The actions taken with regard to the aforementioned topics are analyzed in order to identify, prevent, and monitor risks and manage any associated negative impacts. The KION Group also verified that there were no confirmed violations in any of the aforementioned areas during the reporting year.

[[With respect to human rights, the KION Group has an established Human rights assessment and due diligence (HRDD) process, based on the six steps of human rights due diligence defined by UNGP, which was assessed to confirm compliance with the minimum safeguards in this area.]]

Calculation of key figures for the EU taxonomy

The collection of revenue, capital expenditure (CapEx), and operating expenditure (OpEx) data was carried out in accordance with the Delegated Regulation on Article 8 of the Taxonomy Regulation, with reference to the guidance on applying Article 8 of the Taxonomy Regulation.

The subsidiaries' financial reporting was used as the basis for collecting and consolidating the taxonomy-relevant data, which was validated and consolidated centrally. Where no revenue, CapEx, or OpEx was reported for a particular economic activity, they were deemed as not being applicable to that economic activity within the scope of this data collection.

To determine the taxonomy-eligible and taxonomy-aligned proportion of consolidated revenue, the revenue from all eligible and aligned economic activities was calculated in relation to the KION Group's total revenue. The taxonomy-eligible revenue was taken from financial accounting and internal reporting on the relevant taxonomy-eligible economic activities, while total revenue corresponds to the sum of the consolidated net revenue of all consolidated subsidiaries (see consolidated income statement in the consolidated financial statements of this annual report; [ESRS 1.123]).

To determine the taxonomy-eligible and taxonomy-aligned proportion of capital expenditure, the capital expenditure in all eligible and aligned economic activities was calculated in relation to the KION Group's total CapEx. The total CapEx corresponds to the sum of operational CapEx (see notes to the consolidated financial statements, note [39]; [ESRS 1.123]) in the additions to the assets held for lease and rental, and right-of-use assets in other property, plant and equipment, primarily from procurement leases for buildings and company cars (see notes [17], [18], and [19] in the notes to the consolidated financial statements; [ESRS 1.123]).

To determine the taxonomy-eligible and taxonomy-aligned proportion of OpEx, the relevant operating expenditure for all eligible and aligned economic activities was calculated in relation to the total operating expenditure of the KION Group in accordance with the Delegated Act supplementing Article 8 of the Taxonomy Regulation. Total OpEx corresponds to the sum of all relevant non-capitalized expenditure related to research and development, building renovation, short-term leases, maintenance and repair, and all other direct expenses related to the day-to-day maintenance of property, plant, and equipment by the Group, or third parties to whom activities are outsourced, and which are necessary to ensure the continuous and effective functioning of these assets.

The reporting approach for economic activity CCM 3.4 was revised due to its relevance and contribution to the KION Group's revenue, and economic activity CE 4.1 is now reported separately. From 2024 onward, intragroup revenue and external revenue will be shown as a total for activity CCM 3.4. Revenue from intragroup supply relationships will be deducted for activity CCM 3.6 to avoid double counting for the taxonomy alignment. Total revenue is also shown for activity CE 4.1, with the revenue from intragroup supply relationships deducted from the total taxonomy-non-eligible consolidated revenue, as this proportion is not allocated to any other economic activity.

Additionally, clear definitions and processes were established to ensure consistent allocation of financial accounting data to the relevant activities and to prevent double counting of revenue, CapEx, and OpEx from economic activities that contribute to more than one economic activity.

Taxonomy-eligible and taxonomy-aligned activities are therefore allocated either to the 'Climate change mitigation' objective or to the objective of the transition to a circular economy, which further reduces the risk of double counting.

The following provides an overview of taxonomy-eligible and taxonomy-aligned activities with regard to the financial metrics revenue, CapEx, and OpEx for 2024 and the comparative period of 2023.

Taxonomy eligible and aligned environmentally sustainable economic activities by the financial metrics

in € million	2024	in %[1]	2023	in %[1]	Change
Total Revenue	**11,503.2**	**100.0%**	**11,433.7**	**100.0%**	**0.6%**
thereof taxonomy-eligible activities[2]	7,277.9	63.3%	6,856.2	60.0%	6.1%
thereof taxonomy-aligned activities[3]	364.9	3.2%	–	0.0%	–
Total capital expenditures (CapEx)	**1,855.4**	**100.0%**	**1,718.5**	**100.0%**	**8.0%**
thereof taxonomy-eligible activities[2]	1,578.5	85.1%	1,501.2	87.4%	5.2%
thereof taxonomy-aligned activities[3]	–	0.0%	–	0.0%	–
Total operating expenses (OpEx)	**397.3**	**100.0%**	**439.7**	**100.0%**	**–9.7%**
thereof taxonomy-eligible activities[2]	183.9	46.3%	255.4	58.1%	–28.0%
thereof taxonomy-aligned activities[3]	–	0.0%	–	0.0%	–

1 All percentages relate to total revenue, CapEx and OpEx in accordance with the definitions of EU Taxonomy. For further explanation on total revenue, CapEx and OpEx see in the notes to the consolidated financial statements and in the combined management report

2 Refers to the sum of A.1 and A.2 of the taxonomy-aligned and taxonomy-eligible, but not aligned activities in the EU Taxonomy tables for total revenue, CapEx and OpEx (see annex 'disclosures on EU taxonomy' of this group sustainability report)

3 Taxonomy-alignment was assessed for the economic activities of the environmental objectives 'climate change mitigation' and 'circular economy'

The percentage of taxonomy eligibility in the financial metrics revenue, CapEx, and OpEx in accordance with the EU Taxonomy did not change significantly year on year. The economic activity CE ‘4.1 Provision of IT/OT data-driven solutions’ was identified as taxonomy-eligible and included in 2024. With regard to taxonomy alignment, the economic activities were assessed under the environmental objective ‘Transition to a circular economy’ for the first time in 2024. As a result, the proportion of taxonomy-aligned revenue rose from 0.0 percent in 2023 to 3.2 percent in 2024. Despite the stricter DNSH criteria following the changes in 2024 to Appendix C (paragraph f) in Annex I to the Delegated Regulation (EU) 2021/2139, a clearly defined part – under the environmental objective ‘Transition to a circular economy’ – of economic activity CE 5.1 was considered taxonomy-aligned.

Further notes on the EU Taxonomy Regulation

The Taxonomy Regulation is dynamic and evolving, indicating ongoing amendments, adjustments and extensions over time. The KION Group is convinced that the Group and its portfolio, consisting of efficient products and solutions in both segments, can make a major contribution to the objectives defined in the regulation. The current version of the Taxonomy Regulation does not provide sufficiently detailed descriptions of the economic activities nor appropriate technical screening criteria for all activities. For example, due to the complexity and individual nature of automated supply chain solutions there is currently no dedicated EU Taxonomy economic activity against which to assess their eligibility and alignment. The sustainability strategy complies with the specifications and objectives of the Taxonomy Regulation, which are incorporated into the Group’s activities, along with other requirements. The detailed descriptions of the activities contained within the relevant chapters of this report provide an overview of the KION Group’s commitment in the area of sustainability and its performance.

Social information

Own workforce of the KION Group

The ‘Own workforce of the KION Group’ chapter meets the disclosure requirements of ESRS S1 and is based on the results of the double materiality analysis. Material topics for the KION Group are managed in the context of the ‘Occupational health and safety’ action field in the sustainability strategy.

Material impacts, risks, and opportunities and their interaction with strategy and business model in relation to own workforce

The double materiality analysis outlined in the ‘Description of the process to identify and assess material impacts, risks, and opportunities’ chapter identified a positive and a negative material impact of the Group’s business activities on its own workforce. The KION Group had already identified occupational health and safety (OHS) as a material topic in previous materiality analyses, and it was once again confirmed as material in the most recent materiality analysis conducted in 2024. Human rights due diligence related to OHS is carried out within the scope of the ‘Occupational health and safety’ action field in the KION Group’s sustainability strategy (see ‘Strategy targets and target achievement in 2024’).

It is highly unlikely that the KION Group’s own operations would lead to a significant risk of forced labor or child labor. [[This is set out in the document ‘Group internal human rights assessment & due diligence 2023/2024’, available on the KION Group website at www.kiongroup.com/en/About-us/Management/.]]

List of all material Impacts, Risks and Opportunities – Own workforce

Sub-topic	IRO	Value chain			Time horizon		
		Up-stream	Own operations	Down-stream	< 1 year	1–5 years	> 5 years
Working conditions							
Occupational accidents and injuries	Negative impact		•		•	•	•

Occupational accidents and injuries (negative impact)

The manufacturing industry is inherently prone to occupational accidents and injuries, representing a systemic negative impact. The severity of the impact is assessed individually for each case. While the entire workforce of the KION Group, including indirect administrative functions, could potentially be affected by an occupational accident or incident, the main focus of this negative impact is on the direct workforce performing activities in production functions, particularly in foundries, in sales and service, or in logistics. This includes non-employees as well as workers engaged by third parties, such as contractors and temporary agency workers.

The potential risk to employees and non-employees is dependent on their assigned task in the workforce and the associated work environment. To develop a better understanding of greater risks of harm, the KION Group assesses hazards and associated risks in certain environments as part of its hazard identification and risk assessment process at individual sites. Where occupational accidents and incidents occur in the course of its own business activities, the KION Group is directly responsible for the negative impact on employees and non-employees and must actively ensure that preventative measures are taken.

Interests and views of stakeholders

As a company that operates globally, the KION Group bears corporate social responsibility not only toward its customers, investors, and the general public, but also in particular toward its own workforce as a key group of affected stakeholders. This corporate social responsibility requires KION Group to comply with all applicable laws, to respect ethical values, and to act sustainably everywhere and at all times.

KION GROUP AG has developed tools to allow employee representatives to directly address the Group management and its representatives about matters that are of relevance to the workforce, or to inform them of economic factors affecting fundamental corporate decisions.

The KION Group conducts the annual KION Pulse survey to identify and adequately reflect the interests and views of its own workforce. The objective of increasing employee satisfaction as measured by the KION Pulse survey is enshrined in the 'Talent' action field of the KION Group sustainability strategy (see 'Strategy targets and target achievement in 2024'). The employee survey addresses topics such as internal communication and collaboration, while also enabling the workforce to share their personal perspectives and to raise actual and potential impacts. The findings of the survey provide direct insights that help to further improve the engagement and motivation of the KION Group's workforce. Annual participation is monitored and compared with the results of previous years in the respective areas in an equivalent and measurable way under the supervision of the CPSO. In 2024, the KION Group was able to increase the number of active employees and apprentices taking part in the KION Pulse employee survey and improve the resulting engagement score (see 'Strategy targets and target achievement in 2024'). The survey's engagement score and participation rate are factors in the calculation of the variable remuneration of the KION GROUP AG Executive Board based on long-term sustainability targets, and are also being factored in for executives from 2024 onwards (see 'Integration of sustainability-related performance in incentive schemes').

The KION Group is committed to complying with internationally agreed labor rights and human rights and regards them as a minimum standard to be achieved at all times. [[Respect for human rights, in particular, is enshrined in several policies, including the International minimum employment standards in the KION Group, the KION Group Code of Compliance, the Statement on the KION Group's human rights strategy and the Group internal human rights assessment & due diligence 2023/24 document.]] The function of the human rights officer described in the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) is delegated to the KION Group's Human Rights Committee, which reports to the Executive Board of KION GROUP AG. The Human Rights Committee receives reports and complaints about human rights and environmental violations that are addressed to the committee as a whole or to its members, or that it receives via the KION whistleblowing system, for further processing. In addition, the Human Rights Committee monitors the processes established to identify, prevent and remedy risks of human rights and environment-related violations and the implementation of remedial measures. In addition, the KION Diversity & Inclusion Council was established to actively drive progress toward greater diversity, inclusion, and equity within the KION Group.

The interests and views of the own workforce are collected in regular meetings on health, safety and environment (HSE) at local and central level. The KION Group HSE Standard requires a local procedure to be in place to enable both employees and non-employees to raise occupational health and safety issues. As part of its sustainability strategy, the KION Group endeavors to take the interests and views of its own workforce into account, with the central HSE function playing a key role in the development of the ‘Occupational health and safety’ action field (see next chapter ‘Processes for engaging with own workforce and workers’ representatives about impacts’).

Processes for engaging with own workforce and workers’ representatives about impacts

The following subchapters deal with the KION Group’s processes for engaging with its own workforce and workers’ representatives about impacts.

Investigation of occupational accidents and injuries

The HSE Standard requires all local entities to have an incident investigation procedure in place for any type of accident. According to the HSE Standard, the investigation must be carried out by the line management, with the participation of the employees involved in the accident. In case of a fatality or further accidents, local entities are responsible for the accident investigation. The central HSE function carries out a post-fatality audit focused on management responsibility. It also supports the local investigation of serious incidents, which are classified in accordance with the KION Group process for serious incidents and fatalities. On this basis, fatalities are the result of work-related accidents or work-related illnesses, while serious incidents are categorized as personal injury, environmental incident, or property damage. The findings of the incident investigation are used to identify precautionary measures to avoid similar incidents in future, and are shared in HSE meetings at local and central level. How often the company’s own workforce participates in such investigations depends on the frequency of accidents and injuries.

Regular central HSE meetings

In addition to the workforce involvement in incident investigations, the central HSE function organizes various virtual HSE meetings with the HSE heads of the Operating Units and the regional HSE representatives of the Operating Units, as well as the wider HSE network.

A monthly HSE leadership meeting is held with the HSE heads of the Operating Units, chaired by the head of the Sustainability & HSE department. The HSE heads are a specific group of senior HSE managers from the Operating Units KION ITS EMEA, KION ITS Americas, KION ITS APAC, and KION SCS who are in charge of the activities relating to occupational health and safety in the relevant Operating Unit. The meeting focuses on strategic topics and involves target setting, a performance review of HSE metrics, and discussion of the findings of incident investigations. A dedicated time slot is reserved at the end of the meeting for participants to raise any concerns or relevant discussion points, which can be used to assess the effectiveness of this engagement process.

In addition, an HSE communication meeting, led by the central HSE function, is held every two months. The regional HSE representatives of the Operating Units and the wider HSE network are invited to take part in these meetings, which focus on operational activities. The regional HSE representatives of the Operating Units are a diverse group comprising members from every global region in which the KION Group is active. They are responsible for occupational health and safety in one or more entities that cover several locations. The HSE communication meetings discuss the findings of incident investigations and also share initiatives and examples of best practice from the Operating Units, regions and local sites.

There is also a monthly HSE network meeting chaired by the head of the Sustainability & HSE department.

Local HSE meetings and consultations

The HSE Standard requires all entities within the KION Group to conduct at least one quarterly HSE meeting on relevant HSE subjects at site level. These HSE meetings have to be chaired by a senior manager within the entity and must include a workforce representative.

The HSE Standard also requires all subsidiaries to establish a documented HSE consultation process for their own workforce. The process must ensure that the workforce can raise concerns on HSE issues and that these concerns will be addressed by management.

How effectively the company's workforce is involved at a local level is measured using a groupwide HSE assessment, which includes a specific question to evaluate this aspect (see 'Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions').

Engagement through workers' representatives

Employee engagement based on participation rights, along with the formation of workers' representative bodies at workplace and at Group level, follows the relevant national regulations. In several European countries, workers' representatives are organized at local level. In Germany, the Group Works Council consists of representatives from local works councils from across the Group. The European Works Council represents the interests of employees in the European Union in international matters.

The employees of the KION Group can express their interests and views to the workers' representatives, who deal with them in regular and ad hoc meetings. These meetings also address occupational health and safety issues. HSE targets and programs must be communicated to stakeholders such as the works council in accordance with the requirements of ISO 45001 certification.

Processes to remediate negative impacts and channels for own workforce to raise concerns

The following subchapters deal with the KION Group's processes to remediate negative impacts and channels for own workforce to raise concerns.

KION Group whistleblowing system

A key component of the KION Group's compliance management system is the whistleblowing system that employees and third parties can use to confidentially report actual or suspected cases of unlawful or inappropriate conduct. This includes concerns about negative impacts on matters such as human rights, working conditions, equal treatment and other work-related rights.

[[The primary avenues for reporting are the whistleblowing tool and hotline, which enable anonymous submissions in writing or by phone. Reports can be made via the KION Group's website at www.kiongroup.com/whistleblowing.]] Employees can also contact the Compliance, Legal, or Internal Audit departments or members of the KION Group Compliance Committee directly. Some entities offer additional local reporting channels, such as Compliance Committees or Ethics Committees. The whistleblowing tool is operated by an external provider in order to ensure confidentiality. Reports made through other channels are documented and managed in the compliance case management system.

The whistleblowing system is designed to be global but addresses local needs to the greatest possible extent. Anyone should be able to access the system and use it in their own language via their preferred communication channel. To encourage use of the system and promote a culture of speaking up, the reporting channels are communicated via the intranet, in mandatory e-learning courses (e.g., on the KION GROUP Code of Compliance (KGCC), on the ‘speak-up culture’, and on minimum employment standards), and in classroom-based training.

The integrated compliance case management system is designed to ensure that all reports received are reviewed and that each case is processed systematically and in compliance with the EU Whistleblowing Directive. Depending on the nature of the report, the responsibility for managing the investigation, as well as completing the process and carrying out the follow-up, either falls to a Compliance Officer or a representative of another central department. Embedded processes and policies are in place to reinforce confidentiality and protection against retaliation. In 2024, the KION Group looked into all cases reported to the whistleblowing system and investigated all credible allegations of potential violations. Reports are considered reliable if they include sufficiently concrete facts that can be verified with reasonable effort. Disciplinary action is taken in any identified cases of misconduct. If necessary, the compliance management system is modified to counter future violations.

The KION Group is continuously improving the whistleblowing system, based on feedback from reporting parties and users of the system. Anyone is entitled to suggest improvements. These will be discussed by Corporate Compliance, the Compliance Committee, and other stakeholders as appropriate. Questions concerning the whistleblowing system are included in the annual compliance risk assessment questionnaires that are completed by the KION Group entities.

The KION Group prohibits any retaliation against whistleblowers. Whistleblower protection is codified in the KGCC and in the internal investigation policy. There is no compensation system in place to manage compensation for workers in the value chain if they were or are affected by negative impacts. Compensation is considered on the basis of individual cases. The effectiveness of the whistleblowing system is monitored by the Compliance Committee and the Human Rights Committee.

Reporting channels and processes related to occupational accidents and injuries

All KION Group employees, contractors and/or visitors are mandated to immediately report accidents and incidents that occur while they are working for the KION Group, or on a KION Group site, to their supervisor or contact person at the KION Group.

The KION Group offers its own workforce various reporting channels to raise concerns and grievances related to occupational accidents and injuries, for example the Group’s anonymous whistleblowing system, operated by an external provider. Other reporting channels include the local ideas management, near-miss management, and meetings between individual employees and their line manager or supervisor, as well as safety walks and behavior-based safety observations carried out at the workplace. The availability of these channels is communicated to new employees during the HSE induction training at local level, while existing employees are reminded as part of HSE refresher courses. In addition to the groupwide whistleblowing system, local HSE representatives report employee concerns and grievances, including accidents, incidents, and near misses, using an internal reporting system, which is monitored by the Corporate Sustainability & HSE department. The effectiveness of this reporting procedure is reviewed on a monthly basis in terms of data completeness, and annually for data validity.

Actions associated with concerns and grievances are monitored until their implementation is completed at the local sites. In case of a negative impact of an occupational accident or injury, affected employees receive compensation in accordance with national legal requirements. HSE representatives at the local sites are responsible for the effectiveness and adequacy of remediation measures.

The reporting channels and the employees' commitment to reporting workplace accidents and incidents are reviewed as part of the central HSE audits, the HSE assessments, and the local ISO 45001 certification (see 'Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions').

Policies related to own workforce

The following subchapters deal with the KION Group's material policies related to own workforce.

KION Group Code of Compliance

[[The KION Group Code of Compliance (KGCC) is based on the three principles of human dignity, human rights, and no discrimination, among others.]] In particular, this includes zero tolerance for child labor, any harmful employment of young people, or any form of forced labor. All forms of discrimination – whether it be on the grounds of nationality, ethnic origin, religion, age, disability, skin color, sexual identity, political belief, or gender – and harassment, including sexual harassment, are prohibited. The KION Group is committed to complying with the following state-level international agreements, which provide important guidance: The United Nations' Universal Declaration of Human Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms, and the fundamental labor conventions of the International Labour Organization (ILO), as documented in the ILO Declaration on Fundamental Principles and Rights at Work.

With respect to particularly vulnerable employees, the KGCC includes legal provisions regarding the protection of young people, pregnant women, and people with disabilities. Additional policies, such as agreements on the inclusion of people with disabilities at local level, emphasize the KION Group's commitment to improving reintegration into work and to enabling people with physical disabilities to remain in employment.

All KION Group employees must abide by the KGCC. The KGCC also covers non-employees as part of the own workforce, as business partners are expected to comply with all applicable laws. These include laws to prevent child labor, to respect human rights, to not engage in modern slavery (including forced labor and human trafficking), and to take responsibility for the health and safety of their workers. Any misconduct, concerns, or contraventions can be reported via the whistleblowing system (see 'Processes to remediate negative impacts and channels for own workforce to raise concerns'). Further details on the KGCC can be found in the 'Policies related to pollution' chapter.

International minimum employment standards in the KION Group

In addition to the KION Group's positioning on human rights as outlined in the KGCC, including related principles and expectations towards employees and business partners, the Company is committed to meeting standardized minimum employment standards across the organization. These are laid down in the 'International minimum employment standards in the KION Group' corporate policy, which applies to all workers in the KION Group and to all entities in which KION GROUP AG has a direct or indirect majority stake or over which it has direct or indirect control.

The minimum employment standards are based on the UN Guiding Principles on Business and Human Rights, and on the principles and rights at work prescribed in the eight fundamental conventions of the International Labour Organization (ILO). The KION Group is committed to treating all employees with equal respect, regardless of personal characteristics such as gender, color, ethnic or social origin, age, or religious beliefs. The minimum employment standards also prohibit human trafficking, forced labor, and child labor. To avoid any discrimination, the standards also require special attention to be paid to relevant regional minorities (for example indigenous people, migrants, or religious minorities), as well as to the protection of female employees.

The KION Group conducts a regular review of the implementation and application of the international minimum employment standards. As part of the groupwide compliance risk assessment, the Company conducts an annual local survey via the entities regarding these standards and any potential breaches in the reporting period. It is initiated at Group level and covers all KION Group entities within the scope of the corporate policy. The results of the assessment indicate areas that require improvement or special attention in order to mitigate and/or eliminate the potential risk of human rights violations. Compliance with, and the proper application of, the standards is also part of local internal audits. The selection of standards and procedures to be audited is based on a risk assessment process that is used to determine the overall risks to the KION Group.

As part of the annual compliance risk assessment, the KION Group considers the topic of discrimination and collects information locally on preventive and remedial action taken by the individual entities and at Operating Unit level. If a reported incident of discrimination is verified, remedial action must be taken. An appropriate training course was rolled out to selected functions in the reporting year to enhance awareness of the international minimum employment standards, including the prevention of discrimination.

The international minimum employment standards apply to all employees of the KION Group, including executives, members of the Executive Board, and members of the management boards of the Group companies, as well as non-employees within the definition of the companies' own workforce. They do not apply to employees in the value chain.

All members of the workforce, especially managers and the members of the subsidiaries' management teams, must base their actions and decisions in their area of responsibility on these principles. The management teams of each local entity and of the Operating Units are responsible for implementing the minimum employment standards, and for monitoring and enforcing compliance, including prevention and risk mitigation and prevention. They must verify the application of the standards' principles on a regular basis and, if necessary, put effective measures in place. Violations must be eliminated and sanctioned appropriately. The management teams of the Operating Units in each region must follow up these measures in an appropriate manner. As the minimum employment standards apply to all employees, they were indirectly involved in the standards' development through the chairman of the European Works Council.

[[The KION Group's international minimum employment standards are available to the public on the Group's website at www.kiongroup.com/en/About-us/Management/.]] The international minimum employment standards are also communicated to the employees via the intranet, through training courses, and by the HR department. Members of the workforce can access the policy internally in all nine standard languages of the KION Group.

Health, Safety, and Environment Statement of Intent

The HSE Statement of Intent highlights the Group's commitment to protecting the health and safety of its employees, temporary employees, agency workers and contractors with respect to occupational health and safety. In order to meet this commitment, each entity of the KION Group is locally responsible for supporting a range of actions. These include, but are not limited to, maintaining occupational health and safety standards in accordance with the applicable requirements of the ISO 45001 standard and national legislation, setting targets and defining reporting structures, including incident investigation processes and corrective actions, providing OHS training, and engaging in regular consultations with relevant stakeholders. Although forced labor, child labor and human trafficking are not within the scope of this policy, the KION Group demonstrates its commitment to maintaining a responsible and ethical work environment by referencing the ILO Occupational Health and Safety Conventions while also endeavoring to comply with international labor standards. This link increases the KION Group's focus on promoting a culture of safety and sustainability across its worldwide operations through the HSE Statement of Intent.

Further details on the HSE Statement of Intent can be found in the 'Policies related to climate change mitigation and adaptation' chapter.

Health, Safety, and Environment Standard

The KION Group HSE Standard defines minimum requirements for all KION Group locations and entities with regard to HSE matters, in addition to local regulations and the requirements of relevant ISO standards, such as ISO 45001 Occupational Health and Safety. With respect to the identified OHS-related material impacts, the HSE Standard provides guidelines regarding risk assessments and risk management, employee consultation and HSE meetings, training programs, accident management and measurement, and other relevant control systems for occupational health and safety.

Further details about this policy can be found in the 'Policies related to pollution' chapter.

Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The following subchapters deal with the KION Group's material actions related to own workforce.

Preventive actions to address potential or actual negative impacts related to occupational accidents and injuries are identified in a variety of ways, such as during HSE meetings at central or local-entity level. To prevent and mitigate negative impacts on the health and safety of the workforce, operational activities must comply with the HSE Standard, the requirements for HSE training programs must be adhered to, and the requirements under the ISO 45001 standard for a comprehensive management system must be applied at all times. The actions presented below are aimed at reducing the risk and likelihood of incidents at work, and at fostering an HSE culture and raising awareness of HSE matters.

The actions' effectiveness is monitored and assessed using occupational health and safety targets and metrics, such as LTIFR, which provide insights into the efficacy of these OHS programs (see 'Targets related to own workforce' and 'Health and safety metrics'). The HSE network supplies the necessary resources to implement the identified actions, which mainly consist of data collection systems, personnel, and relevant training at central and local-entity level.

HSE assessment

HSE assessment is a self-evaluation tool that helps local teams to set up and improve their HSE management systems based on the KION Group HSE Standard. The tool is available to all of the KION Group's local entities on an ongoing basis. It is used to identify gaps, evaluate performance, and identify corrective actions. The latest HSE assessment began in January 2024 and was completed in May 2024. Effectiveness is monitored and assessed by the central HSE function, and progress is measured via an annual groupwide target within the action field 'Occupational health and safety' in the sustainability strategy, which is broken down into internal targets for the Operating Units (see 'Targets related to own workforce').

Central HSE audit

The central HSE audit is a continuous health and safety improvement scheme, based on the KION Group's HSE Standard, which the KION Group regards as an effective and proactive HSE tool. The central HSE audit influences HSE culture within the Group and drives it forward, allowing the central HSE function to share internal experience with local sites while identifying strengths, weaknesses, opportunities, and threats. The scope of the central HSE audit includes employees, contractors, agency workers, and visitors, as well as suppliers, vendors, and customers. The result is a comprehensive audit report that is delivered to local management teams and to the Executive Board of KION GROUP AG. The audit has been a recurring event since 2010, and the KION Group strives to repeat it every two years. The central HSE audit program began in January 2024 and was completed in December 2024. Following each central HSE audit program, the effectiveness of the HSE audit is assessed on the basis of a survey in which the participating local teams responsible for the HSE audit have the opportunity to give feedback on the overall process.

KION Board OHS Award

The KION Board OHS Award is designed to recognize and reward local entities that demonstrate outstanding achievements in the area of health and safety management. All entities within the KION Group can submit a project application, which is reviewed by the central HSE function and assessed against current and past initiatives to monitor progress and effectiveness. The annual program was revised in 2023. The award process began in September 2024 and is expected to be completed in the first quarter of 2025. The aim the program is to foster an HSE culture of best practice and continuous improvement and to raise awareness of health and safety matters throughout the entire KION Group.

Health, Safety, and Environment training

The KION Group's HSE Standard requires all of the KION Group's local entities to provide HSE induction training covering a set list of relevant HSE topics. The standard stipulates that training is to be provided to all new employees and non-employees in the Group's own workforce, as well as to contractors at KION Group sites, within their first day of joining the local entity. In addition to this, all employees, including the local management team, participate in an annual HSE awareness training course that covers a list of specific HSE matters. The purpose of the training courses is to raise awareness of HSE topics and to reduce the risk and likelihood of occupational accidents and injuries.

Targets related to own workforce

The following subchapters deal with the KION Group's material targets related to own workforce.

As set out in the HSE Statement of Intent, the KION Group is committed to protecting the health and safety of its own workforce. In order to implement this commitment, it is necessary to assess and continuously improve the HSE management systems of all local entities within the KION Group. To this end, the KION Group has defined targets to monitor groupwide occupational health and safety performance to help assess the effectiveness of action programs.

The targets described below cover the KION Group's own operations at groupwide level and are defined in collaboration with the HSE heads of the Operating Units. The central HSE function proposes targets, which are agreed with the HSE heads of the Operating Units. During this phase, the HSE heads of the Operating Units consult their respective workforces to collect relevant feedback. Following the agreement, the targets are submitted to the Executive Board of KION GROUP AG for validation and to the Supervisory Board of KION GROUP AG for approval.

The occupational health and safety performance relative to the specified targets, including an analysis of trends, is monitored on a monthly basis using a dedicated internal reporting tool managed by the central HSE function. Results are discussed in various settings, for example at the monthly HSE leadership meetings of the HSE heads of the Operating Units. The HSE network and the Executive Board of KION GROUP AG are involved in the internal reporting of HSE results. This also includes the sharing of examples of best practice and lessons learned, as well as of general potential for improvement. Furthermore, individual improvements are regularly assessed in external ISO 45001 audits and central HSE audits conducted in collaboration with local HSE representatives.

Lost Time Injury Frequency Rate

The KION Group manages the workplace accident rate using an entity-specific metric, the Lost Time Injury Frequency Rate (LTIFR). The LTIFR calculates the number of fatalities and injuries caused by work-related accidents resulting in a loss of one or more working days in relation to 1 million hours worked. The calculation uses the following formula: LTIFR = Lost Time Injuries * 1 million hours worked / actual working hours. By 2027, the KION Group aims to reduce the LTIFR by a minimum of 5 percent year-on-year, regardless of the previous year's performance. During the period since the base year (2017: 10.3), when the initial target was defined, the LTIFR has decreased significantly in absolute terms (2024: 4.4). The specified target of a 5 percent reduction year-on-year was achieved again in 2024 (see 'Strategy targets and target achievement in 2024').

Certification rate in accordance with ISO 45001

The KION Group's sustainability strategy includes the strategic aim of certifying all of the Group's sites in accordance with ISO 45001. The ISO 45001 certification rate represents the percentage of KION Group sites that have been externally certified. In the base year 2021, 68 percent of sites had been certified in accordance with ISO 45001. The targeted strategic goal for 2024 could be nearly achieved with a certification rate of 99 percent. The KION Group has continuously increased its ISO 45001 certification rate and therefore considers progress to be in line with the initial target set (see 'Strategy targets and target achievement in 2024').

HSE assessment

Since the KION Group expected to achieve the ISO 45001 certification rate target in 2024, it set a new strategic target to continue addressing material impacts related to occupational health and safety. This target is for the KION Group to achieve an average score of 100 percent for compliance with the HSE Standard throughout the KION Group sites by 2027. The scope of the target therefore covers own operations at all sites across the Group. During 2024, the KION Group focused on establishing a baseline for setting the 2025 target and on further reflecting the average 2024 score (95.8 percent), as well as on achieving full participation in the HSE assessment by all sites. For this reason, no disclosure is as yet being provided regarding performance and progress against the target (see 'Strategy targets and target achievement in 2024').

Metrics related to own workforce

The following subchapters deal with the KION Group's material metrics related to own workforce.

Characteristics of the employees

The KION Group collects and records employee numbers and characteristics using a groupwide HR system. Employee-specific datapoints are aggregated in accordance with the basis of consolidation for financial purposes. The KION Group reports the number of employees and apprentices based on headcount, using the actual number at the end of the financial year 2024 (December 31, 2024). The total number of employees (headcount) is cross-referenced with the number of full-time equivalents (FTE) in the section 'Headcount' [ESRS 1.119 a)].

The metrics for the employee characteristics include active and inactive employees of the KION Group, while apprentices, interns, and temporary student employees are not included. Apprentices were excluded from the definition of own workforce, as they cannot be considered to be employees or non-employees. However, since the KION Group does consider them to be relevant internal stakeholders, data on apprentices is provided separately.

When disclosing the rate of staff turnover and the number of employees whose employment relationship ended, the KION Group takes dismissals and retirement into account, as well as other voluntary and involuntary reasons, while intercompany transfers are excluded to avoid double counting. The KION Group uses the average number of employees over a twelve-month period (as of the last day of each month, divided by the number of months) as the denominator for the rate of staff turnover.

Employees by gender (headcount)

Gender	2024
Male	35,066
Female	8,183
Other[1]	6
Not reported	42
Total number of employees at the end of the reporting year (headcount)[2]	**43,297**
Employees leaving the undertaking in the reporting period	5,235
Turnover rate of employees in the year under review[3]	**12.1%**

1 Gender as specified by the employees themselves
2 Headcount including inactive employees and excluding apprentices, interns and working students
3 Number of employees leaving the undertaking in the reporting period in relation to the annual average number of employees

Number of employees by contract types and gender (headcount) as at Dec. 31, 2024

	Breakdown by gender				
	Male	Female	Other[1]	Not disclosed	Total
Number of employees by contract types at the end of the reporting year (headcount)[2]	**35,066**	**8,183**	**6**	**42**	**43,297**
thereof number of permanent employees	32,378	7,500	6	42	39,926
thereof number of temporary employees	2,662	677	–	–	3,339
thereof number of non-guaranteed hours employees	26	6	–	–	32
Additional information: Number of apprentices[3]	**693**	**155**	**1**	**2**	**851**

1 Gender as specified by the employees themselves
2 Headcount including inactive employees and excluding apprentices and interns
3 Breakdown of apprentices in main countries (in %): Germany (64.3%), UK (14.6%), France (13.7%) and other countries (7.4%)

In 2024, the majority of the KION Group’s employees were on a permanent contract. Contracts for temporary employment were in place to cover, for example, seasonal demand, time-limited project work, temporary replacements (for example during parental leave), and probation periods.

Own workforce by country[1]

	2024
Number of employees at the end of the reporting year (headcount)[2]	**43,297**
thereof located in:	
Germany	12,627
China	5,264
USA	4,354
Other countries	21,052

1 Countries with at least 50 employess and at least 10 percent share in each country

2 Headcount including inactive employees and excluding apprentices, interns and working students

Incidents, complaints, and severe human rights impacts

The metrics for incidents, complaints, and severe human rights impacts include incidents of discrimination and systematic harassment reported as substantiated in the reporting period as part of the annual compliance risk assessment of local entities, or that were reported via the KION Group's whistleblowing system and substantiated by the investigative process in the reporting period, as described in the 'Processes to remediate negative impacts and channels for own workforce to raise concerns' chapter.

The KION Group defines complaints under ESRS S1-17 as allegations, complaints, or concerns that were reported during the reporting period, regardless of whether they were substantiated or not.

As part of the annual compliance risk assessment process, a groupwide system collected information on any incidents connected to the Group's own workforce, including those related to discrimination, systematic harassment, and human rights violations. This annual process was initiated by Group headquarters at the end of 2024. The HR department in each Operating Unit supported and oversaw the compliance risk assessment with regard to labor rights and human rights. The data for each entity is reported internally via a questionnaire by the respective management teams and/or members of the HR department. The management team and HR department of each Operating Unit are responsible for the validation, assessment, and approval of the data and information reported for all entities in the respective Operating Unit. The Compliance Risk Assessment covers the consolidated subsidiaries as well as certain unconsolidated equity investments, which are based on the scope of the minimum employment standards policy (see 'Policies related to own workforce'). The metrics disclosed below relate to the consolidated entities for financial reporting.

Work-related incidents and/or complaints within own workforce

	2024
Total number of incidents of substantiated discrimination[1] including systematic harassments in the reporting period	**–**
Total number of other filed complaints in the reporting period	**92**
Total amount paid for fines, penalties and compensations for damages as a result of these incidents and complaints (in € thousands)	**–**

1 Discrimination by gender, ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms linguee

No breaches of the KION Group's minimum employment standards came to light in 2024, and thus also no severe human rights issues in the Company's workforce, such as child labor, forced labor, or human trafficking (see 'Strategy targets and target achievement in 2024'). The same applies to incidents of discrimination and systematic harassment; none of the incidents of harassment documented in the whistleblowing system and substantiated in 2024 were deemed material, even where they resulted in disciplinary action.

The KION Group also collects the number of complaints related to social topics, including human rights factors and issues, formally submitted and documented via different channels. These channels include complaint mechanisms, such as the KION Group's whistleblowing system, and can be used by employees and non-employees to raise concerns (see 'Processes to remediate negative impacts and channels for own workforce to raise concerns'). Additional channels include the local HR department and Executive Board, the employee representatives, and the employees responsible for compliance. For the sake of completeness, the number of complaints reported as part of the compliance risk assessment is reconciled against the data from the KION Group's whistleblowing system.

The amounts of fines, penalties, and compensation for damages as a result of these incidents and complaints, if any, are also collected via the questionnaire used in the compliance risk assessment.

The calculation of the metrics for the characteristics of the employees and for the incidents, complaints, and severe human rights impacts disclosed above was not validated by an external body other than the assurance provider.

Health and safety metrics

With respect to material impacts related to the health and safety of its own workforce, the KION Group discloses its 2024 health and safety metrics in line with ESRS S1-14, 88. Metrics to which the transitional provisions in ESRS S1-14 apply are not disclosed.

Health and safety metrics[1]

	2024
Percentage of people in its own workforce who are covered by the health and safety management system[2]	**97.7%**
Number of fatalities as result of work-related injuries and work-related ill health	
Employees[1]	1
Non-employees in own workforce	0
Other workers working on sites	1
Number of recordable work-related accidents for employees	**444**
Lost Time Injuries (LTIs) - employees[1]	351
Other injuries - employees[1]	93
Rate of recordable work-related accidents for employees[2]	**5.8**

1 Employees include active employees and apprentices

2 Number of reported work-related accidents resulting in the loss of one full working day or more

A groupwide reporting system collects occupational health and safety data from the KION Group's consolidated subsidiaries, including incidents, working hours, management system certifications, and other health and safety metrics. This system aggregates entity-specific datapoints in accordance with the scope of consolidated entities for financial reporting. The local accident reporting processes and the occupational health and safety management system are validated by external certification bodies as part of ISO 45001 certification audits.

Additional metrics with relevant targets have been put in place to further address the 'Occupational health and safety' action field of the Group's sustainability strategy. These include the LTIFR, the ISO 45001 certification rate (at site level), and the HSE assessment score (see 'Strategy targets and target achievement in 2024').

With respect to the HSE assessment score, the groupwide score is equivalent to the average of the individual results of the HSE assessments for all sites. These individual scores are calculated based on the level to which each site complies with the HSE Standard (see 'Policies related to own workforce'). In the reporting year, efforts focused on setting a baseline for the average score for compliance with the HSE Standard, as well as ensuring that all sites participated in the HSE assessment. In 2024, the average score for compliance with the HSE Standard was 95.8 percent. The current difference between the actual compliance score and the complete average score of 100 percent is mainly due to new sites and to the revision of the HSE Standard in 2023. The revised HSE Standard contains new and more detailed requirements, and was still in the process of being implemented in 2024. The metric is an important tool for ensuring and monitoring full and continuous compliance with the HSE Standard at all KION Group sites.

Compared to previous reporting periods, changes in the calculation and preparation of the disclosed metrics mainly relate to different reporting scopes. The scope for the metrics on employee characteristics was modified, as it previously included apprentices but excluded inactive employees. With respect to incidents, complaints, and severe human rights impacts, the scope for incident reporting was broadened to the own workforce, which now includes additional categories of non-employees. In line with the requirements of ESRS S1-14 for health and safety metrics, the breakdown for fatalities and the types of incidents reported were also revised to include the Group's own workforce and other workers on site, as well as all recordable occupational health and safety incidents.

Workers in the value chain

The 'Workers in the value chain' chapter meets the disclosure requirements of ESRS S2 and is based on the results of the double materiality analysis. Material topics for the KION Group are managed in the context of the 'Supply chain' action field.

Material impacts, risks, and opportunities and their interaction with strategy and business model in relation to workers in the value chain

The double materiality analysis described in the 'Description of the process to identify and assess material impacts, risks, and opportunities' chapter identified two negative material impacts of the KION Group in relation to workers in the value chain within the 'Other work-related rights' sub-topic.

List of all material Impacts, Risks and Opportunities – Employees in the value chain

		Value chain			Time horizon		
Sub-topic	**IRO**	**Up-stream**	**Own operations**	**Down-stream**	**< 1 year**	**1–5 years**	**> 5 years**
Other work related rights							
Forced labour in the metal supply chain	Negative impact	•				•	
Child labour in manufacturing supply chains	Negative impact	•				•	

Forced labor in the metal supply chain (negative impact)
The KION Group is aware that extracting raw materials for iron and extracting non-ferrous metals, such as copper, zinc, cobalt, or lithium, and their subsequent processing through to the production of an end product, can – depending on the country, industry, and stage of production – have varying degrees of negative impact for workers in the upstream value chain. These negative impacts can include child labor, forced labor, forms of coercion and repression in the workplace (that are frequently part of modern slavery), disregard for workplace health and safety provisions, discrimination, non-payment of a living wage, or the use of force by security personnel. In accordance with the International Labour Organization (ILO), forced labor in the mining and metal working sector – especially in geopolitically sensitive regions – is classed as a substantial risk. This is a widespread and systemic negative risk.

KION Group products contain numerous components for assembly that feature, or consist of, a variety of metals. The KION Group is not directly involved in the extraction of raw materials as it purchases goods and components from manufacturers around the world instead. The KION Group's direct influence on practices in the upstream value chain and thus on the material negative impact of forced labor in the metal industry is therefore limited. As part of its direct business relationships, the KION Group assesses and evaluates tier 1 suppliers using the ESG supplier risk management process described in the 'Policies related to workers in the value chain' chapter. Where necessary, an escalation process is initiated in line with the KION Group's existing guidelines.

Child labor in manufacturing industry supply chains (negative impact)

Due to the global nature of the KION Group's procurement activities, child labor has been identified as a potential negative impact in manufacturing industry supply chains and deemed material in the KION Group's double materiality analysis. In accordance with the ILO, child labor in global manufacturing supply chains – especially in geopolitically sensitive regions – is classed as a substantial risk along with forced labor. Breaches of international labor standards and human rights, particularly cases of child labor, are reported throughout the industry. This is a widespread and systemic negative risk.

As explained above, the KION Group is not directly involved in the extraction or direct processing of raw materials, so it has limited direct influence on practices in the upstream value chain and thus on child labor in the manufacturing industry supply chains. As part of its direct business relationships, the KION Group assesses and evaluates tier 1 suppliers using the ESG supplier risk management process described in the following chapter. Where necessary, an escalation process is initiated in line with the KION Group's existing guidelines.

Policies related to workers in the value chain

The following subchapters deal with the KION Group's material policies related to workers in the value chain.

The KION Group has defined sustainability strategies, procedures, and requirements in order to assess the two aforementioned material impacts of the KION Group's business on the upstream value chain and the workers in it, and to avoid, mitigate, or eliminate risk. The KION Group requires direct suppliers to act in accordance with the following policies, which is also demanded with regard to the interests, views, and rights of workers in the upstream value chain.

Principles of Supplier Conduct (code of conduct)

The KION Group Principles of Supplier Conduct contain specific requirements and rules of conduct for responsible procurement. The Principles of Supplier Conduct – which are available in German, English, and Chinese – formulate environmental, ethical, and social guidelines for the global supplier base. Furthermore, the Principles of Supplier Conduct contain specific requirements on working conditions, equal treatment, equal opportunities, and other work-related rights in accordance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work (in particular Convention Nos. 138 and 182), and the OECD Guidelines.

Also set out in the Principles of Supplier Conduct is the KION Group's zero tolerance approach to child labor and forced labor, for example, as well as related requirements of suppliers in terms of environmental, social, and governance practices. The supplier's obligation to prevent inhumane, discriminatory, and unsafe working conditions for their employees is a core principle. Moreover, every supplier must ensure that their suppliers, in turn, adhere to these principles and requirements.

The Principles of Supplier Conduct are an essential and integral part of the KION Group's General Terms and Conditions of Purchase. All suppliers entering into a business relationship with the

KION Group must fulfill this requirement and agree to the Principles of Supplier Conduct – either by acknowledging the General Terms and Conditions of Purchase or by concluding an individually negotiated agreement. In addition, both the General Terms and Conditions of Purchase of the KION Group and individual agreements contain further requirements and obligations for the supplier that are intended to ensure compliance with applicable law and responsible practices within the value chain.

The Head of Global Procurement is responsible for the Principles of Supplier Conduct and the General Terms and Conditions of Purchase of the KION Group. Both sets of requirements were compiled with the Legal and Compliance department of the KION Group and apply to all direct suppliers of the KION Group.

[[The KION Group Principles of Supplier Conduct are publicly available on the KION Group's website at www.kiongroup.com/en/About-us/Suppliers/.]]

ESG Risk Management Standard for Suppliers*

To ensure that the actual and potential material impacts, risks, and opportunities for workers in the upstream value chain are assessed and that actual or potential negative impacts are minimized or eliminated, the KION Group has established a three-stage process for assessing supplier risk in terms of the environment, social responsibility, and corporate governance (ESG). This process is described in the ESG Risk Management Standard for Suppliers of the KION Group.

Every supplier in a direct business relationship with a KION Group company (tier 1 supplier) must be analyzed and assessed using the ESG supplier risk management process. This process assesses the efforts of suppliers to comply with and achieve certain labor-law, social, ethical, and environmental standards. Specific focuses of the ESG Risk Management Standard include workplace health and safety, anti-corruption and anti-bribery practices, product-related environmental protection, upstream supply chain monitoring, and, in particular, compliance with fundamental human rights, labor rights, and employment standards, which include questions about child labor and forced labor.

The first stage of the three-stage ESG supplier risk management process is the ESG supplier risk assessment, through which the KION Group monitors and assesses the extent to which direct suppliers comply with the standards. This encompasses global risk mapping followed by an additional assessment of individual supplier-specific risks. The KION Group uses the IQ product from EcoVadis for its global risk mapping. It provides an abstract assessment of the suppliers' inherent sustainability risk profiles based on their country, sector, and goods risk. In addition, an individual risk assessment is carried out by service providers IntegrityNext and EcoVadis if a supplier is classified as high risk during global risk mapping, or if the KION Group specifically selects the supplier for an individual assessment. All new suppliers undergo an individual risk assessment.

The second stage of the process encompasses the ESG supplier risk analysis. In this phase, the KION Group decides on the weighting and priority of the specific ESG supplier risk as determined in the first stage. The severity and potential impacts of the identified risks, the significance of the suppliers for the KION Group's operations, and potential alternative sources for procuring the relevant products are considered in this analysis. The ESG supplier risk thus determined is then systematically assigned to one of three categories: 'low ESG risk', 'some degree of potential ESG risk', or 'high ESG risk'.

* The assessments by EcoVadis and IntegrityNext were not part of the audit carried out by KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

The results of this ESG supplier risk analysis determine whether and what kind of improvement actions will be taken in the third stage of the process. The first step of the third stage is to analyze suppliers in detail and assess them by means of a desk audit, which primarily involves questionnaires and documentation checks. The next steps are defined and agreed on the basis of the desk audit results. These can include on-site audits and specific actions, such as individually agreed remedial action. All suppliers passing an EcoVadis desk audit have the opportunity to attend training courses that support them in making improvements.

Should a supplier fail to comply with the ESG supplier risk management process – for example by refusing to provide information, preventing audit initiatives, or unilaterally failing to instigate remedial action plans – the escalation process is triggered in line with the current KION Group rules. Non-compliance can have a wide range of consequences for the supplier. The KION Group ultimately reserves the right to end the business relationship, with the supplier agreeing to this under the Principles of Supplier Conduct.

The ESG supplier risk assessment is carried out once a year and on an ad hoc basis as required. A regular risk analysis is performed for all direct tier 1 suppliers (as defined below) and the KION Group's own subsidiaries. New suppliers are subject to this risk assessment as part of the introduction, selection, and contract award process for suppliers. The ad hoc risk analysis must be carried out if there is any change in the supplier's business, if a new project is awarded, new businesses are acquired, new markets are entered, or if the KION Group becomes aware of misconduct.

As every (tier 1) supplier must be analyzed and assessed using the ESG supplier risk management process, the KION Group executes this process in a compliant, focused, and efficient manner, prioritizing suppliers on the basis of the following criteria (target groups):

- Tier 1 suppliers in direct procurement that, due to their country or industry, are subject to increased ESG supplier risk (high-risk countries), and/or
- Tier 1 suppliers in direct procurement that are considered to be category A suppliers (essential for the KION Group's production processes), and/or
- Tier 1 suppliers in indirect procurement for specific categories that, due to their industry or country, are subject to increased ESG supplier risk as defined in the ESG Risk Management Standard for Suppliers.

For all other suppliers, the ESG supplier risk assessment is carried out on an ad hoc basis.

The ESG Risk Management Standard for direct Suppliers was developed in collaboration with the following internal functions during the preparation, drafting, and revision phases: the Procurement department, the Legal and Compliance department, the Sustainability department, and the HR department. The defined process applies to all direct suppliers of the KION Group and to its Operating Units.

The global Supplier Sustainability Team – part of the Procurement organization – is responsible for execution, compliance, quality, and effectiveness. The team leads the relevant processes at the start of each year and initiates the follow-up process in the third quarter. The ESG supplier risk management process itself is reviewed in December each year to check its effectiveness. All insights gathered during this phase are reviewed and the process is adapted where appropriate.

The KION Group has created an internal ESG supplier dashboard for information and reporting purposes in order to integrate the process of assessing ESG supplier risk into the KION Group's procurement organization and its procurement strategy, and to manage the actual and potential material impacts, risks, and opportunities in the upstream value chain. All the results of the assessments are available in this dashboard and can be accessed by the global procurement team.

Some procurement processes have also been updated to reflect the dashboard and now include sustainability criteria and the KION Group ESG supplier score, which is displayed in the ESG dashboard. Among these processes are the KION Group Standard on Sourcing and Awarding Committee (for direct and indirect procurement), requests for tender, and the supplier scorecard.

The results of the ESG supplier risk management process are taken into account in the decision-making process for awarding contracts, as are conflict minerals, for example. Special metrics and related targets are determined in order to monitor the strategy and track progress. The results also feed into the Supplier Performance Management department's supplier performance score.

The ESG Risk Management Standard for Suppliers is available internally on the KION Group intranet. To facilitate understanding and compliance, the process has also been communicated via dedicated emails and training sessions for members of the Procurement team.

Sustainability is also a frequent topic in the Global Procurement Governance Council's regular meetings and in regional and global quarterly meetings. The Global Procurement Governance Council is composed of the Head of Global Procurement and its global direct reports. The Council discusses and decides on general strategies, processes, governance, and developments. The quarterly meetings, which are attended by the heads of specific regions and global procurement categories, serve to monitor and manage procurement activity on the basis of KPIs, including those related to sustainability.

Conflict Minerals Standard

The KION Group's Conflict Minerals Standard is based on the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas of the Organisation for Economic Co-operation and Development (OECD). By specifically referring to the EU Conflict Minerals Regulation (Regulation (EU) 2017/821) and the US Dodd-Frank Act (section 1502), the KION Group has clearly formulated its commitment in this area.

Every year, the KION Group carries out due diligence checks in its supply chain in order to ascertain whether the goods that it is procuring from its suppliers, and that are ultimately used in the end products of the KION Group, potentially contain conflict minerals. The Head of Global Procurement and the Head of Sustainability & HSE are responsible for this.

The Conflict Minerals Standard applies to all direct suppliers. It was created by the relevant internal stakeholders, who drafted, checked, and reviewed it. The content of the standard can be viewed by anyone affected by it on the KION Group's website and intranet. It has also been communicated in dedicated emails and training sessions.

[[The standard is available to the public on the KION Group's website at www.kiongroup.com/en/About-us/Suppliers/.]]

Processes for engaging with value chain workers about impacts

During the first stage of the ESG supplier risk management process described in the 'Policies related to workers in the value chain' chapter, direct suppliers are provided with several self-assessment questionnaires by the service providers IntegrityNext and/or EcoVadis. In terms of material impacts, these cover various topics such as child labor, forced labor, discrimination, other labor-related rights, environmental topics, and internal procedural matters. Under the supervision of the Head of Global Procurement, the global Supplier Sustainability Team is responsible for the execution, compliance, quality, and effectiveness of the questionnaires. The ESG supplier risk management process itself is reviewed at the end of each year to check its effectiveness. All insights gathered during this phase are reviewed and the process is adapted where appropriate.

The KION Group, and specifically the Supplier Performance Management department within the procurement organization, is responsible for monitoring and developing the existing supplier base as well as potential new suppliers on a global level. As part of this remit, the department also carries out in-depth, on-site supplier assessments and a range of audits of potential new suppliers, and of selected suppliers as required. Key sustainability criteria were included for the first time in 2024. They were part of an initial pilot project that included employee surveys on topics such as child labor, forced labor, and violence in the workplace, as well as working conditions and fundamental environmental aspects of the company. This local supplier assessment also includes discussions with specific members of the workforce. Where the assessment identifies potential risks, further investigations are initiated in accordance with the ESG supplier risk management process as described in the 'Policies related to workers in the value chain' chapter.

The KION Group also offers its suppliers training on the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) and other sustainability topics, which, depending on the supplier's structure, brings the Supplier Sustainability Team or other members of the procurement organization into contact with the supplier's workforce.

To reinforce the inclusive nature and diversity of the supplier network, the KION Group supports a wide-ranging formal policy in the US on the advancement of companies owned or run by a member of an underrepresented group.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

The KION Group provides a number of ways for internal and external whistleblowers to report potential breaches of the law or of other regulations. Actual or suspected breaches of the law or regulations can be reported to the Group's Compliance department by email, telephone, or post. The KION Group can also be contacted through social media.

External whistleblowers can additionally make use of the KION Group whistleblowing system's dedicated hotline to anonymously report actual or suspected compliance breaches. [[This system provides several channels for reporting concerns, such as an online form (www.kiongroup.com/whistleblowing), a hotline, and an email address (compliance@kiongroup.com).]]

[[The existence of these channels is clearly communicated on the website and in the KION Group Code of Compliance. They are accessible to the public at www.kiongroup.com/en/About-us/Compliance/ and in the information for suppliers of the KION Group.]]

It is standard policy at the KION Group to investigate and follow up on every compliance report, with each one being documented in the Compliance Case Management System and reviewed by the KION Group Compliance Case Manager. Depending on the nature of the report, either a Compliance Officer or a representative of another competent KION Group function is appointed to manage the investigation, close it, and follow-up on the report. The Compliance Case Manager monitors progress and prepares management reports.

The KION Group continuously improves the whistleblowing system on the basis of feedback from whistleblowers and other users of the system. Anyone can make suggestions for improvements. In 2024, these were discussed by the Compliance department, the Compliance Committee, and any other internal stakeholders as appropriate. Questions on the whistleblowing system were included in the annual compliance risk assessment questionnaires that were filled out by the local

KION Group sites in 2024. To date, no formal assessment of employees' trust in the channels has been carried out. Corporate Compliance is responsible for the procedure for dealing with compliance incidents, which is set out in the KION Group's policy on internal investigations.

[[The KION Group Code of Compliance serves to protect whistleblowers and is available to the public on the KION Group's website at www.kiongroup.com/en/About-us/Compliance/.]] The Code sets out that reprisals, threats, or attempted reprisals against a whistleblower are forbidden in internal investigations at the KION Group.

In addition to its whistleblowing system, the KION Group screens news to identify cases that come to light through reports in the media and involve a potential breach of compliance. These incidents are also documented in the Compliance Case Management System.

In accordance with the ESG supplier risk management process described in the 'Policies related to workers in the value chain' chapter, the KION Group has defined a process for any infringements of protected rights in the supply chain. This process serves, in particular, to follow up any infringements categorized as a 'Human rights or environmental breach in the supply chain' and to take suitable remedial action.

Once a report has been made via one of the aforementioned channels, the incident is assigned to be followed up by the global Supplier Sustainability Team, which is part of the procurement organization. The investigation is performed as described in the ESG supplier risk management process and is subject to the same requirements as for compliance case management. The aim is to analyze all incidents thoroughly, uniformly, and with the same level of detail.

There is no defined process for managing compensation for workers in the value chain. Workers have to make their case themselves and decisions are made following an individual review.

Regular checks by the Compliance Committee of the KION Group and the Human Rights Committee are designed to monitor the effectiveness and efficiency of the process.

Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The following subchapters deal with the KION Group's material actions related to workers in the value chain.

The KION Group's sustainability strategies, procedures, and requirements described in the 'Policies related to workers in the value chain' chapter are used as binding criteria for the selection of suppliers and give rise to specific actions. The sustainable approach to procurement follows a continuous improvement process across the phases of strategy development, risk assessment, risk mitigation, incident management, and corrective actions.

Two potential incidents of forced labor were identified through news screening, which were documented and processed via the Compliance Case Management System (see 'Processes to remediate negative impacts and channels for value chain workers to raise concerns').

One of the cases was closed promptly, as the affected company made a public pledge to take corrective action. The second case refers to the exposure of forced labor in a particular country. An ad hoc risk analysis of suppliers from this country was initiated to check that the conditions described are not prevalent at suppliers to the KION Group. The risk analysis was carried out for the majority of suppliers in the reporting year, and no cases of this type were identified. The risk analysis is scheduled to be completed in early 2025.

ESG supplier risk management including forced and child labor

In 2024, the three-stage ESG supplier risk management process described in the 'Policies related to workers in the value chain' chapter was used by the global Supplier Sustainability Team – as part of the Procurement organization – to determine actual or potential material negative impacts on workers or on the environment in its upstream value chain. The KION Group's mandatory ESG supplier risk management process includes explicit questions on child labor and forced labor as well as on the supplier's onward supply chain. The actions to be taken to prevent, mitigate, or remediate actual or potential negative impacts are defined in this process. The KION Group also expects compliance with the requirements to be replicated along the entire value chain and requires its suppliers to uphold the Principles of Supplier Conduct described in the 'Policies related to workers in the value chain' chapter in their supply chains.

As part of its management of the ESG risk management process for suppliers, the KION Group introduced a new strategic target in 2024. It is explained in more detail in the following chapter.

Transparency regarding conflict minerals

With respect to conflict mineral smelters or refiners (SOR), the KION Group has been participating in an annual smelter outreach initiative since 2022. This initiative, which is actively managed by service provider Assent, aims to approach directly those SORs that have not yet been, or have refused to be, assessed by local auditors regarding their conflict-free minerals sourcing. The initiative does not specifically target the KION Group's suppliers but is a general due diligence initiative as part of an industry-recognized assessment program, with the objective of improving transparency globally.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The following subchapter deals with a material target of the KION Group related to workers in the value chain.

The KION Group has been carrying out sustainability risk assessments of selected tier 1 suppliers through EcoVadis for several years. Explicit reference was made in this context to actual and potential impacts in the upstream value chain, including child labor and forced labor.

Due to the ever-growing importance of the topic and also to address LkSG requirements, the KION Group introduced the global ESG supplier risk management process in 2023. The process is presented in the 'Policies related to workers in the value chain' chapter.

Increase in spend on tier 1 suppliers with a low ESG risk

In order to strategically counter negative impacts on workers in the value chain, the KION Group defined a new target in the 'Supply chain' action field of its sustainability strategy in 2024. This target is driving the continual expansion of a very low-risk upstream value chain and preventing, mitigating, or remediating actual or potential negative impacts on the environment or human rights, such as exploitative child labor and forced labor. The KION Group is pursuing the new strategic target of increasing the proportion of annual spending on tier 1 suppliers in category A with a low ESG risk. Category A suppliers are strategic suppliers that are essential to production according to an ABC categorization based on the proportion of spend they account for (see 'Strategy targets and target achievement in 2024').

For 2024, the KION Group's target was to raise the proportion to 31.5 percent. The base year was 2023 with a base value of 24 percent. The Procurement department, the Legal and Compliance department, the Sustainability department, and the HR department were all involved in formulating this groupwide target.

Metrics related to workers in the value chain

The following deals with a material metric of the KION Group related to workers in the value chain.

In 2024, the KION Group managed to increase the proportion of annual spending on tier 1 suppliers in category A with a low ESG risk to 60.5 percent.

The metric measures the proportion of spending on tier 1 suppliers in category A that were identified as low ESG risk by the ESG supplier risk assessment. This is calculated as a percentage of the total spend on direct tier 1 suppliers in category A. Tier 1 suppliers provide products or services directly to the KION Group, excluding sub-suppliers or downstream suppliers. Direct suppliers deliver materials that are directly incorporated into the end products. Category A suppliers are strategic suppliers that, according to an ABC categorization based on the proportion of spend they account for, receive a total of around 80 percent of overall expenditure on tier 1 suppliers and are therefore materially important to the KION Group.

Only external spending is taken into account. Intracompany transactions and expenditure for companies in which the KION Group holds a minority interest are excluded. The main source of the operating expenditure data is an internal database that predominantly contains primary data such as invoices and directly interfaces with the KION Group's accounting systems. Since not all of the entities are linked to this database, it does not capture 100 percent of the Group's operating expenditure. Entities that are not linked to this internal database are asked to identify their suppliers so that these can be included in the assessment.

The ESG risk levels – low, medium, and high – are calculated by external tools such as EcoVadis IQ, individual EcoVadis ratings, and individual Integrity Next ratings. Which tool is chosen depends on the suppliers' preferences and their familiarity with the tools, and on how well the assessment methods are known in the industry. Following the initial risk categorization using the tools, the KION Group takes targeted corrective action, in accordance with the ESG Risk Management Standard, designed to minimize or prevent risk at suppliers with high ESG risk. Corrective action is optional for suppliers with a medium risk and depends on the decisions of the buyer and the department for supplier sustainability. Successfully implemented and documented corrective action can help to lower the initial risk level and keep track of the progress made by suppliers. As specified in the ESG risk management process, the decision to take corrective action is made for each supplier based on the findings of the ESG supplier risk assessment and the ESG risk analysis. The ESG risk assessment meets the requirements of the LkSG, which calls for risk analyses to be conducted to identify risks such as child labor and forced labor. The assessment process includes a global risk analysis, individual supplier assessments, weighting and prioritization, and the planning of corrective action. The ESG criteria and actions are based on and aligned with LkSG requirements.

Governance information

Business conduct

The ‘Business conduct’ chapter meets the entity-specific disclosure requirements of ESRS G1 and is based on the results of the double materiality analysis. For the KION Group, sustainable management is a fundamental part of the decision-making process and the wider implementation of decisions, particularly where its relationships with business partners are concerned (see ‘The role of the administrative, management, and supervisory bodies’). Material topics for the KION Group are managed in the context of the ‘Supply chain’ action field.

Furthermore, ‘Anti-corruption and anti-bribery’ was integrated into this ‘Business conduct’ chapter as a mandatory disclosure under CSR-RUG.

Material impacts, risks, and opportunities and their interaction with strategy and business model in relation to business conduct

The double materiality analysis outlined in the ‘Description of the process to identify and assess material impacts, risks, and opportunities’ chapter identified the following entity-specific sub-topic in relation to the ‘Business conduct’ topic based on a positive impact that was assessed as material.

List of all material Impacts, Risks and Opportunities - Governance

		Value chain			Time horizon		
Sub-topic	**IRO**	**Up-stream**	**Own operations**	**Down-stream**	**< 1 year**	**1-5 years**	**> 5 years**
Management of relationships with suppliers, excluding payment practices (entity-specific)							
Responsible selection and assessment of suppliers	Positive Impact	•				•	

Responsible selection and assessment of suppliers (positive impact)
The responsible selection and assessment of suppliers on the basis of sustainability criteria helps to make the supply chain more sustainable and can encourage suppliers to actively collaborate on sustainability activities. By considering sustainability matters in the selection and contract awarding process, the KION Group creates an incentive for suppliers to offer goods with relatively low negative – or positive – environmental and social impacts. It motivates suppliers to continually improve or at least maintain their ESG risk assessment level. This process is supported by the KION Group’s ESG supplier risk management process, as described in the ‘Policies related to workers in the value chain’ chapter.

As a global company, the sustainability performance of the KION Group’s products and services depends not only on the properties of its directly sourced raw materials, goods, and services, but also on its business relationships. The strategic approach in the upstream supply chain and the associated positive impact are therefore closely linked with the business model and business strategy of the KION Group.

Policies related to management of relationships with suppliers, except for payment practices (entity-specific)

The binding rules of the KION Group ESG Risk Management Standard for Suppliers, as described in the ‘Policies related to workers in the value chain’ chapter, address the systematic implementation of sustainable and ethical standards in the upstream value chain. Several years ago, the KION Group implemented and expanded the ESG risk management process to identify and investigate any shortcomings in supply chain relationships.

In order to ensure that actual or suspected instances of non-compliance can be reported anonymously, the KION Group has a standardized whistleblowing procedure. This is described in greater detail in the ‘Processes to remediate negative impacts and channels for own workforce to raise concerns’ chapter.

Management of relationships with suppliers, except for payment practices (entity-specific)

Sustainability is a key topic of and firmly embedded in the corporate strategy. As integral elements of this sustainability strategy, the supply chains and the relationships with suppliers play a vital role in responsible business conduct. The responsible selection and assessment of suppliers is therefore not just a key component of the KION Group’s business model for legal reasons, it also promotes sustainable practices along the entire supply chain.

The KION Group sources raw materials, goods, and services from suppliers in different parts of the world. The responsible selection and assessment of suppliers guided by sustainability in line with the KION Group’s ESG supplier risk management process can help to make the supply chain more sustainable and encourages suppliers to actively work on sustainability-related activities. By considering sustainability matters in the selection and contract awarding process, the KION Group creates an incentive for suppliers to offer goods with relatively low negative – or positive – environmental and social impacts. ESG supplier risk is reviewed and updated annually. The outcome of this ESG supplier risk assessment is incorporated into the supplier performance risk and influences the individual supplier performance score. This motivates suppliers to continually improve or maintain their ESG risk assessment level. A good ESG supplier risk score not only has a positive influence on the overall assessment of supplier performance, it also has a positive effect on the business relationship and awarding of contracts going forward.

More information on the ESG supplier risk management process is provided in the ‘Workers in the value chain’ chapter.

Actions related to management of relationships with suppliers, excluding payment practices (entity-specific)

The KION Group took material steps in 2024 to embed ESG criteria – particularly in the upstream value chain – into its procurement practices, integrating them into the Global Supplier Awarding Committee (GSAC) process and the supplier performance scorecard. In both cases, the ESG supplier risk score is used as determined in the ESG supplier risk management process. Assessments of existing tier 1 suppliers are generally conducted every year, but they are also performed on an ad hoc basis, for example for prospective new suppliers.

The GSAC, made up of a cross-functional team, decides in an internal process which suppliers are shortlisted for the awarding of contracts. The supplier score card facilitates the assessment of supplier performance and strengthens the supplier relationship. Six areas of supplier performance are assessed, including sustainability. The ESG supplier risk score is determined as part of the sustainability assessment and makes up 15 percent of the supplier performance score. This has a direct impact on the specific supplier relationship.

More information on the ESG supplier risk management process is provided in the 'Workers in the value chain' chapter.

Targets related to management of relationships with suppliers, excluding payment practices (entity-specific)

As mentioned above, the KION Group set a new target in the 'Supply chain' action field of the sustainability strategy in 2024. The KION Group aims to continually increase the proportion of annual global spending on deliveries from direct suppliers that are essential for production (A suppliers) with a low ESG risk, and set itself the target of raising the proportion to 31.5 percent in 2024. In 2024, the KION Group managed to increase the proportion of tier 1 suppliers in category A with a low ESG risk to 60.5 percent (see 'Strategy targets and target achievement in 2024' and 'Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities').

Contextual information for this metric can be found in the 'Metrics related to workers in the value chain' chapter.

Anti-corruption and anti-bribery matters

In line with its compliance management system, the KION Group aims for systematic compliance with laws, guidelines, and voluntary codes across the Company. The Executive Board is collectively responsible for the groupwide compliance management system of the KION Group. In organizational terms, the compliance function reports directly to the Chief Executive Officer of KION GROUP AG.

[[The KION Group Code of Compliance underpins the compliance management system and is complemented by other groupwide regulations on a wide range of matters that cover the KION Group's full spectrum of activities.]] The KGCC is binding for all KION Group employees and provides guidance on the correct and appropriate way to interact with colleagues, customers, business partners, and the public. All new KION Group employees must complete an e-learning course covering all aspects of the KGCC.

The KION Group expressly supports the fight against any form of corruption and bribery. With this in mind, it takes a prevent-detect-respond approach, which aims to permanently prevent misconduct, uncover misconduct that has occurred, and initiate appropriate remedial action in a timely manner. In addition to the rules on conduct and anti-corruption in the KGCC, further detailed requirements can be found in topic-specific guidelines. These include the KION Group anti-bribery and anti-corruption policy, the KION Group policy on conflicts of interest, and the KION Group donations and sponsorship policy. Among other things, it stipulates that every donation and every sponsorship activity must be checked and approved in advance by the Compliance department.

Employees and external stakeholders of the KION Group can report actual and suspected compliance violations via the whistleblowing system in person or by telephone, post, or email. In addition, a 24/7 whistleblower hotline and an online form are available for the anonymous reporting of potential compliance violations. Further information can be found in the 'Processes to remediate negative impacts and channels for own workforce to raise concerns' and 'Processes to remediate negative impacts and channels for value chain workers to raise concerns' chapters.

The effectiveness of the KION Group's compliance management system is continuously monitored and optimized. It is modeled on audit standard 980 of the Institute of Public Auditors in Germany (IDW PS 980), which focuses on the avoidance of compliance violations. Through regular and ad hoc audits, Group Internal Audit ensures that the compliance requirements are met by KION GROUP AG and all of its subsidiaries.

The risks relating to corruption and bribery are documented and assessed on an annual basis as part of a systematic compliance risk analysis throughout the Group, including for KION GROUP AG. Money laundering risks, risks of non-compliance with antitrust laws, tax regulations, and cybersecurity rules, and violations of human rights are also assessed. Non-financial risks that arise on an ongoing basis are identified, assessed, and managed. Adequate measures are subsequently determined to eliminate weaknesses, both in processes and control mechanisms.

The characteristics of the corruption perception index for the respective country, the size and structure of the local procurement or sales organization, and contacts with public officials play an important role in the assessment of risk. The risk analysis conducted in 2024, which focused on corruption and bribery, did not identify any incidents or risks that could be deemed material according to the internally defined thresholds.

Notes to the Group sustainability report

Index – Statement on due diligence

Statement on due diligence

Core elements of due diligence	Topical ESRS	Page(s)
a) Embedding due diligence in governance, strategy and business model	ESRS 2 SBM-3; GOV-2; GOV-3	131 f.; 135 f.; 136 f.
	ESRS 2 SBM-3: E1; E2; E3; E5	139 – 145; 165 – 167; 173 – 175; 179 – 182
	ESRS 2 SBM-3: S1; S2	197 f.; 212 f.
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 IRO-1; SBM-2; GOV-2	122 – 128; 128 – 131; 135 f.
	ESRS 2 MDR-P: E1; E2; E3; E5	147 f.; 167 – 169; 175 f.; 182 f.
	ESRS 2 MDR-P: S1; S2	202 – 204; 213 – 218
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1; SBM-3	122 – 128; 131 f.
	ESRS 2 SBM-3: E1; E2; E3; E5	139 – 145; 165 – 167; 173 – 175; 179 – 182
	ESRS 2 SBM-3: S1; S2	197 f.; 212 f.
d) Taking actions to address those adverse impacts	E1-1	145 f.
	ESRS 2 MDR-A: E1; E2; E3; E5	148 – 151; 169 f.; 176 f.; 183 f.
	ESRS 2 MDR-A: S1; S2	204 f.; 218 f.
e) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-T: E1; E2; E3; E5	151 – 153; 170; 177; 184 f.; 219 f.
	ESRS 2 MDR-M: E1; E2; E3; E5	154 – 164; 170 – 173; 177 f.; 185-188
	ESRS 2 MDR-T: S1; S2	206 f.; 219 f.
	ESRS 2 MDR-M: S1; S2	207 – 212; 220

Index – List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page(s)
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table # 3 of Annex 1				Not material	–
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table # 1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table # 2 of Annex 1		Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table # 1 of Annex 1		Delegated regulation (EU) 2020/1818, Article 12(1) Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tabacco paragraph 40 (d) iv			Delegated regulation (EU) 2020/1818, Article 12(1) Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU), 2021/1119, Article 2(1)	Not material	–

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page(s)
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Not material	–
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table # 2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate Change transition risk: alignment metrics	Delegated regulation (EU) 2020/1818, Article 6		Material	162
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table # 1 and Indicator number 5 Table # 2 of Annex 1				Material	155
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table # 1 of Annex 1				Material	155
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table # 1 of Annex 1				Material	155
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table # 1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	157 f.
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 Table # 1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	155
ESRS E1-7 GHG removals and carbon credits paragraph 56				Delegated Regulation (EU)	Not material	–

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page(s)
				2021/1119, Article 2(1)		
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated regulation (EU) 2020/1818, Annex II Delegated regulation (EU) 2020/1816, Annex II		Material	2024: Phase-in provision
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			Material	2024: Phase-in provision
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book – Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Material	2024: Phase-in provision
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated regulation (EU) 2020/1818, Annex II		Material	2024: Phase-in provision
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	Indicator number 8 Table # 1 of Annex 1 Indicator number 2 Table # 2 of Annex 1 Indicator number 1 Table # 2 of Annex 1 Indicator number 3 Table # 2 of Annex 1				Not material	–
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table # 2 of Annex 1				Material	175 f.

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page(s)
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table # 2 of Annex 1				Not material	–
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table # 2 of Annex 1				Not material	–
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table # 2 of Annex 1				Not material	–
ESRS E3-4 Total water consumption m^3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table # 2 of Annex 1				Not material	–
ESRS 2 – IRO-1 – E4 paragraph 16 (a) i	Indicator number 7 Table # 1 of Annex 1				Not material	–
ESRS 2 – IRO-1 – E4 paragraph 16 (b)	Indicator number 10 Table # 2 of Annex 1				Not material	–
ESRS 2 – IRO-1 – E4 paragraph 16 (c)	Indicator number 14 Table # 2 of Annex 1				Not material	–
ESRS E4-2 Sustainable land/agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table # 2 of Annex 1				Not material	–
ESRS E4-2 Sustainable oceans/seas practices or policies paragraph 24 (c)	Indicator number 12 Table # 2 of Annex 1				Not material	–
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table # 2 of Annex 1				Not material	–
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table # 2 of Annex 1				Material	188
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table # 1 of Annex 1				Not material	–
ESRS 2 SBM3 – S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table # 3 of Annex I				Not material	–

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page(s)
ESRS 2 SBM3 – S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table # 3 of Annex I				Not material	–
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table # 3 of Annex I and Indicator number 11 Table # 1 of Annex I				Not material	–
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table # 3 of Annex I				Not material	–
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table # 3 of Annex I				Material	204
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table # 3 of Annex I				Material	202
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table # 3 of Annex I		Delegated regulation (EU) 2020/1816, Annex II		Material	211
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table # 3 of Annex I				Material	2024: Phase-in provision
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table # 1 of Annex I		Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table # 3 of Annex I				Not material	–
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table # 3 of Annex I				Not material	–

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page(s)
ESRS S1-17 non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table # 1 of Annex I and Indicator number 14 Table # 3 of Annex I		Delegated regulation (EU) 2020/1816, Annex II Delegated regulation (EU) 2020/1818 Art 12(1)		Not material	–
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and number 13 Table # 3 of Annex I				Material	212 f.
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table # 3 of Annex 1 and Indicator number 11 Table # 1 of Annex 1				Material	213
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and 4 Table # 3 of Annex 1				Material	213 – 216
ESRS S2-1 non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table # 1 of Annex 1		Delegated regulation (EU) 2020/1816, Annex II Delegated regulation (EU) 2020/1818 Art 12(1)		Material	213
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated regulation (EU) 2020/1816, Annex II		Material	213
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table # 3 of Annex 1				Material	218 f.
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table # 3 of Annex 1 and Indicator number 11 Table # 1 of Annex 1				Not material	–

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Material/ Not material	Page(s)
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table # 1 of Annex 1		Delegated regulation (EU) 2020/1816, Annex II Delegated regulation (EU) 2020/1818 Art 12(1)		Not material	–
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table # 3 of Annex 1				Not material	–
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table # 3 and Indicator number 11 Table # 1 of Annex 1				Not material	–
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table # 1 of Annex 1		Delegated regulation (EU) 2020/1816, Annex II Delegated regulation (EU) 2020/1818 Art 12(1)		Not material	–
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table # 3 of Annex 1				Not material	–
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table # 3 of Annex 1				Not material	–
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator number 6 Table # 3 of Annex 1				Not material	–
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table # 3 of Annex 1		Delegated regulation (EU) 2020/1816, Annex II		Not material	–
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table # 3 of Annex 1				Not material	–

Index – Disclosure requirements in ESRS covered by the Group's sustainability statement

Appendix C: Disclosure and Application Requirements in Topical ESRS that are applicable in conjunction with ESRS 2 General disclosures

ESRS 2 Disclosure Requirement	Related ESRS paragraph	Page(s)
GOV–1 The role of the administrative, management and supervisory bodies	ESRS G1 Business conduct (para. 5)	132 – 135
GOV–3 Integration of sustainability-related performance in incentive schemes	ESRS E1 Climate change (para. 13)	136 f.
SBM–2 Interests and views of stakeholders	ESRS S1 Own workforce (para. 12)	128 – 131
	ESRS S2 Workers in the value chain (para. 9)	128 – 131
SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model	ESRS E1 Climate Change (para. 18 to 19)	131 f.; 145 f.
	ESRS S1 Own workforce (para. 13 to 16)	197 f.
	ESRS S2 Workers in the value chain (para. 10 to 13)	212 f.
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	ESRS E1 Climate change (para. 20 to 21)	124 – 126
	ESRS E2 Pollution (para. 11)	126 f.
	ESRS E3 Water and marine resources (para. 8)	126 f.
	ESRS E5 Resource use and circular economy (para. 11)	126 – 128
	ESRS G1 Business conduct (para. 6)	128

Annex – Further disclosures on the EU Taxonomy

Proportion of revenue from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	Revenue 2024 (3)	Proportion of revenue 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of aligned (A.1.) or eligible (A.2.) revenue 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)		€ million	%[1]	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)[2]																			
Repair, refurbishment and remanufacturing	CE 5.1	364.9	3.2	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	–		
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**364.9**	**3.2**	**3.2**	**–**	**–**	**–**	**–**	**–**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**–**		
of which enabling		–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	E	
of which transitional		–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of batteries	CCM 3.4	229.6	2.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Manufacture of other low carbon technologies	CCM 3.6	3,269.2	28.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								29.7		
Provision of IT/OT data-driven solutions	CE 4.1	61.4	0.5	N/EL	N/EL	N/EL	N/EL	EL	N/EL								–		
Repair, refurbishment and remanufacturing	CE 5.1	892.4	7.8	N/EL	N/EL	N/EL	N/EL	EL	N/EL								9.2		
Sale of spare parts	CE 5.2	801.9	7.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								6.8		
Sale of second-hand goods	CE 5.4	468.0	4.1	N/EL	N/EL	N/EL	N/EL	EL	N/EL								4.0		

Proportion of revenue from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	Revenue 2024 (3)	Proportion of revenue 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of aligned (A.1.) or eligible (A.2.) revenue 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	1,190.3	10.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL								10.2		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**6,913.0**	**60.1**	**30.4**	**–**	**–**	**–**	**29.7**	**–**								**60.0**		
A. Revenue of Taxonomy eligible activities (A.1 + A.2)		**7,277.9**	**63.3**	**33.6**	**–**	**–**	**–**	**29.7**	**–**								**60.0**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenue of taxonomy-non-eligible activities (B)		4,225.4	36.7														40.0		
TOTAL (A. + B.)		**11,503.2**	**100.0**														**100.0**		

1 All percentages relate to KION Group's total revenue [ESRS 1.123]. Revenue reported for activity CCM 3.4 includes internal and external revenue from reporting year 2024 onwards, whereas the revenue reported in prior years refers only to external revenue. This does not result in double counting due to a reduction in activity CCM 3.6

2 Taxonomy-alignment was assessed for the economic activities of the environmental objectives 'climate change mitigation' and 'circular economy'. Each eligible activity was considered for alignment in regards to only one environmental objective. A clear definable component of activity CE 5.1 was considered as taxonomy-aligned in the reporting year 2024

Legend: Y: Yes, taxonomy-eligible activity and taxonomy-aligned with the relevant environmental objective; **N:** No, taxonomy-eligible activity but not taxonomy-aligned with the relevant environmental objective; **EL:** Taxonomy eligible activity for the relevant objective; **N/EL:** Taxonomy non-eligible activity for the relevant objective; **CCM:** Climate Change Mitigation; **CCA:** Climate Change Adaptation; **WTR:** Water and Marine Resources; **CE:** Circular Economy; **PPC:** Pollution Prevention and Control; **BIO:** Biodiversity and ecosystems

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	CapEx 2024 (3)	Proportion of CapEx 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of aligned (A.1.) or eligible (A.2.) CapEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)		€ million	%[1]	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)[2]																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**–**	**–**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**–**		
of which enabling		–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	E	
of which transitional		–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	0.2	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1		
Manufacture of batteries	CCM 3.4	3.4	0.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2		
Manufacture of other low carbon technologies	CCM 3.6	154.7	8.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								10.0		
Manufacture of hydrogen	CCM 3.10	–	–	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	119.7	6.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4.8		
Renovation of existing buildings	CCM 7.2	15.6	0.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	2.3	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	CapEx 2024 (3)	Proportion of CapEx 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of aligned (A.1.) or eligible (A.2.) CapEx 2023 (18)	Category en-abling activity (19)	Category transi-tional activity (20)
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.1	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Acquisition and ownership of buildings	CCM 7.7	163.5	8.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								7.8		
Provision of IT/OT data-driven solutions	CE 4.1	0.4	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								–		
Repair, refurbishment and remanufacturing	CE 5.1	0.1	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								–		
Sale of spare parts	CE 5.2	9.0	0.5	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.6		
Sale of second-hand goods	CE 5.4	–	–	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.2		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	1,109.5	59.8	N/EL	N/EL	N/EL	N/EL	EL	N/EL								61.6		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,578.5**	**85.1**	**24.8**	**–**	**–**	**–**	**60.3**	**–**								**87.4**		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		**1,578.5**	**85.1**	**24.8**	**–**	**–**	**–**	**60.3**	**–**								**87.4**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of taxonomy-non-eligible activities (B)		276.9	14.9														12.6		
TOTAL (A. + B.)		**1,855.4**	**100.0**														**100.0**		

1 All percentages relate to KION Group’s capital expenditure (CapEx according to the definiton of the EU taxonomy)

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	CapEx 2024 (3)	Proportion of CapEx 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of aligned (A.1.) or eligible (A.2.) CapEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)

2 Taxonomy-alignment was assessed for the economic activities of the environmental objectives 'climate change mitigation' and 'circular economy'. Each eligible activity was considered for alignment in regards to only one environmental objective. A clear definable component of activity CE 5.1 was considered as taxonomy-aligned in the reporting year 2024, for which no CapEx was identified

Legend: Y: Yes, taxonomy-eligible activity and taxonomy-aligned with the relevant environmental objective; **N:** No, taxonomy-eligible activity but not taxonomy-aligned with the relevant environmental objective; **EL:** Taxonomy eligible activity for the relevant objective; **N/EL:** Taxonomy non-eligible activity for the relevant objective; **CCM:** Climate Change Mitigation; **CCA:** Climate Change Adaptation; **WTR:** Water and Marine Resources; **CE:** Circular Economy; **PPC:** Pollution Prevention and Control; **BIO:** Biodiversity and ecosystems

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	OpEx 2024 (3)	Proportion of OpEx 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of aligned (A.1.) or eligible (A.2.) OpEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Economic activities (1)		€ million	%[1]	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%[1]	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)[2]																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**–**	**–**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**–**		
of which enabling		–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–	E	
of which transitional		–	–	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	–		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	2.8	0.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Manufacture of batteries	CCM 3.4	5.2	1.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.9		
Manufacture of other low carbon technologies	CCM 3.6	164.4	41.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								44.8		
Manufacture of hydrogen	CCM 3.10	0.1	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4		
Renovation of existing buildings	CCM 7.2	5.8	1.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Acquisition and ownership of buildings	CCM 7.7	1.7	0.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL								–		
Provision of IT/OT data-driven solutions	CE 4.1	0.1	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								–		
Repair, refurbishment and remanufacturing	CE 5.1	1.6	0.4	N/EL	N/EL	N/EL	N/EL	EL	N/EL								–		

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2024

				Substantial Contribution Criteria						DNSH criteria (Does Not Significantly Harm)									
	Code (2)	OpEx 2024 (3)	Proportion of OpEx 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of aligned (A.1.) or eligible (A.2.) OpEx 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Sale of spare parts	CE 5.2	0.9	0.2	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.5		
Sale of second-hand goods	CE 5.4	0.2	0.0	N/EL	N/EL	N/EL	N/EL	EL	N/EL								–		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	1.2	0.3	N/EL	N/EL	N/EL	N/EL	EL	N/EL								11.5		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**183.9**	**46.3**	**45.3**	**–**	**–**	**–**	**1.0**	**–**								**58.1**		
A. OpEx of Taxonomy eligible activities (A.1 + A.2)		**183.9**	**46.3**	**45.3**	**–**	**–**	**–**	**1.0**	**–**								**58.1**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of taxonomy-non-eligible activities (B)		213.3	53.7														41.9		
TOTAL (A. + B.)		**397.3**	**100.0**														**100.0**		

1 All percentages relate to KION Group's operating expenditure (OpEx). Total amount for OpEx was reduced by €664.0 million for the previous year 2023 in relation to the correction of activity CE 5.1 under A.2

2 Taxonomy-alignment was assessed for the economic activities of the environmental objectives 'climate change mitigation' and 'circular economy'. Each activity was considered for alignment with respect to only one environmental objective for which it is eligible. A clear definable component of activity CE 5.1 was considered as taxonomy-aligned in the reporting year 2024, for which no OpEx was identified

Legend: Y: Yes, taxonomy-eligible activity and taxonomy-aligned with the relevant environmental objective; **N:** No, taxonomy-eligible activity but not taxonomy-aligned in regards to the relevant environmental objective; **EL:** Taxonomy eligible activity for the relevant objective; **N/EL:** Taxonomy non-eligible activity for the relevant objective; **CCM:** Climate Change Mitigation; **CCA:** Climate Change Adaptation; **WTR:** Water and Marine Resources; **CE:** Circular Economy; **PPC:** Pollution Prevention and Control; **BIO:** Biodiversity and ecosystems

Outlook, risk report, and opportunity report

Outlook

Forward-looking statements

The forward-looking statements and information given below are based on the KION Group's current expectations and assessments up to the time of preparation of this combined management report. Consequently, they involve a number of risks and uncertainties. Many factors, some of which are beyond the control of the management, affect the Group's business activities and business performance as well as the earnings of the strategic management holding company, KION GROUP AG. Any unexpected changes, particularly in macroeconomic or industry-specific conditions, may lead to the results of the KION Group and its operating segments differing significantly from those forecast below.

The outlook for 2025 is subject to uncertainty in view of the still fraught macroeconomic and geopolitical climate at the time that this combined management report was being prepared. The risk factors described below may also have an adverse impact on the KION Group's procurement, production, and sales activities.

The KION Group does not undertake to update forward-looking statements to reflect subsequently occurring events or circumstances. Furthermore, the KION Group cannot guarantee that future performance and actual profits generated will be consistent with the stated assumptions and estimates and can accept no liability in this regard. Actual business performance may deviate from the KION Group's forecasts due, among other factors, to the opportunities and risks described here.

Assumptions

The forecasts in this section are derived from the KION Group's multi-year market, business, and financial planning, which is based on various assumptions. Market planning takes into account predicted macroeconomic and industry-specific performance, as described below. Business planning and financial planning are based on expected market performance but also draw on other assumptions, such as those relating to changes in the cost of materials and labor costs, the sale prices achievable, and movements in interest rates and exchange rates.

Expected macroeconomic conditions

The IMF expects global economic output to rise by 3.3 percent in 2025, which is marginally higher than the 2024 growth rate. However, the situation is likely to differ from region to region. The main factors affecting economic growth are predicted to be increased uncertainty surrounding trade policy and the anticipated ratcheting up of protectionist measures that could be detrimental to trade relations (IMF, January 2025).

Advanced economies are expected to expand by 1.9 percent overall (2024: 1.7 percent), with a small year-on-year rise in the eurozone's growth rate to 1.0 percent but a marginal decrease in the US growth rate to 2.7 percent.

In emerging markets and developing economies, growth is anticipated to hold steady at its 2024 level of 4.2 percent. For China, the IMF predicts that the pace of growth will slow to 4.6 percent.

The IMF believes that the global inflation rate will fall sharply to 4.2 percent in 2025. In advanced economies, inflation is expected to slow to 2.1 percent. The rate of inflation in emerging markets and developing economies is also likely to drop significantly, falling to 5.6 percent.

Having risen substantially in 2024, the volume of global trade will – according to the IMF – increase by only 3.2 percent in 2025, which is marginally lower than in the prior year.

Nevertheless, the IMF does see significant risks within its macroeconomic outlook. The escalation of geopolitical tensions could lead to a renewed rise in commodity prices. Moreover, the intensification of protectionist policies could exacerbate trade tensions, distort trade flows, reduce capital expenditure, and thus again disrupt supply chains. There are also risks stemming from political uncertainty and problems with fiscal and structural adjustments in individual economies that could have an adverse effect on the global economy.

Expected sectoral conditions

Based on numbers of orders, the KION Group is predicting slight growth in the global market for new industrial trucks across all regions in 2025. It expects a slowdown in the growth of new business in the EMEA region, stable growth rates in the APAC region, and a significant market recovery in the Americas.

For the warehouse automation solutions market, the KION Group has decided that, starting in 2025, it will switch from revenue-based analysis to analysis based on order intake. Order intake provides a more accurate picture of current demand because the lengthy projects that are typical in this market generally mean that revenue is not recognized until a significant amount of time has elapsed since the start of the project.

According to the KION Group's figures and backed by market research from Interact Analysis, the market for warehouse automation solutions is likely to see a slight increase in order intake for project business in 2025. The continuing trend toward automation and the anticipated further fall in the cost of capital over the course of the year are expected to make companies more likely to invest in warehouse automation solutions. Furthermore, growing demand for mobile automation is set to boost the overall market, slightly outweighing the generally muted demand for stationary solutions. This market growth will be predominantly in the Americas and EMEA regions, whereas a marginal contraction is predicted for the APAC region.

The KION Group believes that the positive medium- and long-term trends in the warehouse automation solutions market remain intact. Based on its own assessment and supported by data gathered by Interact Analysis, the KION Group anticipates that long-term market growth, as measured by order intake in the project business, will be in the high-single-digit percentage range (Interact Analysis, November 2024).

Expected business situation and financial performance of the KION Group

In 2024, the KION Group's revenue held steady year on year, while earnings and profitability improved significantly.

In the Supply Chain Solutions segment, further revenue growth is projected for the service business in 2025 due to the increased number of solutions already installed for customers. Overall, the Supply Chain Solutions segment's revenue is expected to be more or less unchanged year on year because the order book in the project business as at the end of 2024 was smaller than at the end of 2023 and contained a high proportion of long-term projects. The KION Group anticipates a further marked rise in the segment's adjusted EBIT in 2025. This is based on the assumption of continued growth in the high-margin service business and increased profitability in the project business on the back of improved project execution, savings resulting from capacity adjustments already made, and the declining number of low-margin legacy projects.

The Industrial Trucks & Services segment is expected to see a small year-on-year decrease in revenue in 2025. This is due to the order book, which has normalized at a lower level, and the anticipated further shift in demand toward warehouse trucks, whose unit prices are lower than those of counterbalance trucks. The KION Group is also facing intensifying competition, especially in the main sales market, EMEA. This means that expected cost increases can only be passed on to customers to a limited extent, which will weigh heavily on adjusted EBIT in 2025.

In view of this situation in the Industrial Trucks & Services segment, the Executive Board of KION GROUP AG signed off an efficiency program on February 4, 2025 that is aimed at strengthening competitiveness and the capacity to carry out capital investment. By adjusting the organizational structures in the EMEA region and making work processes more efficient, the KION Group is targeting lasting cost savings in a range of €140 million to €160 million per year that should take full effect from 2026 onward. The KION Group anticipates that implementing the program will result in expenses of between €240 million and €260 million, which are not included in the predicted figure for adjusted EBIT as they are classified as non-recurring items.

Owing to these non-recurring expenses, most of which are likely to impact on cash flow in 2025, the Group's free cash flow is forecast to be significantly lower than in 2024.

The Executive Board expects the core key performance indicators of the KION Group and its operating segments to be within the following ranges in 2025:

Outlook 2025

	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
in € million	2024	Outlook 2025	2024	Outlook 2025	2024	Outlook 2025
Revenue[1]	11,503.2	10,900–11,700	8,608.8	8,100–8,600	2,943.2	2,800–3,100
Adjusted EBIT[1]	917.2	720–870	917.5	680–780	112.9	140–200
Free cash flow	702.0	400–550	–	–	–	–
ROCE[2]	8.7%	7.0%–8.4%	–	–	–	–

1 Disclosures for the Industrial Trucks & Services and Supply Chain Solutions segments also include intra-group cross-segment revenue and effects on EBIT

2 The outlook 2025 was prepared in accordance with the definitional adjustment of the key performance indicator ROCE (see also section 'Management system')

Overall statement on expected performance

For 2025, reflecting the midpoint of the performance range that has been projected, the Executive Board of KION GROUP AG expects the Group's revenue to decrease slightly compared with 2024. However, a significant year-on-year reduction is predicted for adjusted EBIT and return on capital employed (ROCE). Free cash flow is projected to be significantly lower than in 2024 owing to non-recurring items in connection with the efficiency program aimed at strengthening competitiveness and the capacity to carry out capital investment.

Nevertheless, geopolitical and market-related uncertainties are creating risks regarding the expected business performance of the Group and its operating segments.

Risk report

Risk strategy

The business activities of the KION Group involve risks. Dealing with risks and opportunities responsibly and managing them carefully are important elements of corporate management. The overarching aim is to harness business opportunities to the fullest possible extent while taking account of controlled risks. Risks to the Group's ability to continue as a going concern should be avoided.

The management functions in the KION Group can therefore consciously decide whether to accept, transfer, or avoid risks or reduce them by taking suitable mitigating action. Under its strategy, the KION Group consciously takes on a limited amount of risk in order to achieve its business objectives. In doing so, the KION Group follows a well-balanced risk strategy that is conditional upon it always being able to secure external funding and ensuring that it can continue as a going concern.

Principles of risk management and of the internal control system

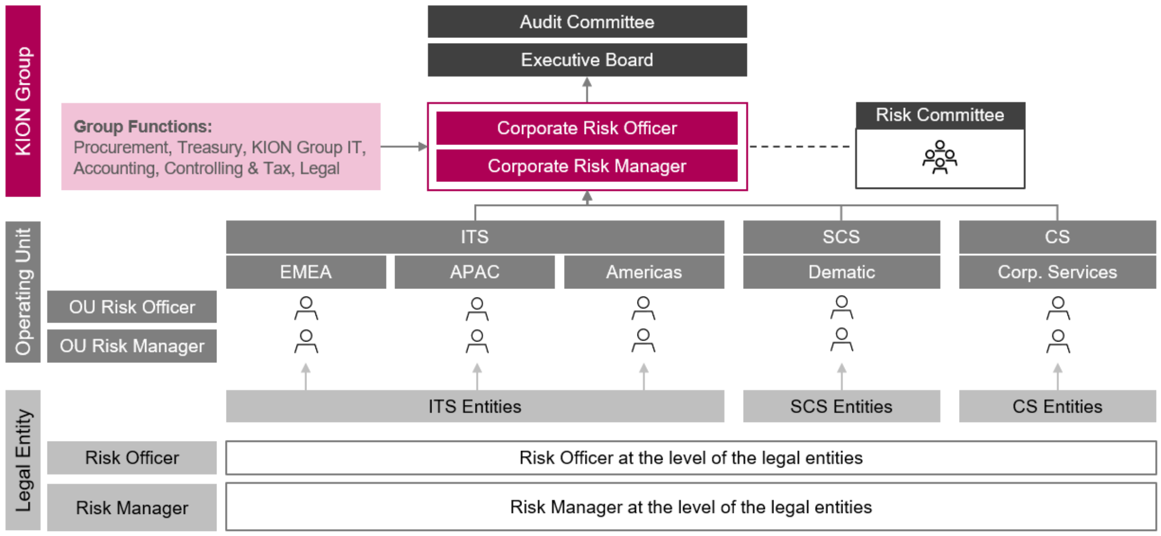
Risk management system

The purpose of the groupwide risk management system is to identify and assess risks that could prevent the KION Group from achieving its corporate goals and to implement suitable measures to manage them. Rather than being included in the risk management system, opportunities are assessed as part of the strategic planning. Risk management is embedded in all of the KION Group's companies and functions and is overseen by a group function. The aim is to systematically evaluate and manage risks in respect of target-setting, the business model, strategic direction and the day-to-day running of the business. Management decisions therefore take the risk perspective into consideration. Risk management is intended to ensure a clear view of the amount of potential financial losses, the probability of occurrence, and the steps being taken to manage risk at the different levels of the organization.

The risk-bearing capacity plan that has been established across the Group helps to identify developments at an early stage that could affect the ability to continue as a going concern and to promptly initiate countermeasures. Risk-bearing capacity is defined as the maximum risk that the KION Group is willing to sustain. Risks need to be aggregated in order to determine the KION Group's aggregate risk exposure. Aggregation of risks is facilitated by a Monte Carlo simulation in which different scenarios are modeled. The results of the Monte Carlo simulation plus a risk cushion are used to evaluate risk-bearing capacity.

The procedures governing the KION Group's risk management activities are laid down in a groupwide risk management policy. For certain types of risk, the relevant departments also have guidelines that are specifically geared to these matters and describe how to deal with risks specific to the business units. Risk management is organized in such a way that it directly reflects the structure of the Group itself. For each company and each Operating Unit, risk officers and risk managers have been appointed who are responsible for identifying, assessing, and independently managing risk, and reporting to the central risk management function. The risk organization also includes a risk committee, which, every quarter, examines the aggregate risk situation from a cross-functional perspective and discusses existing and emerging aspects of risk. The risk committee's discussions allow risks to be considered in the round and potential threats to be identified at an early stage. In this context, risk management is aligned with the financial organization, so the roles described are each assigned to the finance function.

Risk organization in the KION Group



Like the organizational structure, the risk management process is also generally organized on a decentralized basis. Firstly, a groupwide risk catalog is used to capture the risks attaching to each individual company where the financial impact of the risk has been measured. Each risk must be captured individually. Risks are always quantified on the basis of their likelihood of occurrence and the financial impact if they were to occur. In exceptional cases, there may also be a qualitative assessment. This applies, for example, to extreme risks and sustainability risks, for which sufficiently accurate quantification is not yet possible.

In addition, selected risks are not documented as part of the bottom-up assessment. Instead, they are captured and managed by a corporate risk manager who, together with the corporate risk officer, is responsible for ensuring that proper procedure is followed in the execution of the risk management process. KION GROUP AG’s Executive Board and the KION Group’s central risk management function are notified immediately if a new risk is identified outside the regular reporting cycle for which the gross value of expected losses exceeds the defined limit. Each risk is documented in a reporting system designed specifically for the requirements of risk management.

Risk management is primarily the responsibility of the individual companies and is therefore organized on a decentralized basis. A regular reporting process is used to update the central risk management function each quarter on the impact of the steps taken to manage risk, in particular changes to the expected losses and the probability of occurrence.

All subsidiaries that are included in the basis of consolidation are covered by a standardized risk reporting system, in which the risks reported by the individual companies are summarized in risk reports and discussed at quarterly risk management meetings. In addition, each of the risks that are material to strategic planning is analyzed and discussed as part of the regular business review meetings. To support this, the relevant departments of KION GROUP AG are consulted each quarter in order to identify and assess risk – particularly Company-wide risk – affecting areas such as procurement, treasury, KION Group IT, accounting, tax, and legal. The central risk management function then produces a quarterly risk report that is presented to KION GROUP AG’s Executive Board and to the Audit Committee of its Supervisory Board.

The KION Group's Internal Audit function audits the risk management system at regular intervals. In addition, the KION Group's external auditor examines the early-warning system for risk as part of its annual audit of the consolidated financial statements.

Internal control system*

The KION Group's internal control system, which is geared toward the specific needs of the Company, covers the entirety of the systematically defined controls and monitoring activities that are designed to ensure the efficiency of the Company's business operations, the reliability of its financial reporting, and compliance with legal provisions and internal policies.

The elements of KION Group's internal control system are structured in line with the internationally recognized framework for internal control systems developed by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO framework'). The internal control system therefore features, as its main components, the control environment, risk assessment, control activities, information and communication, and ongoing monitoring.

All consolidated subsidiaries of the KION Group are covered by the internal control system. The scope of the control activities to be carried out is dependent on the specific risks and their materiality for the consolidated financial statements of KION GROUP AG.

The system and the methods applied are refined on an ongoing basis and are regularly assessed to ensure they are functioning as intended. However, because of the limitations inherent in any control system it is not possible to provide complete assurance.

Internal Audit regularly evaluates the internal control system, thus helping to bring about continuous improvements. It focuses primarily on the following aspects:

- Appropriateness and effectiveness of the internal control systems for avoiding financial losses
- Compliance with legal requirements, directives from the Executive Board, other policies, and internal instructions
- Correct performance of tasks and compliance with business principles

Please refer to the information provided in the corporate governance statement for an assessment of the appropriateness and effectiveness of the risk management system and internal control system.

Material features of the internal control and risk management system pertaining to the (Group) accounting process

The main objectives of the accounting-related internal control system are to avoid the risk of material misstatements in financial reporting, avoid material mismeasurements, and ensure compliance with the applicable regulations and internal instructions. This includes verifying that the consolidated and separate financial statements and the combined management report comply with the relevant accounting standards. For its (Group) accounting process, the KION Group has defined structures and processes within its internal control and risk management system and implemented them in the organization.

* The content of this chapter/section is disclosed voluntarily and is therefore unaudited.

The Corporate Accounting, Controlling & Tax group function coordinates the preparation of the consolidated and separate financial statements of KION GROUP AG. It specifies the requirements for the reporting content, which are mandatory for all subsidiaries, and manages and monitors the stipulated deadlines and processes. The relevant departments or specialists from outside the Company are brought in to handle particularly complex issues and questions.

Changes to the law, accounting standards, and other pronouncements are continually analyzed with regard to their relevance and effect on the consolidated financial statements and group management report; the relevant changes are then incorporated into the Group's internal policies and accounting processes.

All consolidated entities must follow the KION Group IFRS Accounting Manual when preparing their IFRS reporting packages. This contains the recognition, measurement, and disclosure rules to be applied in the KION Group's accounting in accordance with IFRS and primarily explains the financial reporting principles specific to the KION Group's business.

The accounting-based internal control and risk management system is underpinned by written policies and procedures, the double-checking principle, and approval procedures. Another important aspect, the separation of functions, has been integrated into processes and systems. The employees involved in the Group accounting process receive regular training in this field.

Those in charge of the control functions and senior managers regularly conduct control self-assessments in order to evaluate the appropriateness and operational effectiveness of the internal control system. The results are captured and documented in a central IT system. External reviews are also conducted for individual parts of the internal control system. Internal Audit regularly reviews the internal control system and accounting processes, including Group accounting. Any identified shortcomings to the controls are documented in the proper way and steps are taken to resolve the issues. The Executive Board of KION GROUP AG and the Audit Committee of its Supervisory Board are informed of the results of the self-assessments for the internal control system once a year.

Risk

Aggregate risk

At the time that this combined management report was prepared, all known risks were reflected in the outlook for 2025 as appropriate. While the risk report examines possible negative influences and variances from the scenario on which the outlook is based, potential positive influences are described in the opportunity report.

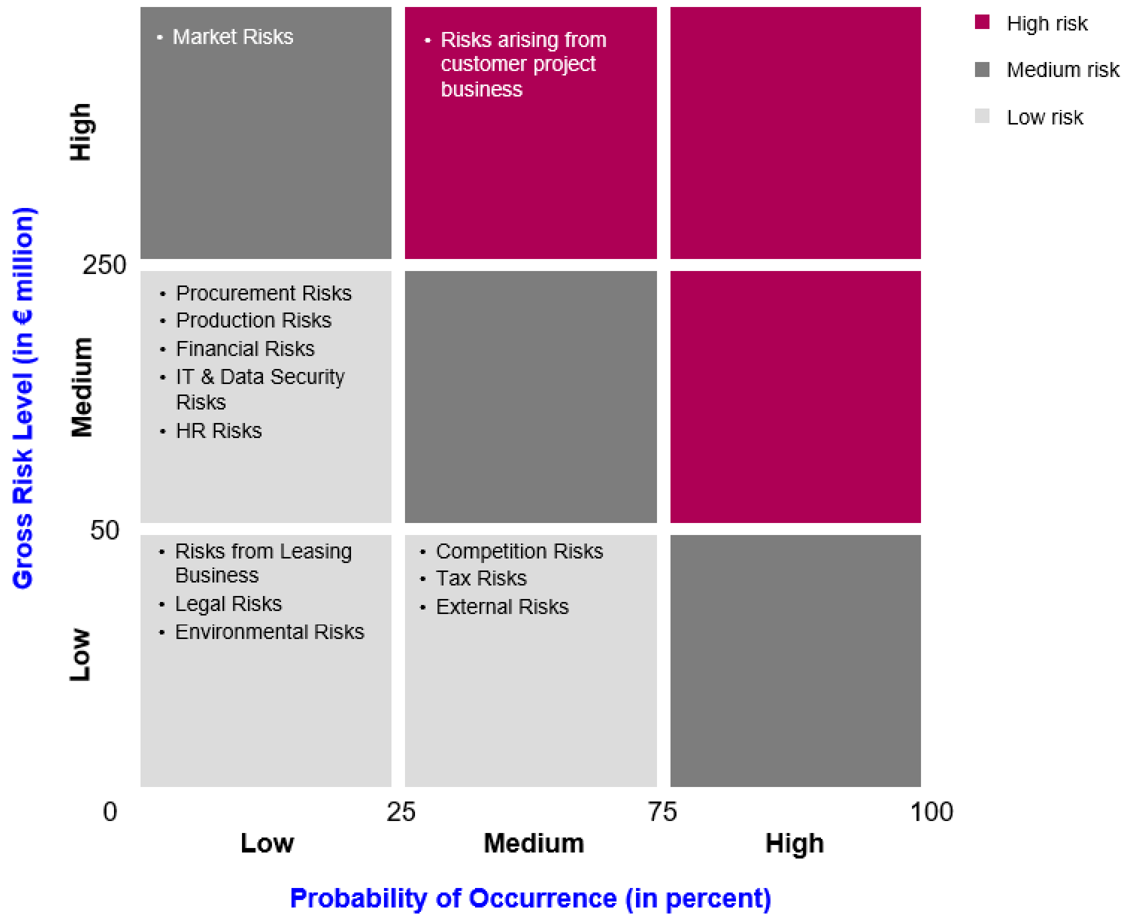
The outlook for 2025 is based on the assumptions made about the economy and the geopolitical situation. For example, the predicted macroeconomic recovery of the main EMEA sales region will not materialize if geopolitical events cause the supply chain situation to deteriorate and materials to increase in price again. Renewed escalation of the conflict in the Middle East could lead to a scarcity of supply in the oil market that might, in combination with the ongoing war in Ukraine, trigger a commodity crisis that would stunt global trade while also driving up inflation. Global trade disputes and trade barriers could also squeeze the Company's earnings. This would entrench the restrictive monetary policy, and the associated constraints on growth, while increasing financing risk and financing costs. Customers in both operating segments would then become more reluctant to invest again. Equally, escalation of the real-estate crisis in China could lead to state interventions that would dent the outlook for growth, not just in the APAC region but also in the export-driven European economy. Furthermore, political uncertainty and elections – whether scheduled or snap elections – in various countries could take their toll on economic conditions and the political situation alike.

Currently, the KION Group still regards the overall risk to its ability to continue as a going concern as low. The risk tolerance specified in the risk-bearing capacity plan is not expected to be exceeded in 2025. As things stand at present, there are no indications of any individual or aggregated risks that could jeopardize the Company's continuation as a going concern.

The risk matrix below shows the risks that have been quantified and are considered relevant to the Group, along with the gross amount of expected losses and the gross probabilities of occurrence, i.e. before mitigating action has been initiated. This paragraph describes the changes in the risk assessment compared with the end of 2023. Furthermore, the probability of occurrence for financial risk has been downgraded from medium to low, but the gross risk level has been raised from low to medium. IT risk has been expanded to include data security risk, while the assessment of gross risk level and probability of occurrence remains unchanged compared with the previous year. The probability of occurrence for tax risk has been raised from low to medium. The gross risk level for HR risk has been raised from low to medium. >>For the first time, environmental risk and other external risk have been included as categories. Environmental risk has been assigned a low probability of occurrence and a low gross risk level. External risk has been included with a low gross risk level and a medium probability of occurrence. The environmental risk category also encompasses the sustainability risks from the double materiality analysis, which have undergone a qualitative assessment for the first time. Details can be found in the 'Sustainability risks' section.

The KION Group recognizes the importance of extreme risks and is aware that they could present a significant threat to the Company. Extreme risks are risks that lie outside the range of normal risk, that cannot be influenced or can be influenced only to a minor extent, and that could have severe financial consequences for the KION Group. Examples of extreme risks include natural disasters, terrorist attacks, pandemics, and political instability. These risks could lead to substantial losses that might severely restrict the Company's business activities or jeopardize its continuation as a going concern. The KION Group knows that, although the occurrence of extreme risks is rare, the severity of the potential losses mean that they could still have a critical impact on business. Events such as the coronavirus pandemic, the ongoing war in Ukraine, and the conflict in the Middle East illustrate that extreme risks very much can occur and how important it is for the KION Group to prepare for them. The KION Group has therefore established a wide range of risk identification processes – such as the top-down collection of risk data in addition to the usual bottom-up risk identification processes – and local business continuity plans so that it can respond swiftly to the occurrence of these types of extreme risk.

Risk matrix



The market risks and competition risks described, the risks along the value chain, the human resources risks, and the legal risks relate to the Industrial Trucks & Services and Supply Chain Solutions operating segments. Risks arising from the lease business mainly affect the Industrial Trucks & Services segment, while risks arising from the customer project business primarily relate to the Supply Chain Solutions segment. However, financial risks resulting from the Company's general funding situation are relevant to the Group as a whole, as are IT risks, tax risks, and environmental risks.

In 2024, the existing risk catalog was revised in respect of sustainability-related risks and, in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD), additional ESG risks were added. Drawing on the double materiality analysis carried out in accordance with these new regulations, the identified ESG risks were integrated into the KION Group's risk management on the basis of a qualitative assessment. (ESRS 2 IRO-1 paragraph 53 c ii.) <<*

* This disclosure is part of the Group sustainability report of the KION Group for the 2024 financial year.

The risks applicable to KION GROUP AG generally correspond to the risks applicable to the KION Group due to profit-and-loss transfer agreements with key subsidiaries. There are also risks arising from the potential impairment of investments in affiliated companies, from the recoverability of loans to affiliated companies, and from losses made by subsidiaries that directly affect KION GROUP AG because of a profit-and-loss transfer agreement.

Market risks and competition risks

Market risks

Market risk can arise when the economy as a whole or the relevant sector does not perform as well as had been anticipated in the outlook.

In the Industrial Trucks & Services segment, the market outlook for 2025 assumes a moderate increase in order numbers. The KION Group anticipates moderate growth across all markets but does see a risk that order numbers could decline, contrary to expectations. This would take its toll on the financial performance of the Industrial Trucks & Services segment.

In the Supply Chain Solutions segment, the KION Group is expecting investment in warehouse automation to pick up slightly. Cyclical fluctuations in macroeconomic activity affect both the market for industrial trucks and the market for supply chain solutions, although the latter generally has greater immunity to economic cycles because the capital expenditure decisions have a longer-term perspective. Customers' investment activity depends to a large degree on the macroeconomic situation and conditions in their particular sector. This means there is a risk that the KION Group's revenue expectations for 2025 have been set too high.

As the KION Group can only adjust its fixed costs to fluctuations in demand to a limited extent and with a delay, reductions in revenue impact on earnings. Despite the importance of the North American business (mainly in the Supply Chain Solutions segment) and the prospective growth of the KION Group's business in China, the bulk of the Group's revenue continues to be generated in the EMEA region. As a result, the market conditions that prevail in Europe significantly influence the KION Group's financial performance.

Risks in connection with trade disputes and geopolitical conflicts and tensions may also hinder some aspects of the global economy's recovery. As well as the war in Ukraine, a new area of focus is the potential for trade barriers in connection with the new US administration. Moreover, the KION Group will continue to carefully monitor the dispute between the People's Republic of China and Taiwan and the conflict in the Middle East. In the medium term, new barriers to trade could significantly hamper sales opportunities and lead to renewed disruption to global supply chains that would have a knock-on effect on production.

All these factors could have a negative impact on customers' willingness to invest and thus on demand for the KION Group's products and services, resulting in a decline in revenue. However, it is not currently foreseeable whether such market risks will occur and then have a material effect on the business situation and financial performance.

Further developments in the geopolitical situation, including any knock-on effects that change the level of risk, are monitored closely. Measures have been taken in both operating segments to help to contain the earnings risk arising from reductions in revenue as a result of economic conditions. Diversification of the customer base in terms of industry and region and the expansion of service activities also play a role in mitigating risk.

Moreover, the KION Group closely monitors the market and the competition so that it can identify market risks at an early stage and adjust its production capacities in good time. Besides global economic growth and other data, the KION Group also analyzes exchange rates, price stability, the consumer and investment climate, foreign trade activity, and political stability in its key sales markets, constantly monitoring the possible impact on its financial performance and financial position.

Given the high level of gross risk and low probability of occurrence, market risk is still regarded as medium overall.

Competition risks

Both operating segments risk losing market share to competitors and coming under increased price pressure, which could lead to them generating less revenue than expected.

The markets in which the KION Group operates are characterized by strong competition, often price-driven. Price competition is compounded by some manufacturers having cost advantages, in some cases due to the currency situation and in some cases because local manufacturing costs are lower. This mainly affects the Industrial Trucks & Services segment, where price competition is fierce, particularly in the economy and volume segments. The KION Group mitigates this risk though a wide range of product variants made possible by modular concepts, along with good availability of services, mainly in the volume and premium segments.

It is possible that competitors will join forces and their resulting stronger position will be detrimental to the KION Group’s sales opportunities. Moreover, predictions of higher volumes and margins may lead to overcapacity, which would put increased pressure on prices. Although the excellent customer benefits provided by its products and services have enabled the KION Group to charge appropriate prices until now, it is taking – and will continue to take – a variety of steps to contain competition risk. These include entering into joint ventures and partnerships, encouraging innovation, and implementing measures to reduce product costs.

For 2025, competition risks continue to be regarded as low, based on a low gross risk level and a medium probability of occurrence.

Risks along the value chain

Research and development (R&D) risks

The KION Group’s market success and business performance depend to a large extent on its ability to tailor its products and services to the specific needs of the various industries in which its customers operate. Key to this is the integration of the hardware (industrial trucks and automation solutions), software (from control center to warehouse management systems), and services (from repair to financing) into a single offering. The Group therefore needs to continually develop products that meet customer expectations and comply with changing regulatory and technological requirements. To this end, the KION Group must anticipate customers’ needs and changing market conditions and has to quickly bring new products to market. If the Company fails to do this, there could be lasting damage to its technological and competitive position, leading to a decline in revenue over the medium to long term.

The KION Group mitigates research and development risks by focusing firmly on customer benefit in its development of products and solutions. Customer needs are to be incorporated into the development process on an ongoing basis by ensuring close collaboration between sales and development units and taking account of all region-specific requirements. As at the reporting date, no material R&D risks had been identified that would have required measurement and therefore inclusion in the risk matrix.

Procurement risks

Procurement activities constitute a potential risk for the KION Group in terms of the general availability of parts and components and the rising cost of raw materials, inputs and intermediate products, logistics services, and energy.

Although the cost of materials, energy, and logistics continued to fall on the whole in 2024, they remain key factors in the KION Group's cost structure. In addition, geopolitical developments can cause procurement prices, for example the price of energy commodities, to increase suddenly.

Issues with disrupted supply chains and the resulting reduction in the availability of parts and materials had largely been resolved in 2024 despite the ongoing war in Ukraine. However, geopolitical shocks could at any time significantly restrict suppliers' capacity and therefore their ability to supply further raw materials and components to the KION Group. The KION Group obtains some components from a limited number of suppliers. The resulting potential supply bottlenecks in respect of the KION Group's end customers could lead to temporary decreases in revenue and liquidity as well as to inefficiencies in production.

Overall, capacity bottlenecks at suppliers are diminishing due to the general economic situation and normalizing demand in the industry. Nevertheless, the KION Group has introduced a program of collaborative demand and capacity management for suppliers with the aim of conducting precise analysis in order to prevent future problems.

The supply chain risks for 2025 are regarded as manageable based on current market conditions. The KION Group has initiated countermeasures in order to mitigate problems with suppliers and in respect of sales to customers. For example, the supplier base has been further diversified in order to mitigate disruption in the supply chains and suppliers are being closely monitored in the context of the global procurement function. The objective is to take further steps to increase diversification in 2025. In addition, dedicated project teams are continually monitoring supply chains, the availability of materials, and suppliers' ability to fulfill orders. For critical materials, the KION Group has also increased its buffer of inventories.

Moreover, prudent contractual arrangements can be put in place to allow the continuing rise in material and energy costs to be passed on to customers through appropriate price increases and thus to reflect changing market circumstances.

Procurement risk continues to be regarded as having a low probability of occurrence, as was in the case in the previous year. The gross risk level remains medium.

Production risks

Production risks are largely caused by quality problems, possible disruptions to operational procedures, or production downtime at individual sites. They can also materialize as secondary risks resulting from the aforementioned procurement risks. There is also a risk that structural measures and reorganization projects will not be implemented owing to ramp-up difficulties, disruption of production, or strikes. Delays in delivery or a rise in the number of quality defects could harm the KION Group's standing with its customers and, as a result, could harm its financial situation.

The KION Group reduces production downtime risk by carrying out preventive maintenance, implementing fire protection measures, and training its staff. To manage risk, critical elements of the value creation process are identified and the impact that would materialize if they were disrupted is assessed. Contingency plans and, in some cases, redundant production processes have been put in place as a preventive measure. Insurance is taken out to limit the financial impact where there is potential for loss events to occur. Quality assurance is a high priority throughout the value chain and reduces possible quality-related risks arising from the products and services provided.

The KION Group mitigates its quality-related risks by applying rigorous quality standards to its development activities, conducting stringent controls throughout the process chain, and maintaining close contact with customers and suppliers. In light of the measures that have been taken, the gross risk value is regarded as medium with a low probability of occurrence and is therefore unchanged from the prior year.

Risks arising from customer project business

In the customer project business of the Supply Chain Solutions segment, risks can arise from deviations from the schedule originally agreed with the customer, potentially leading to an increase in project costs, delayed recognition of revenue and profit until subsequent years, and the imposition of contractual penalties. Another possible risk is that the technology deviates from the promised specifications, which may result in additional completion costs and contractual penalties. A high degree of complexity in the technical specification of customer solutions can lead to unexpected cost increases over the term of individual projects that were not anticipated in the project costing and cannot be (or cannot be fully) passed on to the customer. If these risks were to occur, it would have a negative impact in terms of the expected revenue and adjusted EBIT. Given the complexity of the influencing factors, project-specific risk management is carried out that entails continual monitoring throughout the term of the project. Consequently, the definition of the technical aspects of quotations includes a detailed evaluation of the risks plus financial risk provisioning based on the individual project specifications. A multi-stage approval process based on an extensive list of criteria is intended to ensure that technological, financial, country-specific, currency-specific, and contractual risks are mitigated to the greatest extent possible.

The potential risks that may arise in the project realization phase are monitored in every individual project using detailed continuous reviews of the individual items of work that make up the project. This enables corrective measures to be taken at an early stage and thus keeps risks under control. In the customer project business, the aforementioned risks of disruptions to the supply of components would mainly manifest themselves in the form of isolated project delays and increased expenditure on project realization. Given this risk potential, the KION Group still regards the probability of occurrence for risk from the customer project business to be medium and the gross risk value to be high for 2025. In contrast with the evaluations of other types of risk, the risk-mitigating effects of the measures that have been taken are already factored in.

Sales risks

The main sales risks – besides a drop in demand caused by market conditions – result from dependence on individual customers and sectors. Even though the macroeconomic situation remained muted, the level of order cancellations or problems resulting from other types of changes to orders was not material in 2024.

Because of its customer project business, the Supply Chain Solutions segment generally has a greater dependence on individual sectors and individual customers than the Industrial Trucks & Services segment, which is not dependent on individual customers. The KION Group’s presence in a multitude of different customer industries and segments helps to minimize the overall risk. The business is also highly diversified from a regional perspective.

The concentration risk for the KION Group as a whole is therefore still considered to be low.

No material sales risks were identified that would have required measurement and therefore inclusion in the risk matrix.

IT and data security risks

The KION Group continually refines its IT system environment in order to counter migration risk when updating software as well as any IT and data security risks that may arise from the failure of IT systems and IT infrastructure. Internal IT resources are pooled in the cross-segment KION Group IT function, which has well-established processes for project management. Independent external reviews are conducted to provide additional quality assurance.

The number of attacks on company's global IT infrastructure that can be attributed to organized crime or industrial espionage has increased significantly. Failure of critical systems, disruption of production and the ability to deliver to customers, and the loss or release into the public domain of data are among the potential consequences of these attacks. Losses are also possible because a successful cyberattack can result not only in financial losses and liability risk but also reputational damage.

Various technical and organizational measures have been implemented with the aim of protecting the KION Group's data against unauthorized access, misuse, and loss. These measures include, in particular, action to protect and defend against cyberattacks on IT systems. The KION Group's cyber and information security strategy is aimed at providing continuous protection for all processes and systems, particularly those that are business-critical. It is based on internationally recognized frameworks, such as ISO 27001. For example, procedures are in place to validate and log access to the Group's infrastructure. The KION Group has also implemented a cybersecurity tool stack to provide optimum protection against existing or future cyber threats. Other key countermeasures include continuous vulnerability scans of the entire IT infrastructure and regular penetration testing of critical systems.

For 2025, the gross risk level for IT and data security risks is unchanged year on year at medium, while the probability of occurrence remains low.

Financial risks

Financial risk encompasses liquidity risk, currency risk, interest-rate risk, and counterparty risk. In the context of corporate finance, counterparty risk relates to credit risks attaching to financial institutions. Financial risk also includes the risk of impairment, particularly of the Group's goodwill and brand names. Groupwide policies stipulate how to deal with the aforementioned risks.

Exceeding the agreed maximum level of leverage as at a specific reference date, thereby giving lenders a right of termination, is a particular risk in connection with the agreed bond, lending, and promissory note conditions. Also, a cross-default situation could trigger a right of termination in respect of the other contracts. If these funding instruments are terminated, the KION Group will need to agree new financing, probably on less favorable terms.

Some of the Group's financing takes the form of variable-rate or fixed-rate financial liabilities. Interest-rate swaps are used in some cases to reduce the interest-rate risk arising from the variable-rate financial liabilities. This mitigates the risk of rising finance costs in a risk scenario with increasing inflation and more restrictive monetary policy.

To minimize the counterparty risk attaching to financial institutions, the KION Group generally only works with investment-grade financial institutions.

Because of the high proportion of its business conducted in currencies other than the euro, the KION Group is exposed to currency risk and opportunities. These result mainly from fluctuations in exchange rates in connection with future cash flows – both revenue and costs – that are denominated in foreign currencies. In the Industrial Trucks & Services segment, 75 percent of the currency risk related to the planned operating cash flows based on liquidity planning is normally hedged by currency forwards in accordance with the risk management policy. The Supply Chain Solutions segment hedges against currency risk on a project-by-project basis. As a further natural hedge against currency risk, the KION Group endeavors, where possible, to make payments in the currencies in which cash inflows are generated.

Each Group company's liquidity planning is broken down by currency and incorporated into the KION Group's financial planning and reporting process. The liquidity planning is checked on an ongoing basis and used to determine the funding requirements of each company. The funding terms and conditions faced by the lenders themselves (manifested, for example, in the payment of liquidity premiums on interbank lending) may result in a future shortage of lines of credit and/or increased financing costs for companies.

The individual Group companies manage customer-related counterparty risk directly. They use a credit management system for identifying customer-related counterparty risks at an early stage and initiating the necessary countermeasures.

Goodwill and brand names with an indefinite useful life represented 24.4 percent of total assets as at December 31, 2024 (December 31, 2023: 25.9 percent). Pursuant to IFRS, these assets are not amortized and their measurement depends, above all, on expectations about the future financial performance of the KION Group. If these future expectations are not fulfilled, there is a risk that impairment losses will have to be recognized on these assets. Any such impairment losses can have an adverse and substantial non-cash impact on earnings and affect the balance sheet ratios. Regular monitoring of goodwill is important for identifying potential risks at an early stage and taking suitable steps to ensure the financial stability of the Company. This monitoring is carried out as part of the routine year-end processes and not as part of the risk management process, which is why monitoring of goodwill and of investments in and loans to affiliated companies do not form part of the risk matrix.

The overall assessment of the gross risk level for financial risk has been raised compared with the 2023 annual report and is classified as medium, whereas the probability of occurrence has been reduced to low.

Risks arising from lease business

The lease activities that are used to promote sales in the Industrial Trucks & Services segment mean that the KION Group may be exposed to residual value risks from the marketing of trucks. The trucks are returned by the lessee at the end of a long-term lease and subsequently sold or re-rented. Residual values in the markets for used trucks are therefore constantly monitored and forecast on the basis of prices in these markets. The KION Group regularly assesses its aggregate risk exposure arising from the lease business.

Risks identified in relation to the existing contract portfolio are taken into account by prospectively adjusting the depreciation expense, impairment losses, or provisions, which therefore reduces the level of adjusted EBIT. If there is a sustained decline in residual values, they will be adjusted in the costing of new leases. Groupwide standards to ensure that residual values are calculated appropriately, combined with an IT system for residual-value risk management, aim to reduce risk and provide the basis on which to create the transparency required.

Long-term leases with end customers are primarily arranged on a fixed-interest basis. If they are financed using variable-rate instruments, interest-rate derivatives are entered into in order to hedge the interest-rate risk, where it makes commercial sense to do so. Nevertheless, the lease business is still subject to interest-rate-volatility risk related to residual, non-matching maturities. The level of this risk depends in part on the relevant market interest rates.

As a rule, the KION Group finances its lease business in the same currency as the lease with the end customer in order to exclude currency risks.

The counterparty risk inherent in the lease business continues to be insignificant. The Group also mitigates any losses from defaults by its receipt of the proceeds from the sale of repossessed industrial trucks. Furthermore, receivables management and credit risk management are refined on an ongoing basis.

For 2025, the risk arising from the lease business is again regarded as low in terms of both probability of occurrence and gross risk value.

Human resources risks and legal risks

The KION Group relies on having highly qualified skilled workers and managers in key roles. If they left, it could have a long-term adverse impact on the Group's prospects. That is why the KION Group actively engages in HR work aimed at identifying and developing young professionals with high potential who already work for the Company and retaining them over the long term, thereby enabling succession planning for key roles across the Group. The KION Group also positions itself in the external labor market as an employer of choice. Firstly, this should enable it to make strategic additions to its portfolio of existing staff and, in this way, avert the risk of possibly losing expertise. Secondly, access to highly skilled workers helps to lay the foundations for future profitable growth.

Any efficiency enhancement measures, capacity adjustments, or restructuring necessary to secure the Company's long-term competitiveness may result in a risk of strikes and reactions of other kinds by the workforce. The KION Group is committed to doing all it can to limit the negative impact on the workforce of such measures and, if job losses are necessary, taking steps to ensure they are achieved with the minimum possible social impact. At sites where codetermination arrangements provide for the workforce to be involved in decision-making, the KION Group engages in constructive talks on these matters with the employee representatives.

Defined benefit obligations are subject to an annual actuarial valuation and the future payment obligations are discounted. A reduction in the discount rate increases the present value of the defined benefit obligations and therefore decreases equity. A further risk arises from the fact that if the return on the plan assets of the KION pension plan in Germany falls below the minimum guaranteed interest rate that exists in some cases, the KION Group is required to make up the difference. This may result in higher expenses for defined benefit obligations. The KION Group aims to limit this risk by adopting a suitable investment strategy.

The legal risks arising from the KION Group's business are typical of those faced by any company operating in this sector, for example in connection with warranties or employment-law matters. The Group companies are a party in a number of pending lawsuits in various countries. The individual companies cannot assume with any degree of certainty that they will win any of the lawsuits or that the existing risk provision in the form of insurance or provisions will be sufficient in each individual case. These lawsuits relate, among other things, to liability risks, especially as a result of legal action brought by third parties because, for example, the Company's products were allegedly faulty or the Company allegedly failed to comply with contractual obligations. Overall, the KION Group is not expecting any of these existing legal proceedings to have a material impact on its financial position or financial performance.

Further legal risk may arise as a result of the environmental restoration of decommissioned sites, for example because of work required due to contamination. Any damage to the environment may lead to legal disputes and give rise to reputational risk. There are also risks arising from the need to implement regulatory requirements intended to facilitate a circular economy and mitigate climate change and from the implementation of regulatory requirements restricting the use of certain pollutants. These risks are captured and assessed only on a qualitative basis. They continue to be regarded as low due to the KION Group’s business model and to the standards that have already been achieved in the areas of energy-related emissions, occupational health and safety, and supply chain monitoring.

Further legal risks exist in connection with potential breaches of data protection laws, including in relation to the processing of personal data and the documentation of such processing. For example, serious breaches of the European General Data Protection Regulation (GDPR) can lead to fines of up to 4 percent of the previous year’s revenue. Given the compliance standards maintained by the KION Group, the probability of data protection laws being breached and the risk level continues to be regarded as low. Events in 2024 did not necessitate any changes to this assessment.

The Company has taken measures to prevent it from incurring financial losses as a result of these risks. Although legal disputes with third parties have been insignificant both currently and in the past, the Company has a centralized reporting system to record and assist pending lawsuits. The Company applies high quality and safety standards to the use of its products and in product development and manufacturing, and it has also taken out the usual types of insurance to cover any third-party claims. In addition, interdisciplinary teams work on the avoidance of risks arising from inadequate contractual arrangements. A further objective of this cooperation across functions is to ensure compliance with mandatory laws, regulations, and contractual arrangements at all times.

Owing to the KION Group’s export focus, legal risks arise due to the numerous international and local export controls that apply. The Company mitigates these risks with a variety of measures. Consequently, export controls are an important part of the compliance activities carried out by the Group companies.

Reputational risks are secondary risks that can arise from legal risks as well as other types of risk. Involvement in legal proceedings and investigations into non-compliance with laws could harm the reputation of the KION Group and of the individuals responsible. This could result in the loss of customers and have a negative impact on the positioning of the brand companies in the competitive arena. As they are qualitative in nature, reputational risks are not quantified and therefore do not form part of the risk matrix.

The probability of occurrence and the gross risk level for the KION Group’s human resources risk and legal risk both continue to be regarded as low.

Tax risks

The KION Group also takes tax risks into account. Uncertainty regarding the interpretation and application of tax laws may lead to unexpected tax charges. In addition, changes in tax legislation or disputes with the tax authorities may lead to financial risks. Potential consequences include back payments and penalties.

To minimize these risks, the KION Group continuously monitors the tax rules and adjusts its tax strategy accordingly. Tax advisors or other external experts are consulted for particularly complex or specialist matters.

The level of losses in connection with tax risks continues to be categorized as low, but the probability of occurrence has been raised to medium.

Sustainability risks

The KION Group’s business activities give rise to circumstances that may have a negative impact on the KION Group and the entire value chain. In addition to the effects of global warming, these include the possible use of potentially polluting substances and the generation of potentially harmful emissions in the value chain. Sustainability risks are identified as part of the regular materiality assessment. Material sustainability-related risks identified in this way are recorded and tracked in the KION Group’s risk management system. The risks and their potential financial impact have not been fully assessed to date, so they are not yet included in the risk matrix. In addition to the existing qualitative description of the risks, adequate quantification will be carried out in the future, in the same way as for the analysis performed in connection with sustainability management.

Extreme weather events in supply chains represent a material risk that could have a negative financial impact on the KION Group. The environmental effects of global warming and the growing frequency of extreme weather events, such as storms and flooding, may lead to unstable supply chains, shortages of materials, and thus higher prices for materials.

In the same context, climate change brings with it the potential risk of water shortages at different stages of the upstream supply chains. This could result in temporary disruptions to production that, given the KION Group’s reliance on stable supply chains, would lead to operational inefficiencies and unforeseen costs for the KION Group. Water shortages could also adversely affect some aspects of the production process within the KION Group’s own value chain.

Furthermore, shortages of raw materials for which there is limited availability could result in supply bottlenecks, while rising prices for materials, and thus higher procurement costs, could have a material financial impact on the KION Group. Disruptions to production, resulting in longer delivery times for customers, would adversely affect the KION Group’s profitability. A partial or full ban on per- and polyfluoroalkyl substances (PFAS) could lead to supply disruptions that would have significant financial implications for the Group if no – or only limited supplies of – alternative components could be sourced at short notice.

Another material risk for the KION Group is if its competitive position is potentially weakened. The resilience of the KION Group could be under threat in the long term should competitors succeed in fully implementing circular economy strategies ahead of time. Major customers could prefer competitor products. The KION Group could also lose market share and suffer reputational damage due to customer expectations and a lack of circular products in its portfolio. Investors’ interest in the Company could also be tangibly dampened, and obtaining corporate finance could become harder. Moreover, an inadequate focus on achieving a circular economy may lead to higher costs as a result of rising prices in the supply chain for raw materials that are becoming increasingly scarce.

With regard to a functioning circular economy, sufficient financial resources must be available for the necessary investment in the development and expansion of existing corporate structures if the risks of a loss of competitiveness and reputation are to be avoided. This can represent a financial risk for the KION Group.

Opportunity report

Principles of opportunity management

Opportunity management, like risk management, forms a central part of the Company's day-to-day management. Individual areas of opportunity are identified within the framework of the strategy process. Opportunities are determined and managed on a decentralized basis in line with the Group strategy.

There are monthly reports on the opportunity situation as part of the regular Group reporting process. As a result, the KION Group is in a position to ascertain at an early stage whether market trends, competitive trends, or events within the Group require individual areas of opportunity to be re-evaluated. This may lead to reallocation of the budgets earmarked for the realization of opportunities. Such decisions are made on the basis of the potential of the opportunity, drawing on previous experience. There is no management system for the evaluation of opportunities comparable to the system for risk management.

Categorization of opportunities

'Opportunities' are understood as positive deviations from the expectations set out in the outlook relating to the economic situation and the KION Group's business situation. Opportunities are divided into three categories:

- Market opportunities describe the potential resulting from trends in the market and competitive environment and from the regulatory situation.
- Strategic opportunities are based on implementation of the Group's strategy. They may lead to positive effects that exceed planning assumptions.
- Business-performance opportunities arise in connection with operational activities along the value chain, such as restructuring or cost-cutting measures.

Opportunity situation

Market opportunities

The economy as a whole may fare better in 2025 than has been assumed for the purposes of the outlook. In a positive macroeconomic scenario, order intake and revenue could exceed the target ranges, which would have a positive effect on earnings too.

In its outlook for 2025, the IMF continues to expect a decrease in inflation, for example because of the ongoing fall in energy prices and the main central banks' monetary policy aimed at encouraging consumer spending. This could lead to the restrictive monetary policy being eased and therefore improved funding conditions, which would in turn bolster investment demand. Rising real wages in the strongest industrialized nations could also have positive effects on consumer spending and propensity to invest. This is therefore regarded as a possible positive scenario and could potentially have a favorable impact on demand for material handling solutions.

In addition, unforeseen circumstances may occur in the wider market at any time – such as quality problems at competitors or the effects of consolidation – that increase demand for products from the KION Group brands. New, unforeseen regulatory initiatives could be launched, for example the tightening of health and safety regulations or emissions standards, that would push up demand for products offered by the KION Group brands. There may also be positive currency effects that were not factored into the planning.

There are four overarching trends, in particular, that present medium- to long-term market opportunities for the KION Group:

- Commercial pressures and pressure from society and governments to forge ahead with the transition to a green economy mean that material handling solutions are increasingly required to be climate neutral. This is stimulating demand for industrial and warehouse trucks powered by electric drives, which is a particular area of strength for the KION Group, especially in regard to lithium-ion technology and fuel cell systems.
- The KION Group's main customer segments for supply chain solutions are predicted to expand, in some cases significantly, in the next few years, accelerated by the change in consumer behavior. The increasing trend toward online shopping is driving demand for warehouse automation solutions, including networked automated guided vehicle systems, mobile robotics applications, and industry-specific system solutions.
- The anticipated economic growth in the emerging markets, most notably China, is fueling increased demand for industrial trucks and related services in the APAC region. Particularly good opportunities are available in the fast-growing value segment, in which the KION Group is intending to outstrip the market's growth thanks to its multi-brand strategy, a modular platform for diesel and electric forklift trucks, and the expansion of local production facilities.
- Demographic change is resulting in a shortage of workers. This is pushing up demand for warehouse automation, mobile automation, and robotics solutions.

Strategic opportunities

The positive impact of strategic activities is already appropriately reflected in the expectations regarding the KION Group's financial performance in 2025. Nevertheless, the individual activities could create positive effects that exceed expectations. There is also a possibility that new strategic opportunities that could not be anticipated and were therefore not part of the planning may arise over the course of the year, for example in the form of acquisitions and strategic partnerships.

The KION Group's medium- to long-term strategic opportunities in the Industrial Trucks & Services operating segment arise, in particular, from

- achievement of a leading global market and technology position with regard to truck automation and innovative drive technologies as an integral element of automated warehouse solutions;
- a greater presence in the value price segment, particularly as a result of the systematic implementation of the segment-wide, modular platform strategy (global value platform);
- stronger involvement in the electrification of warehousing and logistics processes, including by ensuring availability of lithium-ion technology across the entire product range and expanding market share in the lightweight warehouse truck sector;
- further strengthening of the KION Group's market-leading position in the EMEA region and achievement of a stronger position in the APAC and Americas regions, in particular by opening new production facilities and technology centers, boosting its technological expertise through focused research and development activities, developing new equipment geared to the specific needs of customers in the individual regions, making greater use of shared modules, and harnessing potential for cross-selling between the two operating segments; and
- expansion of the service and financial services portfolio at every stage of the product lifecycle, taking advantage of the high number of trucks in use.

The KION Group's medium- to long-term strategic opportunities in the Supply Chain Solutions operating segment arise, in particular, from

- further expansion of the KION Group's position in the market for intralogistics solutions by focusing on fast-growing market segments with a balanced portfolio of short-term and long-term projects;
- continual development of intelligent and networked automation solutions, incorporating software, robotics, and mechatronics; and
- ongoing development of a high-margin, lifecycle-oriented service approach and continuous expansion of the installed base of supply chain solutions.

Business-performance opportunities

Business-performance opportunities arise firstly from ongoing activities to modernize and streamline the KION Group's production facilities and from the worldwide integration of the production network. By investing in new locations and expanding existing ones, products can be assembled nearer to the markets in which they are to be sold, economies of scale can be achieved across the Group, and synergies can be leveraged. Secondly, activities are carried out that are aimed at improving operational excellence in research and development, production, and logistics, and at lowering material and quality costs, for example by reducing the complexity of the product range.

The following may lead to an increase in profitability in the short to medium term:

- Continued measures to improve the general cost structure and internal processes in procurement, production, logistics, and project management may help the KION Group to achieve growth more efficiently in the future.
- Ongoing efficiency increases in the production network, including through the integration of additional sites, automation projects, and the relocation of production, may boost sales and improve the gross margin.
- In the Supply Chain Solutions operating segment, increasing the scalability of products and solutions by refining subsystems and standard modules that integrate hardware, control units, and software may help to reduce costs and increase quality.
- Effective use and centralized coordination of global development capacities may create synergies and economies of scale.

Summary of opportunities

The outlined opportunities offer significant possibilities for the KION Group in the medium to long term beyond the underlying forecast period. In addition, new opportunities are actively sought, their implementation examined and, if necessary, substantiated. If opportunities arise in addition to the forecast developments or if they materialize more quickly than expected, this could have a positive impact on the KION Group's financial position and financial performance. Overall, the KION Group's opportunities have not changed significantly compared with the previous year.

KION GROUP AG

Business activities

KION GROUP AG is the strategic management holding company in the KION Group. KION GROUP AG holds all the shares in Dematic Holdings GmbH, Frankfurt am Main, and thus directly holds all the shares in the subsidiaries in the Supply Chain Solutions segment. Furthermore, KION GROUP AG is the sole shareholder of Linde Material Handling GmbH, Aschaffenburg, which holds almost all the shares of the companies in the Industrial Trucks & Services segment. KION GROUP AG collects liquidity surpluses of the Group companies in a cash pool and, where possible, covers subsidiaries' funding requirements with intercompany loans. As a rule, the external financing of the Group's activities is handled by KION GROUP AG. Managerial holding company functions and the performance of other services, in return for a consideration, are also part of KION GROUP AG's remit.

The annual financial statements of KION GROUP AG are prepared in accordance with the provisions in the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The management report is combined with the group management report. Pursuant to section 315e (1) HGB, the consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Differences between the accounting policies in accordance with HGB and those in accordance with IFRS arise primarily in connection with the accounting treatment of financial instruments, provisions, deferred taxes, and procurement leases.

Management system

The main key performance indicator for KION GROUP AG is adjusted EBIT (IFRS). It is defined as earnings before interest and tax adjusted for non-recurring items and is derived from KION GROUP AG's operating profit and net investment income. A reconciliation to adjusted EBIT (IFRS) is shown in a table in the following chapter.

Financial performance of KION GROUP AG

KION GROUP AG does not have any operating activities itself. The revenue of €129.8 million reported for 2024 (2023: €112.1 million) largely arose from the performance of services for affiliated companies.

Other operating income rose by €28.0 million to €46.3 million and included, in particular, gains on the measurement of bank accounts and cash pools in foreign currencies.

The cost of materials related to revenue from the provision of services and mostly consisted of expenses for consultancy services.

Personnel expenses amounted to €76.6 million, a year-on-year rise of €2.6 million. This can mostly be explained by growth in the number of employees compared with the previous year. The fall in post-employment benefit costs and other benefits had a countervailing effect.

Other operating expenses went up by €71.9 million to €225.6 million. This increase was primarily attributable to higher exchange rate losses resulting from the measurement of bank accounts and cash pools in foreign currencies as well as a rise in expenses for consultancy and other third-party services.

Net investment income rose by €82.6 million to €625.4 million in 2024. This increase was mainly due to significantly higher income from the profit-transfer agreement in place with Linde Material Handling GmbH, which amounted to €627.2 million (2023: €467.0 million). By contrast, income from the profit-transfer agreement with Dematic Holdings GmbH fell to €2.6 million (2023: €82.8 million).

Adjusted EBIT (IFRS), which is derived from operating profit and net investment income, increased in total by €63.5 million to €509.0 million, thus meeting the forecast for the 2024 financial year.

The net financial income of €45.9 million (2023: €35.6 million) consisted of interest expense and similar charges totaling €154.4 million (2023: €140.6 million) and other interest and similar income amounting to €200.3 million (2023: €176.3 million). Interest expense and similar charges related to interest expense for external financial liabilities in an amount of €60.0 million (2023: €65.5 million) and interest charged on intercompany liabilities in an amount of €94.4 million (2023: €74.3 million). Other interest and similar income mainly comprised interest income of €194.1 million (2023: €169.5 million) arising from intercompany receivables. It also included income from cover assets of €2.8 million (2023: €3.2 million) and interest on deposits with banks of €2.6 million (2023: €1.4 million).

KION GROUP AG recorded tax expenses of €101.3 million as a result of its role as the parent company of the tax group for nearly all domestic subsidiaries in 2024 (2023: tax expense of €107.6 million).

Total net income of €443.4 million was generated in the year under review (2023: €373.0 million).

Financial performance

in € million	2024	2023	Change
Revenue	129.8	112.1	15.8%
Other operating income	46.3	18.3	> 100%
Material expenses	–0.2	–0.2	0.0%
Personnel expenses	–76.6	–74.0	–3.5%
Other operating expenses	–225.6	–153.7	–46.8%
Depreciation, amortization & impairment expense	–0.3	–0.3	0.0%
Operating loss	**–126.6**	**–97.8**	**–29.4%**
Net income (loss) from participations	625.4	542.8	15.2%
Net interest income (loss)	45.9	35.6	28.9%
Income taxes	–101.3	–107.6	5.9%
Net income	**443.4**	**373.0**	**18.9%**

Reconciliation to adjusted EBIT (IFRS)

in € million	2024	2023	Change
Operating loss	–126.6	–97.8	–29.4%
Net income (loss) from participations	625.4	542.8	15.2%
Valuation effects local gaap / IFRS	10.4	–0.2	> 100%
Non-recurring items	–0.2	0.7	< –100%
Adjusted EBIT (IFRS)	**509.0**	**445.5**	**14.3%**

In the reporting year, the differences between the accounting policies in accordance with HGB and those in accordance with IFRS had resulted mainly from the recognition of currency effects.

Net assets and financial position of KION GROUP AG

The total assets of KION GROUP AG increased by approximately 12.0 percent to €9,098.3 million as at December 31, 2024.

Financial assets in the amount of €4,605.1 million included, in addition to the carrying amounts of the equity investments in Dematic Holdings GmbH (€2,862.2 million) and Linde Material Handling GmbH (€1,368.4 million), loans to affiliated companies in the amount of €365.6 million (December 31, 2023: €0.0 million).

Cash and cash equivalents increased by €446.4 million to €533.8 million as at the reporting date. The main reason for this was the inflow of cash provided by the corporate bond issued in November 2024.

Receivables and other assets amounted to €3,954.5 million (December 31, 2023: €3,793.3 million). The bulk of this total, €3,928.0 million, consisted of loans and cash pool receivables due from other Group companies (December 31, 2023: €3,746.7 million). The total also included the Company’s entitlement to the transfer of profits from Linde Material Handling GmbH and Dematic Holdings GmbH. There were long-term loans to Group companies of €559.2 million (December 31, 2023: €49.7 million).

Net assets

in € million	Dec. 31, 2024	Dec. 31, 2023	Change
Assets			
Property, plant and equipment	1.2	1.4	–11.4%
Financial assets	4,605.1	4,239.1	8.6%
Receivables and other assets	3,954.5	3,793.3	4.2%
Cash and cash equivalents	533.8	87.4	> 100%
Deferred charges and prepaid expenses	3.6	2.9	25.2%
Total assets	**9,098.3**	**8,124.2**	**12.0%**
Equity and liabilities			
Equity	5,512.8	5,161.2	6.8%
Retirement benefit obligation	65.6	68.3	–4.0%
Tax provisions	36.3	34.0	6.7%
Other provisions	54.3	52.6	3.2%
Liabilities	3,429.3	2,808.1	22.1%
Total equity and liabilities	**9,098.3**	**8,124.2**	**12.0%**

By pursuing an appropriate financial management strategy, the KION Group – through KION GROUP AG – makes sufficient cash and cash equivalents available at all times to meet the Group companies' operational and strategic funding requirements. KION GROUP AG is a publicly listed company and therefore ensures that its financial management takes into account the interests of shareholders and financing partners. For the sake of these stakeholders, KION GROUP AG strives for an appropriate ratio of internal funding to borrowing.

Equity increased by €351.6 million in the reporting year. After taking into account the dividend payment of €91.8 million and the net income for the year of €443.4 million, equity rose to €5,512.8 million (December 31, 2023: €5,161.2 million). The equity ratio was 60.6 percent as at the reporting date (December 31, 2023: 63.5 percent).

Provisions increased by €1.2 million to €156.1 million, mainly because personnel provisions rose by €1.7 million to €40.7 million. By contrast, the retirement benefit obligation declined by €2.7 million to a total of €65.6 million.

Liabilities amounted to €3,429.3 million (December 31, 2023: €2,808.1 million) and predominantly consisted of loan liabilities and cash pool liabilities to other Group companies amounting to €1,880.6 million (December 31, 2023: €1,443.0 million), liabilities to banks of €539.9 million (December 31, 2023: €829.8 million), and corporate bonds of €1,000.0 million (December 31, 2023: €500.0 million). After deduction of cash and cash equivalents, the resulting net debt amounted to €1,006.1 million as at the reporting date (December 31, 2023: €1,242.4 million).

In 2020, KION GROUP AG launched a corporate bond program (EMTN program) with a total volume of €3 billion. The first bond was placed on the capital markets under this program in 2020 and had a nominal amount of €500.0 million, a maturity date in 2025, and a coupon of 1.625 percent. The bond is not secured. A second unsecured bond with a nominal amount of €500.0 million, a maturity date in 2029, and a coupon of 4.0 percent was placed on the capital markets under the EMTN program in November 2024.

KION GROUP AG has a syndicated revolving credit facility (RCF) with a total volume of €1,385.7 million. In September 2023, the term of the RCF was extended by one year until October 2028. The facility has a variable interest rate; the contractually agreed interest terms are linked to KION GROUP AG's credit rating and to compliance with sustainability KPIs. As at December 31, 2024, no drawdowns were made on the revolving credit facility (December 31, 2023: €20.8 million).

The remaining bilateral bank loan with a volume of €100.0 million was repaid in 2024 ahead of schedule. As at the reporting date, there were no other loan liabilities.

The commercial paper program was increased by €250.0 million to €750.0 million in April 2022. There were no drawdowns as at December 31, 2024 (December 31, 2023: €20.0 million).

The liabilities to banks and the promissory notes are not secured.

Employees

The average number of employees at KION GROUP AG in 2024 was 346 (2023: 301). KION GROUP AG employed 373 people as at December 31, 2024 (December 31, 2023: 314).

Future growth and risk situation

Outlook

The earnings performance of KION GROUP AG should continue to mirror that of the Group going forward. This is because it is the Group's parent company and therefore its net investment income will reflect the earnings of the subsidiaries. The outlook for the KION Group is therefore largely reflected in the expectations of KION GROUP AG.

The business performance and position of KION GROUP AG are largely determined by the business performance and success of the Group. Detailed reports in this regard are set out in the 'Business performance in the Group' and 'Financial position and financial performance of the KION Group' sections.

A significant year-on-year decrease in adjusted EBIT (IFRS) is therefore anticipated for 2025.

Risks and opportunities

The business performance of KION GROUP AG is essentially subject to the same risks and opportunities as those of the Group because the Group participates directly in the performance of the global subsidiaries through their contributions to earnings.

KION GROUP AG also has guarantees and indemnities in place with affiliated companies and with banks and insurance companies in an amount of €6,234.1 million. These relate mainly to lease obligations. In addition, KION GROUP AG is jointly and severally liable for a revolving credit facility of €1,750 million agreed in 2024 to finance the lease business of the subsidiaries. As at the reporting date, the existing contingent liabilities were reviewed with regard to their risk situation. The Executive Board of KION GROUP AG regards the risk of potential trigger events as not probable.

Concluding declaration on the report on relationships with affiliated entities (dependency report), section 312 (3) sentence 3 AktG

With respect to the legal transactions and other measures mentioned in the report on relationships with affiliated entities, we hereby declare that in each case the Company received appropriate consideration in accordance with the circumstances of which we were aware at the time when the legal transactions were concluded or the measures were taken or omitted and that it did not suffer any disadvantages as a result of such measures having been taken or omitted.

Frankfurt am Main, February 19, 2025

The Executive Board

Dr. Richard Robinson Smith | Christian Harm | Valeria Gargiulo

Andreas Krinninger | Ching Pong Quek | Hans Michael Larsson

Disclosures relevant to acquisitions

The following disclosures are made in accordance with section 315a HGB.

1. Composition of subscribed capital

The subscribed capital (share capital) of KION GROUP AG amounted to around €131.2 million as at December 31, 2024. It was divided into around 131.2 million no-par-value bearer shares. The share capital is fully paid up. All of the shares in the Company give rise to the same rights and obligations. Each share confers one vote and entitlement to an equal share of the profits. The rights and obligations arising out of the shares are defined by legal provisions.

As at December 31, 2024, the Company held 73,876 shares in treasury.

2. Restrictions on voting rights or the transfer of shares

The Company is not aware of any agreements entered into by shareholders of KION GROUP AG that restrict voting rights or the transfer of shares.

In respect of the KION GROUP AG shares that they hold and are required to purchase in accordance with their individual Executive Board service contract, the members of the Executive Board have committed to a lock-up obligation for the duration of the term of their individual Executive Board service contract. As at December 31, 2024, the Executive Board members in office as at that date together held 88,835 shares in KION GROUP AG that they are required to hold under the share ownership guidelines. This equates to around 0.07 percent of the shares issued by the Company. Further details of the share ownership guidelines for the Executive Board members in office as at December 31, 2024 can be found in the 2024 remuneration report, which is published on the KION GROUP AG website at www.kiongroup.com/remuneration.

KION GROUP AG has no rights arising from the treasury shares that it holds (section 71b AktG). By law, the voting rights attaching to the affected shares are generally disapplied in the cases set out in section 136 AktG.

3. Direct or indirect shareholdings in the Company that represent more than 10 percent of the voting rights

As far as the Company is aware, only Weichai Power (Luxembourg) Holding S.à r.l. ('Weichai Power'), Luxembourg, directly held more than 10 percent of the voting rights in KION GROUP AG as at December 31, 2024 and its shareholding was 46.5 percent.

According to the voting-right notifications pursuant to the German Securities Trading Act (WpHG), the voting rights held by Weichai Power are deemed to belong to the following other companies and countries:

Companies and countries to which the voting rights of Weichai Power are deemed to belong

Company	Registered office
Shandong Heavy Industry Group Co., Ltd.	Jinan, People's Republic of China
Weichai Holding Group Co., Ltd.	Weifang, People's Republic of China
Weichai Power Co., Ltd.	Hong Kong, People's Republic of China
Weichai Power (Hong Kong) International Development Co., Ltd.	Hong Kong, People's Republic of China

Other	Registered office
People's Republic of China	Beijing, People's Republic of China

Since the reporting date, there may have been changes to the aforementioned shareholdings of which the Company is unaware. As the shares in the Company are bearer shares, the Company only learns about changes to the size of shareholdings if these changes are notifiable pursuant to the German Securities Trading Act or other regulations.

4. Shares with special rights that confer authority to exert control over the Company

There are no shares with special rights that confer the authority to exert control over the Company.

5. Type of voting right controls in cases where employees hold some of the Company's capital and do not exercise their control rights directly

There are no cases where employees hold some of the Company's capital and do not exercise their control rights directly themselves.

6. Appointment and removal of members of the Executive Board; amendments to the articles of association

Article 6 of the Company's articles of association stipulates that members of the Company's Executive Board must be appointed and removed in accordance with sections 84 and 85 AktG and section 31 MitbestG. Pursuant to article 6 (1) of the articles of association of the Company, the Executive Board must have a minimum of two members. The Supervisory Board determines the number of Executive Board members. Pursuant to section 84 AktG and article 6 (3) of the Company's articles of association, the Supervisory Board may appoint a Chief Executive Officer and a deputy.

Section 179 (1) sentence 1 AktG requires that amendments to the articles of association be passed by resolution of the Annual General Meeting. In accordance with article 23 of the articles of association in conjunction with section 179 (2) sentence 2 AktG, resolutions at the Annual General Meeting on amendments to the articles of association are passed by simple majority of the votes cast and by simple majority of the share capital represented in the voting unless a greater majority is specified as a mandatory requirement under statutory provisions. The option to stipulate a larger majority than a simple majority in any other cases has not been exercised in the articles of association.

The Supervisory Board is authorized in article 10 (3) of the Company's articles of association to amend the articles of association provided that such amendments relate solely to the wording.

7. Authority of the Executive Board to issue or buy back shares

The Company is authorized to issue shares, acquire shares for treasury, and use treasury shares as follows:

Acquisition of shares for treasury

In 2024, the Company was authorized as follows to purchase shares for treasury:

- The Annual General Meeting on May 11, 2021 authorized the Company, in the period up to and including May 10, 2026, to acquire for treasury up to 10 percent of all the shares in issue at the time of the resolution or in issue on the date the authorization is exercised, whichever is the lower. The shares acquired as a result of this authorization together with other shares of the Company that the Company has already acquired and still possesses or that are deemed to be in its possession pursuant to section 71a et seq. AktG must not exceed 10 percent of the share capital at any time. The Company may use the treasury shares acquired as a result of these and earlier authorizations for any permitted purpose. In particular, the Company may retire the treasury shares or sell them through a stock exchange or by means of an offer to all shareholders. It may also sell the shares in return for a non-cash consideration, in particular in connection with the acquisition of a business, parts of a business, or equity investments. The acquired treasury shares may also be used to settle conversion rights or warrants issued by the Company or one of its affiliated companies. In addition, the acquired treasury shares may be offered to persons having an employment or service relationship with the Company or one of its affiliated companies as part of an employee share ownership program. The Company's Supervisory Board was also authorized to offer the acquired treasury shares to members of the Company's Executive Board as part of their Executive Board remuneration. In particular, they may be offered, promised, and transferred to the members of the Company's Executive Board. The authorization may not be used for the purpose of trading treasury shares. The authorization may be exercised on one or more occasions, for the entire amount or for partial amounts, in pursuit of one or more aims, by the Company, by companies that are dependent on or majority-owned by the Company, or for the account of the Company or these companies. At the discretion of the Executive Board, the shares may be purchased through the stock exchange, by way of a public purchase offer made to all shareholders, or by way of a public invitation to shareholders to tender their shares.

The Company did not make use of this authorization in 2024.

Authorized capital

On the basis of a resolution of the Company's Annual General Meeting on May 11, 2017, the Executive Board was authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital by up to €10.879 million by issuing up to 10.879 million new no-par-value bearer shares against cash and/or non-cash contributions up to and including May 10, 2022 ('2017 Authorized Capital'). The 2017 Authorized Capital became effective when the corresponding change to the articles of association was entered in the commercial register at the Wiesbaden local court (HRB 27060) on May 12, 2017.

On the basis of a resolution of the Company's Annual General Meeting on July 16, 2020, the Executive Board was also authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital by up to €11.809 million by issuing up to 11.809 million new no-par-value bearer shares against cash contributions on one or more occasions up to and including July 15, 2025 ('2020 Authorized Capital'). The 2020 Authorized Capital became effective when the corresponding change to the articles of association was entered in the commercial register at the Frankfurt am Main local court (HRB 112163) on August 5, 2020.

With the consent of the Supervisory Board's ad hoc transaction committee set up for this purpose, the Executive Board of KION GROUP AG resolved on May 22, 2017 to use part of the 2017 Authorized Capital and, disapplying shareholders' pre-emption rights, to increase the Company's share capital by a nominal €9.3 million to €118.090 million by issuing 9.3 million new no-par-value bearer shares in the Company. This equates to an 8.55 percent rise in the Company's share capital in existence on the effective date and at the time of use of the 2017 Authorized Capital. The capital increase took effect when its implementation was entered in the commercial register at the Wiesbaden local court under HRB 27060 on May 23, 2017.

With the consent of the Supervisory Board, the Executive Board of KION GROUP AG furthermore resolved on November 18, 2020 to use up the 2017 Authorized Capital and use part of the 2020 Authorized Capital and to increase the Company's share capital by a nominal €13.11 million to €131.199 million by issuing 13.11 million new no-par-value bearer shares in the Company. This equates to an 11.1 percent rise in the Company's share capital in existence on the effective date and at the time of use of the 2017 Authorized Capital and 2020 Authorized Capital. The capital increase took effect when its implementation was entered in the commercial register at the Frankfurt am Main local court under HRB 112163 on December 7, 2020.

The Executive Board's authorization from the Annual General Meeting relating to the fully exhausted 2017 Authorized Capital expired on May 10, 2022. Consequently, the Executive Board is currently authorized by the Annual General Meeting to use the 2020 Authorized Capital to increase the Company's share capital by up to €279,353 by issuing up to 279,353 new no-par-value bearer shares against cash contributions.

Debt instruments

On the basis of a resolution of the Annual General Meeting on July 16, 2020, the Executive Board was authorized, in the period up to and including July 15, 2025, to issue, on one or more occasions, bearer or registered convertible and/or warrant-linked bonds and/or profit-sharing rights and/or income bonds with conversion rights or warrants and/or mandatory conversion requirements or option obligations (or a combination of these instruments) for a total par value of up to €1 billion with or without a limited term (referred to jointly as 'debt instruments'), and to grant conversion rights / warrants to – and/or to impose mandatory conversion requirements / option obligations on – the beneficial owners of debt instruments to acquire up to 11.81 million new no-par-value bearer shares of KION GROUP AG with a pro rata amount of the share capital of up to €11.81 million ('2020

Authorization’). The 2020 Conditional Capital of €11.81 million was created to service the debt instruments. The 2020 Authorization has not been used so far.

The 2020 Authorized Capital will be reduced by the proportion of the share capital that is attributable to shares that may or must be issued in order to service bonds with conversion rights or warrants or with mandatory conversion requirements or option obligations, if the bonds are issued during the term of the 2020 Authorized Capital.

8. Material agreements that the Company has signed and that are conditional upon a change of control resulting from a takeover bid, and the consequent effects

In the event of a change of control resulting from a takeover bid, certain consequences are set out in the following significant contracts (still in force on December 31, 2024) concluded between KION GROUP AG or Group companies of KION GROUP AG and third parties:

KION GROUP AG

- Sustainability-linked syndicated revolving credit facility agreement dated October 4, 2021 (as amended), concluded between KION GROUP AG and, among others, Landesbank Hessen-Thüringen Girozentrale (outstanding nominal amount as at December 31, 2024: around €1,386 million)

  In the event that a person, companies affiliated with this person, or persons acting in concert within the meaning of section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG) acquire(s) control over more than 50 percent of the Company’s voting shares, the lenders may demand that the loans drawn down be repaid and may cancel the loan facility under the sustainability-linked syndicated revolving credit facility agreement dated October 4, 2021.

- Sustainability-linked syndicated revolving credit facilities agreement dated April 20, 2022 (as amended), concluded between KION GROUP AG and, among others, Landesbank Baden-Württemberg (outstanding nominal amount as at December 31, 2024: around €1,404 million)

  The provisions in the sustainability-linked syndicated revolving credit facilities agreement dated April 20, 2022 that apply in the event of a change of control are largely identical to those in the sustainability-linked syndicated revolving credit facility agreement dated October 4, 2021.

As at December 31, 2024, the Company had promissory note agreements with a nominal amount of around €530.0 million outstanding:

- Promissory note agreements (two tranches with different coupons and different maturities) dated February 13, 2017, concluded between KION GROUP AG and Landesbank Baden-Württemberg; the latter subsequently passed them on to its investors
- A promissory note agreement dated June 26, 2018, concluded between KION GROUP AG and Landesbank Hessen-Thüringen; the latter subsequently passed it on to its investors
- A promissory note agreement dated April 10, 2019, concluded between KION GROUP AG and Landesbank Hessen-Thüringen; the latter subsequently passed part of it on to its investors

- Promissory note agreements (five tranches with different coupons and different maturities) dated September 27, 2023, concluded between KION GROUP AG and Landesbank Baden-Württemberg; the latter subsequently passed them on to its investors

  The provisions in the aforementioned promissory note agreements that apply in the event of a change of control are largely identical to those in the sustainability-linked syndicated revolving credit facility agreement dated October 4, 2021.

- Euro medium term notes, issued under a medium-term note program dated September 10, 2020, arranged by KION GROUP AG with the dealers BNP Paribas, Goldman Sachs Bank Europe SE, Commerzbank Aktiengesellschaft, and UniCredit Bank AG (outstanding nominal amount as at December 31, 2024: €500 million)

  In the event that one person or multiple persons (the ‘relevant person[s]’), who are acting in concert within the meaning of section 34 (2) WpHG, or one or multiple third parties acting by order of the relevant person(s), at any time indirectly or directly hold(s) or has/have acquired (i) more than 50 percent of the outstanding share capital of the issuer or (ii) that number of shares that, under normal circumstances at the issuer’s Annual General Meeting, would account for more than 50 percent of the voting rights that can be exercised, and the credit rating is lowered due to a change of control within the change of control period, each beneficial owner has the right to demand repayment of their promissory note.

- Euro medium term notes, issued under a medium-term note program dated November 20, 2024, arranged by KION GROUP AG with the dealers Banco Santander, S.A., DZ BANK AG, J.P. Morgan SE, and Landesbank Hessen-Thüringen Girozentrale (outstanding nominal amount as at December 31, 2024: €500 million)

  The provisions for the aforementioned euro medium term notes that apply in the event of a change of control are largely identical to those for the euro medium term notes dated September 10, 2020.

Group companies of KION GROUP AG

As at December 31, 2024, certain Group companies of KION GROUP AG also had finance totaling €1.731 billion outstanding in connection with the existing asset-backed securities documentation:

- Asset-backed securities documentation in the United Kingdom dated February 15, 2018 (as amended), concluded between KION Financial Services Ltd. and K-Lift Compartment 1; the noteholders are Skandinaviska Enskilda Banken AB (PUBL) and Commerzbank Aktiengesellschaft

- Asset-backed secured loan documentation in Sweden dated June 5, 2019 (as amended), concluded between KION Financial Services Sweden AB and the Frankfurt am Main branch of Skandinaviska Enskilda Banken AB (PUBL)

- Asset-backed securities documentation in France dated July 17, 2019 (as amended), concluded between Fenwick Financial Services SAS, STILL Location Services SAS, and K-Lift S.A. Compartment 2; the noteholder is tes an Ice Greek3; UniCredit Bank AG was originally the noteholder

- Asset-backed securities documentation in Germany dated June 30, 2020 (as amended), concluded between STILL Financial Services GmbH and K-Lift Compartment 3; the noteholder is Weinberg Capital DAC; Weinberg Capital DAC issues asset-backed commercial paper (ABCP) to investors

- Asset-backed securities documentation in Italy dated October 6, 2021 (as amended), concluded between KION Rental Services S.p.A. and K-Lift Compartment 4; the noteholders are Helaba and Commerzbank Aktiengesellschaft

  The provisions in the aforementioned asset-backed securities documentation that apply in the event of a change of control are largely identical to those in the sustainability-linked syndicated revolving credit facility agreement dated October 4, 2021.

- Asset-backed securities documentation in Spain dated December 19, 2019 (as amended), concluded between KION Rental Services S.A.U. and Landesbank Hessen-Thüringen Girozentrale

  In the event of changes to the ownership of KION GROUP AG (the guarantor) that Landesbank Hessen-Thüringen Girozentrale (the buyer) legitimately believes could significantly hamper the ability of KION GROUP AG to meet its obligations arising from the framework agreement dated December 19, 2019 regarding the purchase and administration of receivables, the buyer is entitled to terminate the framework agreement without notice.

9. Compensation agreements that the Company has signed with the Executive Board members or employees and that will be triggered in the event of a takeover bid

No such agreements have been concluded between the Company and its current Executive Board members or employees.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

in € million	Note	2024	2023
Revenue	[7]	11,503.2	11,433.7
Cost of sales	[8]	–8,409.7	–8,652.5
Gross profit		**3,093.5**	**2,781.2**
Selling expenses	[8]	–1,206.5	–1,143.3
Research and development costs	[8]	–259.6	–235.1
Administrative expenses	[8]	–834.9	–760.9
Other income	[9]	115.3	136.0
Other expenses	[10]	–145.4	–130.2
Profit from equity-accounted investments	[11]	15.4	12.8
Earnings before interest and tax		**777.8**	**660.6**
Financial income	[12]	302.0	207.8
Financial expenses	[13]	–490.0	–408.6
Net financial expenses		**–188.0**	**–200.8**
Earnings before tax		**589.8**	**459.8**
Income taxes	**[14]**	**–220.5**	**–145.4**
Current taxes		–265.6	–286.6
Deferred taxes		45.1	141.2
Net income		**369.2**	**314.4**
Attributable to shareholders of KION GROUP AG		360.3	305.8
Attributable to non-controlling interests		8.9	8.6
Earnings per share	**[15]**		
Average number of shares (in million)		131.1	131.1
Basic earnings per share (in €)		2.75	2.33
Diluted earnings per share (in €)		2.75	2.33

Consolidated statement of comprehensive income

in € million	Note	2024	2023
Net income		**369.2**	**314.4**
Items that will not be reclassified subsequently to profit or loss		**11.8**	**–27.1**
Gains / losses on defined benefit obligation	[29]	–15.3	–58.7
thereof changes in unrealized gains and losses		–22.0	–84.7
thereof tax effect		6.8	26.0
Changes in unrealized gains / losses on financial investments	[22]	27.0	31.2
Changes in unrealized gains and losses from equity-accounted investments		0.0	0.4
Items that may be reclassified subsequently to profit or loss		**136.6**	**–76.8**
Impact of exchange differences		151.5	–79.0
thereof changes in unrealized gains and losses		150.5	–79.0
thereof realized gains (–) and losses (+)		1.0	–
Gains / losses on hedge reserves	[42]	–14.5	1.9
thereof changes in unrealized gains and losses		–19.3	0.8
thereof realized gains (–) and losses (+)		0.2	2.2
thereof tax effect		4.6	–1.0
Changes in unrealized gains / losses from equity-accounted investments		–0.4	0.3
Other comprehensive income / loss		**148.4**	**–104.0**
Total comprehensive income		**517.6**	**210.4**
Attributable to shareholders of KION GROUP AG		508.5	202.1
Attributable to non-controlling interests		9.1	8.4

Consolidated statement of financial position – Assets

in € million	Note	Dec. 31, 2024	Dec. 31, 2023
Goodwill	[16]	3,648.2	3,558.0
Other intangible assets	[16]	2,166.7	2,106.9
Leased assets	[17]	1,631.5	1,454.9
Rental assets	[18]	805.2	737.8
Other property, plant and equipment	[19]	1,986.1	1,749.9
Equity-accounted investments	[20]	110.3	103.6
Lease receivables	[21]	2,088.9	1,701.9
Other financial assets	[22]	208.6	187.5
Other assets	[23]	101.6	121.3
Deferred taxes	[14]	489.3	443.2
Non-current assets		**13,236.4**	**12,165.1**
Inventories	[24]	1,748.6	1,817.1
Lease receivables	[21]	723.8	612.5
Contract assets	[34]	278.1	403.3
Trade receivables	[25]	1,695.6	1,755.8
Income tax receivables	[14]	63.6	41.5
Other financial assets	[22]	76.2	65.5
Other assets	[23]	196.1	160.6
Cash and cash equivalents	[26]	787.0	311.8
Assets held for sale	[27]	–	55.2
Current assets		**5,569.0**	**5,223.3**
Total assets		**18,805.4**	**17,388.4**

Consolidated statement of financial position – Equity and liabilities

in € million	Note	Dec. 31, 2024	Dec. 31, 2023
Subscribed capital		131.1	131.1
Capital reserve		3,826.7	3,826.7
Retained earnings		2,135.7	1,867.3
Accumulated other comprehensive income / loss		95.9	–58.3
Non-controlling interests		17.7	5.9
Equity	**[28]**	**6,207.1**	**5,772.7**
Retirement benefit obligation and similar obligations	[29]	747.5	775.7
Financial liabilities[1]	[30]	1,002.0	1,306.6
Liabilities from lease business	[31]	3,225.3	2,715.5
Liabilities from short-term rental business	[32]	585.5	509.9
Other provisions	[33]	213.1	173.7
Other financial liabilities	[36]	663.1	556.0
Other liabilities	[37]	204.9	177.7
Deferred taxes	[14]	446.7	448.9
Non-current liabilities		**7,088.1**	**6,663.9**
Financial liabilities[1]	[30]	698.3	215.8
Liabilities from lease business	[31]	1,182.2	1,040.7
Liabilities from short-term rental business	[32]	228.7	206.7
Contract liabilities	[34]	778.6	773.3
Trade payables	[35]	1,160.4	1,194.0
Income tax liabilities	[14]	75.0	89.3
Other provisions	[33]	269.4	278.6
Other financial liabilities	[36]	313.9	328.5
Other liabilities	[37]	803.8	779.8
Liabilities directly associated with assets held for sale	[27]	–	45.2
Current liabilities		**5,510.2**	**4,951.8**
Total equity and liabilities		**18,805.4**	**17,388.4**

1 Prior-year figures have been adjusted due to the retrospective application of the amendments to IAS 1

Consolidated statement of cash flows

in € million	Note	2024	2023
Earnings before interest and tax		**777.8**	**660.6**
Amortization, depreciation and impairment minus reversals of impairment on non-current assets without lease and rental assets	[8], [10]	546.3	485.5
Depreciation and impairment minus reversals of impairment on lease and rental assets	[8]	592.9	567.5
Non-cash reversals of deferred revenue from lease business		–78.9	–91.8
Other non-cash income (–)/expenses (+)		12.5	16.6
Gains (–)/losses (+) on disposal of non-current assets	[9], [10]	–5.6	–5.9
Change in assets/liabilities from lease and short-term rental business		–543.1	–461.8
thereof change in leased assets (excluding depreciation and interest) and receivables/liabilities from lease business	[17], [21], [31]	–270.1	–214.1
thereof change in rental assets (excluding depreciation and interest) and liabilities from short-term rental business	[18], [32]	–186.6	–186.8
thereof interest received from lease business		140.2	102.0
thereof interest paid from lease and short-term rental business		–226.6	–162.9
Change in net working capital		243.0	27.5
thereof inventories	[24]	93.8	–31.7
thereof trade receivables and trade payables	[25], [35]	34.2	–22.3
thereof contract assets and contract liabilities	[34]	115.0	81.4
Cash payments for defined benefit obligations	[29]	–84.5	–85.9
Change in other provisions	[33]	19.3	81.1
Change in other operating assets/liabilities		–6.3	130.5
Taxes paid		–302.9	–180.0
Cash flow from operating activities	**[39]**	**1,170.6**	**1,144.0**

Consolidated statement of cash flows (continued)

in € million	Note	2024	2023
Cash payments for purchase of non-current assets (excluding leased and rental assets)	[39]	–462.9	–442.8
Cash receipts from disposal of non-current assets (excluding leased and rental assets)		9.2	15.2
Dividends received		11.6	9.9
Acquisition of subsidiaries/other businesses (net of cash acquired)		–36.7	–2.8
Sale of subsidiaries/other businesses (net of cash)		10.3	–
Cash receipts/payments for sundry assets		–0.1	–8.3
Cash flow from investing activities	**[39]**	**–468.6**	**–428.8**
Dividend of KION GROUP AG	[28]	–91.8	–24.9
Dividends paid to non-controlling interests		–2.2	–1.6
Financing costs paid		–7.0	–7.4
Proceeds from borrowings	[39]	1,016.6	1,147.5
Repayment of borrowings	[39]	–845.7	–1,621.7
Interest received		11.3	9.7
Interest paid	[39]	–69.1	–69.7
Principal portion from procurement leases	[39]	–147.3	–135.8
Interest portion from procurement leases	[39]	–27.8	–22.1
Cash receipts/payments from other financing activities		–61.7	4.2
Cash flow from financing activities	**[39]**	**–224.7**	**–721.7**
Effect of exchange rate changes on cash and cash equivalents		–2.1	–5.0
Change in cash and cash equivalents		**475.2**	**–11.5**
Cash and cash equivalents at the beginning of the year	[39]	311.8	318.1
Cash and cash equivalents at the end of the year	[39]	787.0	306.6
Change in cash and cash equivalents in connection with assets held for sale	[27]	–	5.2
Cash and cash equivalents at the end of the year (Consolidated statement of financial position)	[39]	787.0	311.8

Consolidated statement of changes in equity

in € million	Note	Subscribed capital	Capital reserves	Retained earnings
Balance as at Jan. 1, 2023		**131.1**	**3,826.7**	**1,600.5**
Net income				305.8
Other comprehensive loss (before reclassifications)	[28]			
Reclassification to retained earnings	[28]			
Comprehensive income		**0.0**	**0.0**	**305.8**
Dividend of KION GROUP AG	[28]			–24.9
Dividends paid to non-controlling interests	[28]			
Reclassification from other comprehensive loss	[28]			–7.4
Changes in the scope of consolidation	[4]			–6.7
Gains / losses on hedge reserves reclassified to inventories	[42]			
Balance as at Dec. 31, 2023		**131.1**	**3,826.7**	**1,867.3**
Balance as at Jan. 1, 2024		**131.1**	**3,826.7**	**1,867.3**
Net income				360.3
Other comprehensive income	[28]			
Comprehensive income		**0.0**	**0.0**	**360.3**
Dividend of KION GROUP AG	[28]			–91.8
Dividends paid to non-controlling interests	[28]			
Changes from addition / disposal of non-controlling interests	[28]			–0.1
Gains / losses on hedge reserves reclassified to inventories	[42]			
Balance as at Dec. 31, 2024		**131.1**	**3,826.7**	**2,135.7**

	Accumulated other comprehensive income (loss)							
	Cumulative translation adjustment	**Gains / losses on defined benefit obligation**	**Gains / losses on hedge reserves**	**Gains / losses on financial investments**	**Gains / losses from equity-accounted investments**	**Equity attributable to shareholders of KION GROUP AG**	**Non-controlling interests**	**Total**
	–29.1	**56.6**	**2.5**	**18.3**	**2.0**	**5,608.7**	**–0.9**	**5,607.8**
						305.8	8.6	314.4
	–78.8	–64.6	1.9	29.6	0.6	–111.2	–0.2	–111.4
		5.8		1.6		7.4	0.0	7.4
	–78.8	**–58.7**	**1.9**	**31.2**	**0.6**	**202.1**	**8.4**	**210.4**
						–24.9	0.0	–24.9
						0.0	–1.6	–1.6
						–7.4	0.0	–7.4
						–6.7	0.0	–6.7
			–4.9			–4.9	0.0	–4.9
	–107.8	**–2.1**	**–0.5**	**49.5**	**2.6**	**5,766.8**	**5.9**	**5,772.7**
	–107.8	**–2.1**	**–0.5**	**49.5**	**2.6**	**5,766.8**	**5.9**	**5,772.7**
						360.3	8.9	369.2
	151.3	–15.3	–14.5	27.0	–0.4	148.2	0.2	148.4
	151.3	**–15.3**	**–14.5**	**27.0**	**–0.4**	**508.5**	**9.1**	**517.6**
						–91.8	0.0	–91.8
						0.0	–2.2	–2.2
						–0.1	4.9	4.8
			6.0			6.0	0.0	6.0
	43.5	**–17.4**	**–9.0**	**76.6**	**2.2**	**6,189.5**	**17.7**	**6,207.1**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of presentation

[1] General information on the Company

KION GROUP AG, whose registered office is at Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, Germany, is entered in the commercial register at the Frankfurt am Main local court under reference HRB 112163. The KION Group is among the world's leading suppliers of industrial trucks and supply chain solutions. Its portfolio encompasses industrial trucks such as forklift trucks and warehouse trucks, as well as integrated automation technology and software solutions for the optimization of supply chains, including all related services. In 2024, the Group and its approximately 43,000 employees generated revenue of €11,503.2 million (2023: €11,433.7 million).

The parent company of KION GROUP AG is Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg ('Weichai Power'), which holds 46.5 percent of the shares (2023: 46.5 percent). Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China, is the company that prepares the global consolidated financial statements for the largest number of affiliated companies. These consolidated financial statements are not publicly available. Weichai Power Co., Ltd., Weifang, People's Republic of China, is the company that prepares the global consolidated financial statements for the smallest number of affiliated companies. These can be accessed in English from the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the company (www.weichaipower.com).

The declaration of conformity on the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG) was issued and is permanently available to the public on the KION GROUP AG website at www.kiongroup.com/conformity.

In accordance with ESRS 1.123 connectivity from the Group sustainability report into the consolidated financial statements was set up by references. The respective information is marked in the corresponding reporting sections of the notes.

The consolidated financial statements and the combined group management report and management report of KION GROUP AG were prepared and approved for publication by the Executive Board of KION GROUP AG on February 19, 2025.

[2] Basis of preparation

The consolidated financial statements of the KION Group for the financial year ended December 31, 2024 have been prepared in accordance with section 315e of the German Commercial Code (HGB) in conjunction with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) applicable as at the reporting date as well as the associated interpretations (IFRICs) of the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the application of international accounting standards. All of the IFRSs and their interpretations that had been enacted by the reporting date and that were required to be applied in the 2024 financial year have been applied in preparing the consolidated financial statements.

In order to improve the clarity of presentation, certain items are aggregated in the statement of financial position and the income statement. The items concerned are disclosed and explained separately in the notes. Assets and liabilities are broken down into current and non-current items. The consolidated income statement is prepared in accordance with the cost of sales (function-of-expense) method.

The consolidated financial statements were prepared in euros, which is the Group's presentation currency. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros. All of the separate financial statements of the subsidiaries included in the consolidation were prepared as at the same reporting date as the annual financial statements of KION GROUP AG. The comparative figures for the prior year were determined on the same basis.

Financial reporting standards to be adopted for the first time in the current financial year

The following financial reporting standards were required to be applied for the first time in 2024:

- Amendments to IAS 1 'Presentation of Financial Statements': The amendments clarify that liabilities must be classified as non-current if, on the reporting date, the reporting entity has the right to defer settlement of the liabilities by at least twelve months. The probability of this right being exercised has no influence on classification.
- Amendments to IAS 1 'Presentation of Financial Statements': The amendments provide additional guidance stating that only covenants with which the entity is required to comply on or before the reporting date affect the classification of liabilities as current or non-current.
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures': The amendments introduce new disclosures that enable an assessment of how supplier finance arrangements affect liabilities, cash flows, and liquidity risk.
- Amendments to IFRS 16 'Leases': The amendments contain rules on how a seller-lessee subsequently measures sale and leaseback transactions containing variable payments that do not depend on an index or a rate, such as an interest rate.

The initial application of these standards and interpretations has had no significant effect on the presentation of the financial position and financial performance of the KION Group. However, the presentation of prior-year non-current and current financial liabilities in the statement of financial position was adjusted as a result of the retrospective application of 'Classification of Liabilities as Current or Non-current' (Amendments to IAS 1). In accordance with the transitional provisions, the current liabilities to banks included in financial liabilities were reduced by €21.0 million as at December 31, 2023 and the non-current liabilities to banks were increased by the same amount. As at January 1, 2023, a corresponding reclassification of €114.6 million would have been made.

Financial reporting standards released but not yet adopted

The standards and interpretations that had been issued by the IASB by December 31, 2024 but were not yet required to be adopted in 2024 are expected to be applied by the subsidiaries in the basis of consolidation, and by KION GROUP AG, only from the time when they are required to be applied. Based on current assessments, the initial application of these financial reporting standards and interpretations will have no significant effect on the presentation of the financial position and financial performance of the KION Group.

This does not apply to the initial application of IFRS 18 ‘Presentation and Disclosure in Financial Statements’, as the KION Group is currently analyzing the impact of applying it for the first time. IFRS 18 is required to be applied for annual periods beginning on or after January 1, 2027. It will replace the existing standard IAS 1 ‘Presentation of Financial Statements’ and introduces new requirements, such as in relation to the presentation of the income statement and statement of cash flows, along with additional disclosures in the notes to the financial statements. The new standard will not affect the recognition and measurement rules.

[3] Principles of consolidation

Acquisitions are accounted for using the acquisition method. In accordance with IFRS 3, the identifiable assets and the liabilities assumed on the acquisition date are recognized separately from goodwill, irrespective of the extent of any non-controlling interests. The identifiable assets acquired and the liabilities assumed are measured at their fair value.

The amount recognized as goodwill is calculated as the amount by which the acquisition cost, the amount of non-controlling interests in the acquiree, and the fair value of all previously held equity interest at the acquisition date exceeds the fair value of the acquiree’s net assets. Any negative goodwill arising is recognized in profit or loss. The transaction costs arising in connection with business combinations are expensed. KION GROUP AG recognizes non-controlling interests at the proportionate value of the net assets attributable to them excluding goodwill.

In the case of business combinations in stages, previously held equity interests are recognized at their fair value at the acquisition date. The difference between the carrying amount of the interests and the fair value is recognized in profit or loss.

For the purpose of impairment testing, goodwill is allocated to cash-generating units that are likely to benefit from the business combination.

Contingent consideration elements are included at fair value at the date of acquisition when determining the purchase consideration. Contingent consideration elements may consist of equity instruments or financial liabilities, depending on the structure.

On first-time consolidation of an acquisition, all identifiable assets and liabilities are recognized at their fair value at the acquisition date. The fair values of identifiable assets are determined using appropriate valuation techniques. These measurements are based, for example, on estimates of future cash flows, expected growth rates, exchange rates, discount rates, and useful lives.

The consolidated financial statements cover KION GROUP AG and all material subsidiaries. Intragroup balances, transactions, income and expenses, and gains and losses on intercompany transactions are eliminated in full. Deferred taxes are recognized on the resulting temporary differences.

Transactions with non-controlling interests are treated as transactions with the Group's equity investors. Differences between the consideration paid for the acquisition of a non-controlling interest and the relevant proportion of the carrying amount of the subsidiary's net assets are recognized in equity. Gains and losses arising from the disposal of interests are also recognized in equity, provided there is no change in control.

Associates and joint ventures that are of material importance to the presentation of the financial position and financial performance of the KION Group are accounted for using the equity method.

[4] Basis of consolidation

KION GROUP AG's equity investments consist of subsidiaries, associates and joint ventures, and financial investments.

In addition to KION GROUP AG, the consolidated financial statements of the KION Group include, using the acquisition method, all material subsidiaries over which KION GROUP AG has control. KION GROUP AG controls a subsidiary if it has decision-making authority over the main activities of the entity and can use this authority to affect the amount of the variable returns to which it is exposed as a result of the equity investment. Material subsidiaries acquired in the course of the financial year are consolidated from the date on which control is obtained. In addition, equity investments previously classified as immaterial (non-consolidated subsidiaries) are included in the basis of consolidation as soon as the materiality criteria defined for the KION Group are satisfied. Companies sold in the course of the financial year are deconsolidated from the date on which control is lost.

Associates are equity investments whose financial and operating policies may be significantly influenced, either directly or indirectly, by companies in the KION Group. Significant influence is assumed when companies in the KION Group hold between 20 percent and 50 percent of the voting rights.

Joint ventures are equity investments where the joint venture is jointly managed by companies in the KION Group together with one or more partners, and these parties have rights to the net assets of the joint venture.

Equity investments over which KION Group companies are unable to exercise control or a significant influence, or that are not jointly controlled by them, are classified as financial investments.

A total of 26 (2023: 25) German and 104 (2023: 107) foreign subsidiaries were fully consolidated in addition to KION GROUP AG as at December 31, 2024.

In addition, eight associates (December 31, 2023: eight) and three joint ventures (December 31, 2023: three) were consolidated and accounted for using the equity method as at December 31, 2024. The last available annual financial statements or interim financial statements were generally used as the basis for measurement.

As at December 31, 2024, 51 (December 31, 2023: 47) companies were recognized at amortized cost or at fair value through other comprehensive income. The non-consolidated subsidiaries recognized at amortized cost and the associates and joint ventures that are not accounted for using the equity method were of minor importance to the presentation of the financial position and financial performance of the KION Group, both individually and as a whole.

The following table shows the number of equity investments broken down by category:

Shareholdings by categories

	Jan. 1, 2024	Additions	Disposals	Dec. 31, 2024
Consolidated subsidiaries	**132**	**4**	**6**	**130**
Domestic	25	1	–	26
Foreign	107	3	6	104
Equity-accounted associates and joint ventures	**11**	**1**	**1**	**11**
Domestic	6	–	1	5
Foreign	5	1	–	6
Non-consolidated subsidiaries and other investments	**47**	**4**	**–**	**51**
Domestic	11	1	–	12
Foreign	36	3	–	39

Where other requirements were met, the fully consolidated companies listed below were exempt from the obligation to disclose annual financial statements and to prepare notes to the (consolidated) financial statements and (group) management reports in accordance with sections 264 (3), 264b, and 291 (2) HGB on account of their inclusion in the consolidated financial statements.

German subsidiaries exempt from disclosure requirements

Subsidiary	Registered office
BlackForxx GmbH	Stuhr
Dematic Holdings GmbH	Frankfurt am Main
Eisengießerei Dinklage GmbH	Dinklage
Eisenwerk Weilbach Gesellschaft mit beschränkter Haftung	Frankfurt am Main
Fahrzeugbau GmbH Geisa	Geisa
Hans Joachim Jetschke Industriefahrzeuge (GmbH & Co.) KG	Hamburg
KION Financial Services GmbH	Frankfurt am Main
KION Information Management Services GmbH	Frankfurt am Main
KION Warehouse Systems GmbH	Reutlingen
Linde Material Handling GmbH	Aschaffenburg
Linde Material Handling Rental Services GmbH	Aschaffenburg
Linde Material Handling Rhein-Ruhr GmbH & Co. KG	Essen
LMH Immobilien GmbH & Co. KG	Aschaffenburg
LMH Immobilien Holding GmbH & Co. KG	Aschaffenburg
LR Intralogistik GmbH	Wörth an der Isar
Pelzer Fördertechnik GmbH	Kerpen
STILL Gesellschaft mit beschränkter Haftung	Hamburg
Urban-Transporte Gesellschaft mit beschränkter Haftung	Unterschleißheim

A detailed overview of all the direct and indirect shareholdings of KION GROUP AG can be found in note [48] List of shareholdings.

Acquisitions

Pelzer Fördertechnik GmbH

On October 31, 2024, the remaining 75.04 percent of the shares were acquired in the German dealer Pelzer Fördertechnik GmbH, whose registered office is in Kerpen, Germany. KION GROUP AG's equity interest in Pelzer Fördertechnik GmbH therefore rose from 24.96 percent to 100.00 percent. The acquiree is a wholesaler and service provider in the field of material handling and warehouse technology. Its product portfolio ranges from the sale of new and used trucks to rental business and (full-)service contracts. By acquiring Pelzer Fördertechnik GmbH, the KION Group is strengthening Linde Material Handling's dealer network.

The purchase consideration for the remaining shares is expected to be €28.2 million. The equity-accounted carrying amount of the investment in Pelzer Fördertechnik GmbH immediately prior to the acquisition date came to €7.4 million.

Goodwill constitutes the strategic synergies that the KION Group expects to derive from this business combination. The goodwill of €8.4 million arising from this acquisition is not tax deductible. The derived goodwill was assigned to the KION ITS EMEA group of cash-generating units.

In the two months to December 31, 2024, Pelzer Fördertechnik GmbH contributed €8.8 million to consolidated revenue. If the business combination had taken place with effect from January 1, 2024, this would have led to an increase in consolidated revenue of €43.6 million. The acquisition did not have a material impact on net income in the two months to December 31, 2024. Nor would it have had a material impact on the net income for 2024 as a whole.

The line item 'Acquisition of subsidiaries/other businesses (net of cash acquired)' in the consolidated statement of cash flows contains a net cash outflow of €23.1 million for 2024 for the acquisition of the remaining shares.

Other acquisitions

On August 1, 2024, the KION Group acquired 51.00 percent of the shares in Sociedad Gallega de Carretillas, S.A. (SOGACSA), whose registered office is in Nigrán, Spain. The acquiree is a wholesaler and service provider in the field of material handling and warehouse technology. By acquiring Sociedad Gallega de Carretillas, S.A., the KION Group is strengthening Linde Material Handling's dealer network. The purchase consideration for the acquired shares was €9.9 million. Non-controlling interests were recognized at the proportionate value of the net assets attributable to them excluding goodwill.

Purchase price allocations in connection with the acquisitions

The following table shows the breakdown of the amounts recognized for the assets acquired and liabilities assumed (including the resulting goodwill) and the consideration transferred in connection with the acquisitions:

Purchase price allocation

	Fair value at the acquisition date	
in € million	Pelzer Fördertechnik	SOGACSA
Goodwill	8.4	4.7
Other intangible assets[1]	19.7	7.8
Rental/Leased assets	43.9	8.8
Lease receivables	23.0	2.9
Other property, plant and equipment	9.8	5.6
Inventories	10.8	2.0
Trade receivables	6.7	4.4
Other assets	8.2	6.7
Total assets	**130.5**	**42.9**
Liabilities from lease business	34.4	8.1
Liabilities from short-term rental business	20.5	3.2
Other financial liabilities	3.3	1.8
Other liabilities	15.9	0.6
Trade payables	7.1	5.8
Financial liabilities, deferred taxes, contract liabilities, income tax liabilities and other provisions	11.7	8.5
Total liabilities	**92.9**	**28.0**
Total net assets	**37.6**	**14.9**
thereof non-controlling interest	–	5.0
Consideration transferred/expected (cash)	**28.2**	**9.9**
Previously held share of equity (24.96 percent in Pelzer Fördertechnik GmbH, Kerpen)	9.4	–
Total	**37.6**	**9.9**

1 Other intangible assets mainly consist of customer relationships

The fair values of the assets acquired and liabilities assumed that relate to the lease and short-term rental business and the deferred tax assets and liabilities recognized thereon in connection with the two acquisitions have been measured on a provisional basis owing to the proximity of the transaction to the reporting date and because of the detailed information required for the measurement. If, within a year after the acquisition date, new information about facts and circumstances that existed as at the acquisition date is obtained that would have led to the above amounts being corrected, the accounting for the acquisition will be adjusted.

[5] Currency translation

Financial statements in foreign currencies are translated in accordance with the functional currency concept. The functional currency is the currency of the primary economic environment in which a KION Group subsidiary operates. The modified closing-rate method is used for currency translation.

The assets and liabilities of foreign subsidiaries, including goodwill, are translated at the middle spot exchange rate, i.e. at the average of the bid or offer rates on the reporting date. Income and expenses are translated at the average rate. With the exception of income and expenses recognized as other comprehensive income, equity is translated at historical rates. The resulting translation differences are not taken to income and are recognized in accumulated other comprehensive income until subsidiaries are disposed of.

The financial statements of foreign equity-accounted investments are also translated using the method described above.

Transactions in foreign currencies of the subsidiaries included in the consolidated financial statements are translated into the relevant company's functional currency at the rate prevailing on the transaction date. On the reporting date, monetary items are translated at the closing rate and non-monetary items at the rate prevailing on the transaction date. Currency translation differences are recognized in net financial income/expenses if they relate to financing activities. They are recognized in other income/expenses if they relate to the operating business.

The following translation rates were used for currencies that are material to the consolidated financial statements:

Major foreign currency rates for the KION Group in €

	Average rate		Closing rate	
	2024	2023	2024	2023
China (CNY)	7.7849	7.6584	7.5565	7.8473
United Kingdom (GBP)	0.8466	0.8697	0.8275	0.8669
USA (USD)	1.0820	1.0816	1.0354	1.1039

Source: Bloomberg

[6] Accounting policies

Judgments and estimates

The preparation of the IFRS consolidated financial statements requires the use of judgments and estimates for certain line items that affect recognition and measurement in the consolidated statement of financial position and consolidated income statement. The actual amounts realized may differ from estimates. Judgments and estimates that are material to the financial statements are explained in the description of the specific accounting policies and principles of consolidation.

Material judgments are required when

- determining the lease term in either the role of lessee or the role of lessor;
- classifying leases in the role of lessor;
- determining whether the transfer of an asset to a financing partner as part of a sale and leaseback transaction or in the indirect lease business constitutes a sale;
- assessing whether brand names have an indefinite useful life.

Material estimates are required when

- measuring lease receivables on the basis of the determined lease term and the estimate of unguaranteed residual values at the end of the lease term;
- measuring the leased asset on the basis of the estimate of the residual value in order to calculate depreciation;
- determining the total estimated contract costs in order to evaluate the percentage of completion of contracts and determining the estimated revenue from variable consideration in the project business where the revenue is recognized over a period of time;
- determining the recoverable amount of goodwill and other intangible assets as part of an impairment test and determining the related assumptions;
- measuring defined benefit obligations with regard to material actuarial assumptions, such as discount rates and increases in pensions and salaries.

The impact of a change to judgments or estimates is recognized prospectively when it becomes known and assumptions are adjusted accordingly.

Revenue recognition

Revenue is the consideration that is expected to be received from the customer for the transfer of goods or services (transaction price). In addition to the contractually agreed consideration, the transaction price may also include variable elements. Variable elements are included in the transaction price only if it is highly unlikely that the revenue that has already been recognized will subsequently be reversed. Revenue is recognized when control over the promised goods or services passes to the customer. This is the case when the customer can direct how the goods or services are used and substantially obtain the remaining benefits from the goods or services.

Where a contract includes multiple distinct goods or services, the transaction price is allocated to the performance obligations on the basis of the relative selling prices. If stand-alone selling prices are not directly observable, they are estimated.

Other criteria may arise, depending on each individual transaction, as described below:

Sale of goods

Revenue from the sale of goods is primarily attributable to the sale of industrial trucks and the supply of spare parts. It is reduced by any deductions such as rebates, volume discounts, trade discounts, and bonuses and is recognized at the point in time when the contractual performance obligation is satisfied. This is generally the case when the KION Group delivers goods to a customer, the risks and rewards incidental to the ownership of the goods sold are substantially transferred to the customer, and there is a right to receive the contractually agreed consideration. If a customer is expected to accept goods but has yet to do so, the corresponding revenue is recognized only when the goods are accepted. The point in time when the risks and rewards incidental to ownership of the goods sold are substantially transferred to the customer is determined by the underlying contract and the delivery terms specified therein or by international trade rules. Shipping services are not usually treated as separate performance obligations. Payment terms vary in accordance with the customary conditions in the respective countries and are generally between 30 and 90 days.

Rendering of services

Services rendered mainly consist of individual orders for repairs and maintenance work, plus multiple-year service contracts. Revenue from individual contracts is recognized at a point in time, upon performance of the service. Revenue from multiple-year service contracts is recognized on a straight-line basis over the period of performance or in accordance with the proportion of the overall service rendered by the reporting date. Payment terms vary in accordance with the customary conditions in the respective countries and are generally between 30 and 90 days.

Lease and short-term rental business

The Industrial Trucks & Services segment leases and rents industrial trucks and related items of equipment to its customers in its lease and short-term rental business. In the direct lease business, subsidiaries of the KION Group enter into leases with end customers, whereas in the indirect lease business, industrial trucks are sold to financing partners that enter into long-term leases with end customers.

The KION Group recognizes revenue from leases and the cost of sales relating to leases in accordance with the rules for lessors that are manufacturers or dealers. In the direct lease business, this means that if a lease is classified as a finance lease, revenue is recognized as at the commencement date at the fair value of the industrial truck. If the present value of the lease payments, discounted using a market interest rate, is lower than the fair value of the industrial truck, revenue is recognized in the amount of the present value of the lease payments. If a lease is classified as an operating lease, the revenue is recognized on a straight-line basis over the term of the lease, generally in the amount of the agreed lease installments.

In the indirect lease business, subsidiaries in the KION Group initially treat as deferred income the portion of the consideration received that exceeds the amount they expect to have to pay when the industrial truck is returned and subsequently recognize the revenue in installments over the term of the lease. If substantially all of the risks and rewards incidental to ownership of the industrial truck are transferred to the financing partner, the portion of the consideration received that exceeds the amount expected to be paid when the industrial truck is returned is recognized as revenue immediately.

Short-term rental business is generally classified as an operating lease.

Further information on leases where the KION Group is the lessor can be found in the section ‘lease business/short-term rental business’ in this note.

Project business contracts

The deliverables in the project business include integrated technology and software solutions. Manual and automated material handling solutions are provided for customers' operational material flows, ranging from goods inward and Multishuttle warehouse systems through to order picking. The provision of this kind of integrated supply chain solution generally constitutes only one single performance obligation as defined by IFRS 15. The project business involves the production of customer-specific assets for which the KION Group has no alternative use. As the KION Group has a legal right to payment for performance completed, control over the promised goods and services gradually passes to the customer over the course of the project. Consequently, revenue is recognized over a period of time, i.e. the duration of the project, in line with the percentage of completion. The percentage of completion is the proportion of contract costs incurred up to the reporting date compared to the total estimated contract costs as at the reporting date (cost-to-cost method) and reflects the continuous transfer of control over the project to the customer.

In addition to the contractually agreed consideration, the transaction price may also include variable elements in the project business, primarily bonuses, penalties, and changes to the contractually agreed consideration as a result of price adjustment clauses. Variable elements are included in the transaction price only if it is highly unlikely that the revenue that has already been recognized will subsequently be reversed. This necessitates, in particular, an assessment regarding adherence to the contractually agreed completion dates for projects and regarding fulfillment of technical specifications. The assessment takes place continuously throughout the project. If an assessment changes, the impact on the transaction price is taken into account. Adjustments are also made to the revenue to be recognized and to the project's profit or loss based on the percentage of completion calculated as at the reporting date.

Contract costs are recognized as an expense in the period in which they are incurred. The total estimated contract costs are reviewed on an ongoing basis throughout the project and, in the event of changes to the estimates, are adjusted accordingly. This means that the percentage of completion calculated as at the reporting date, the revenue to be recognized, and the project's profit or loss may change. An expected loss from a contract is immediately recognized as an expense in the period in which the loss becomes apparent.

Contract modifications and claims against customers are factored into the project costing provided that the parties to the contract have agreed to them and they do not give rise to any distinct performance obligation. If these lead to changes to the transaction price or to the percentage of completion calculated as at the reporting date, the difference between the resulting revenue and the revenue already recognized up to that point is recognized in profit or loss.

The duration of a project depends on the size and complexity of the supply chain solution and generally ranges from a few months to three years. During the project, invoices are issued to the customer when contractually agreed milestones are reached. The payment conditions typically specify payment terms of between 30 and 90 days after the invoice has been issued. If the revenue recognized exceeds the invoiced performance, the excess is recognized as a contract asset. If the payments received from the customer exceed the revenue recognized, the excess is recognized as a contract liability.

Cost of sales

The cost of sales comprises the cost of goods sold and services rendered, costs arising from project business contracts, and revenue-related costs from the lease and short-term rental business. As well as direct costs, these also include relevant overheads.

The main components of the cost of sales are cost of materials, personnel expenses, depreciation expenses on property, plant and equipment and amortization expenses on intangible assets in connection with purchase price allocations, and amortization expenses on capitalized development costs. This item also includes warranty costs.

Financial income and expenses

The interest income and expense included in net financial income/expenses are recognized in profit and loss in accordance with the effective interest method.

Goodwill

Goodwill has an indefinite useful life and is therefore not amortized. Instead, it is tested for impairment in accordance with IAS 36 at least once a year and whenever there is an indication that the asset might be impaired.

Goodwill is tested for impairment annually at the level of the cash-generating units (CGUs) to which goodwill is allocated.

The CGUs or groups of CGUs (simply referred to as CGUs below) identified for the purposes of testing goodwill and brand names for impairment equate to the KION ITS EMEA, KION ITS APAC, and KION ITS Americas Operating Units in the Industrial Trucks & Services (ITS) segment and to the KION SCS Operating Unit in the Supply Chain Solutions (SCS) segment.

The recoverable amount of a CGU is determined by calculating its value in use on the basis of the discounted cash flow method. The measurement draws on cash flows forecast for the next five years on the basis of the financial planning signed off by management that applies at the time the impairment test is carried out. This planning is based on assumptions derived from external economic research studies and sectoral studies relating to future conditions in the global economy and to future sector-specific conditions in the global material handling market. Supplemented by the internal departments’ assessments, this planning is then used to produce specific market planning models for industrial trucks and supply chain solutions. These models provide the basis for revenue planning in the CGUs. Assumptions made about a likely increase in adjusted EBIT take account of anticipated future revenue growth and, in particular, management’s expectations about economies of scale targeted in industrial truck production and increases in profitability in the long-term project business. In all CGUs, the planning for sale prices and cost structures incorporates the latest assumptions about macroeconomic trends (movements in exchange rates, interest rates, procurement prices, and labor costs).

Material measurement parameters for determining the recoverable amount are the long-term growth rate for the extrapolation of cash flows beyond the five-year planning period and the weighted average cost of capital (WACC) used to discount the cash flows, which reflects current market assessments of the specific risks to individual CGUs. These are shown in the following table for 2023 and 2024:

Significant parameters for impairment testing

	Long-term growth rate		WACC after tax		WACC before tax	
	2024	2023	2024	2023	2024	2023
Industrial Trucks & Services						
KION ITS EMEA	1.0%	1.0%	8.4%	8.8%	12.2%	12.8%
KION ITS Americas	1.0%	1.0%	9.6%	9.4%	12.4%	12.2%
KION ITS APAC	1.0%	1.0%	9.1%	9.2%	12.0%	12.1%
Supply Chain Solutions						
KION SCS	1.3%	1.3%	10.2%	10.5%	13.1%	13.6%

Further material measurement parameters relate to the long-term outlook for revenue and adjusted EBIT and thus the CGUs’ expected profitability. In the planning period, a long-term rise in revenue and adjusted EBIT is anticipated in the KION ITS EMEA and KION SCS CGUs, whose combined goodwill makes up more than 95 percent of the total goodwill recognized by the Group. Moderate to noticeable annual rates of revenue growth are expected for KION ITS EMEA and KION SCS in the planning period. In the final year of the planning prior to the transition to perpetuity, the adjusted EBIT margin expected for each of these two CGUs corresponds to the profitability target defined in the Playing to Win strategy; that target is to raise the adjusted EBIT margin above 10 percent on a permanent basis.

The impairment test carried out as at December 31, 2024 did not reveal any need to recognize impairment losses for the goodwill allocated to the KION ITS EMEA, KION ITS APAC, and KION SCS CGUs. For the KION SCS CGU, whose recoverable amount exceeds its carrying amount by approximately €633 million, a reduction of more than 7 percent per year in the volume of revenue expected or a lowering of the long-term adjusted EBIT margin expected in the final year of the planning (as the basis for perpetuity) by more than 2 percentage points could potentially reduce the recoverable amount to less than the carrying amount.

Given the sustained weakness of the North American market for industrial trucks and in view of more recent market data (World Industrial Truck Statistics), the KION Group predicted a lower volume of orders in the Americas region at the end of the first half of 2024 than it had anticipated at the end of 2023. Taking account of the related updated information from the internal reporting and planning functions, there were indications at the end of the first half of 2024 that the goodwill assigned to the KION ITS Americas CGU might be impaired. The ad hoc impairment test carried out as a result revealed that the recoverable amount of the CGU (€362.9 million) was lower than its carrying amount and that impairment needed to be recognized on the goodwill on the basis of the long-term growth outlook. This resulted in an impairment loss of €22.4 million, which was recognized in other operating expenses.

The material measurement parameters for determining the recoverable amount (value in use) were the outlook for adjusted EBIT within the detailed planning period, the long-term growth rate for the extrapolation of cash flows beyond this planning period, and the cost of capital used to discount the cash flows.

Further information on goodwill can be found in note [16].

Other intangible assets

Other purchased intangible assets with a finite useful life are carried at historical cost less all accumulated amortization and accumulated impairment losses. If events or market developments suggest impairment has occurred, impairment tests are carried out on the carrying amount of items classified as other intangible assets with a finite useful life. The carrying amount of an asset is compared with its recoverable amount. If the reasons for recognizing impairment losses in prior periods no longer apply, the relevant impairment losses are reversed, but subject to a limit such that the carrying amount of the asset is no higher than its amortized cost.

Development costs are capitalized if the capitalization criteria in IAS 38 are met. Capitalized development costs include all costs and overheads directly attributable to the development process. Once they have been initially capitalized, these costs and other internally generated intangible assets – particularly internally generated software – are carried at cost less accumulated amortization and accumulated impairment losses. All non-qualifying development costs are expensed as incurred and immediately reported in the consolidated income statement under research and development costs together with research costs.

Amortization of intangible assets with a finite useful life is recognized on a straight-line basis and predominantly reported under cost of sales. The impairment losses on intangible assets are reported under other expenses.

The following useful life ranges are applied in determining the carrying amounts of other intangible assets:

Useful life of other intangible assets

	Years
Customer relationships	4–15
Technologies	10–15
Development costs	5–7
Patents and licenses	3–15
Software	2–12

Other intangible assets with an indefinite useful life are carried at cost and currently comprise only brand names. The brand names, which have been established in the market for a number of years, have an indefinite useful life because they are used and maintained on a long-term basis. As there is no foreseeable end to their useful life, the brand names are not amortized. In accordance with IAS 36, they are instead tested for impairment at least once a year and whenever there is an indication that they might be impaired. The impairment test applies an income-oriented method in which fundamentally the same assumptions are used as in the impairment test for goodwill, and it did not reveal any need to recognize impairment losses.

Lease business/short-term rental business

The Industrial Trucks & Services segment leases and rents industrial trucks and related items of equipment to its customers in its lease and short-term rental business.

The classification and accounting treatment of these leases depends on which party has beneficial ownership of the industrial trucks. In line with IFRS 16, contracts are therefore classified as finance leases if substantially all of the risks and rewards incidental to ownership of the industrial truck are transferred to the customer. All other leases and short-term rentals are classified as operating leases, again in accordance with IFRS 16.

The classification of leases requires assessments to be made regarding the transferred and retained risks and rewards in connection with ownership of the industrial truck. Judgments are required, in particular, when determining the term of a lease. When making its assessment, the KION Group takes into consideration all facts and circumstances that offer an economic incentive to exercise extension options or to not exercise termination options.

Further information on the lease and short-term rental business can be found in notes [17] Leased assets, [18] Rental assets, and [21] Lease receivables. Information on procurement leases in which the KION Group is the lessee can be found in note [19] Other property, plant and equipment.

Lease business

If the beneficial ownership of the industrial trucks remains with a KION Group subsidiary as the lessor under an operating lease, the industrial trucks are reported as leased assets under non-current assets in the consolidated statement of financial position. The industrial trucks are carried at cost and depreciated on a straight-line basis over the term of the underlying leases to the expected residual value. Changes to the expected residual values are recognized by prospectively adjusting the depreciation over the remaining term of the lease. If the recoverable amount is lower than the amortized cost, an impairment loss is recognized. When the lease ends, the industrial trucks are transferred to inventories and recognized at the remaining carrying amount of the leased assets. The KION Group makes estimates regarding future residual values. These estimates are primarily based on empirical values and prices in used truck markets.

If a KION Group subsidiary enters into a finance lease as the lessor, a lease receivable is recognized at an amount equal to the net investment. The net investment comprises the present value of the customer’s lease payments and any unguaranteed residual value. To calculate the lease payments, the KION Group determines the term of the lease, which thus affects the net investment amount. In subsequent measurement, the lease installments paid are divided into payments of principal and payments of interest. The interest income is recognized under financial income and is spread over the term of the lease in order to ensure a constant return on the outstanding net investment in the lease. The simplified impairment model in accordance with IFRS 9 is applied to the lease receivables. Furthermore, the unguaranteed residual values of the industrial trucks are regularly reviewed and, in the event of a fall in value, adjusted. The KION Group makes estimates regarding future unguaranteed residual values. These estimates are primarily based on empirical values and prices in used truck markets.

To finance the direct lease business, the KION Group uses sale and leaseback transactions, securitizations through a special-purpose entity, and lease facilities. In sale and leaseback transactions, industrial trucks are sold to financing partners in accordance with civil law, immediately leased back, and then provided for use to end customers. The KION Group assesses whether the sale to the financing partner in accordance with civil law also results in the transfer of control over the industrial truck and thus to a sale in accordance with the criteria of IFRS 15. Where financing agreements contain a call option for the KION Group or provide for the automatic transfer of ownership of the industrial truck to the KION Group at the end of the term of the financing, a sale pursuant to IFRS 15 is not deemed to take place as a rule. Where agreements contain a put option for the financing partner, the KION Group generally assumes – based on past experience – that exercising the put option is advantageous for the financing partner. This also applies where there is no contractually agreed provision to take back the industrial trucks, but the KION Group has raised a valid expectation that it will repurchase them. As these scenarios generally do not involve a sale as defined by IFRS 15 either, the industrial trucks continue to be recognized as leased assets in the case of operating leases; in the case of finance leases, a lease receivable is recognized. The liabilities resulting from sale and leaseback transactions, securitizations, and lease facilities are recognized under liabilities from lease business.

In the indirect lease business, industrial trucks are sold to financing partners that enter into long-term leases with end customers. As the KION Group usually repurchases the industrial truck, the financing partner does not obtain control over the industrial truck and a sale pursuant to IFRS 15 is not deemed to take place (see the information on the financing of the direct lease business). The industrial truck is therefore recognized as a leased asset in the KION Group's consolidated statement of financial position and carried at cost. In the period before the industrial truck is returned, it is depreciated on a straight-line basis until the amount expected to be paid upon return is reached. The KION Group recognizes an obligation equivalent to the amount that it expects to have to pay when the industrial truck is returned (repurchase obligation) under liabilities from lease business. In addition, the consideration received that exceeds the amount that is expected to be paid when the industrial truck is returned is initially treated as deferred income and the revenue is subsequently recognized in installments over the term of the lease.

Short-term rental business

Subsidiaries in the KION Group rent industrial trucks directly to end customers under short-term rental agreements. Short-term rental agreements usually have a term ranging from a few hours to a year. Beneficial ownership of the assets in the short-term rental business remains with a KION Group subsidiary under an operating lease and the industrial trucks are reported as rental assets under non-current assets in the consolidated statement of financial position. They are carried at cost and usually depreciated on a straight-line basis over the normal useful life of between five and eight years, depending on the product group.

To finance its short-term rental business, the KION Group uses sale and leaseback transactions and rental facilities. In sale and leaseback transactions, industrial trucks are sold to financing partners, immediately leased back, and then provided for use to end customers. In this case too, the financing partner usually does not obtain control over the industrial truck (see the information on the financing of the direct lease business), so the industrial truck continues to be recognized as a rental asset in the consolidated statement of financial position. The liabilities resulting from finance transactions are recognized under liabilities from short-term rental business.

Other property, plant and equipment

Property, plant and equipment is carried at cost less depreciation and impairment losses. The cost of internally generated machinery and equipment includes all costs directly attributable to the production process and an appropriate portion of production overheads.

Depreciation of property, plant and equipment is recognized on a straight-line basis and reported under functional costs. The useful lives and depreciation methods are reviewed annually and adjusted to reflect changes in conditions.

The following useful life ranges are applied in determining the carrying amounts of items of other property, plant and equipment:

Useful life of other property, plant and equipment

	Years
Buildings	10–50
Plant and machinery	3–15
Office furniture and equipment	2–15

KION Group companies also lease property, plant and equipment for their own use through procurement leases, which are recognized as right-of-use assets under other property, plant and equipment. As a rule, the leases are entered into for defined periods, although they may contain extension and/or termination options. For this reason, when defining the lease term, the KION Group takes into consideration all facts and circumstances that offer an economic incentive to exercise extension options or to not exercise termination options. Examples include the importance of the leased asset to the KION Group's operations – and the availability of suitable alternatives – and costs relating to the termination of the lease. Particularly in the case of leases for land and buildings, the assessment of whether extension and termination options will be exercised or not affects the measurement of the liabilities from procurement leases (further information can be found in note [36]) and the measurement of the right-of-use assets related to procurement leases (further information can be found in note [19]).

The right-of-use assets are depreciated over the shorter of their useful life or the term of the lease, unless title to the leased assets passes to the lessee when the lease expires, in which case the right-of-use asset is depreciated over the useful life of the leased asset.

When liabilities from procurement leases are initially measured, the lease payments not yet made are discounted at an interest rate implicit in the lease. If this cannot be readily defined, a term-specific and currency-specific incremental borrowing rate of interest is essentially determined and used for the calculation. The interest expense resulting from unwinding the discount on liabilities upon subsequent measurement is recognized in financial expenses. The interest portion and the principal portion of lease payments are recognized in cash flow from financing activities in the consolidated statement of cash flows.

Lease installments for procurement leases with a term of no more than twelve months and for procurement leases relating to low-value assets are immediately recognized as an expense under functional costs.

If there are certain indications of impairment of the property, plant and equipment, the assets are tested for impairment by comparing the residual carrying amount of the assets with their recoverable amount. If the residual carrying amount is greater than the recoverable amount, an impairment loss is recognized for an asset. The impairment losses on property, plant and equipment are reported under other expenses.

If an impairment test for an item of property, plant and equipment is performed at the level of a cash-generating unit to which goodwill is allocated and results in the recognition of an impairment loss, first the goodwill and, subsequently, the assets must be written down in proportion to their relative carrying amounts. If the reason for an impairment loss recognized in prior years no longer applies, the relevant pro rata impairment losses are reversed, but subject to a limit such that the carrying amount of the asset is no higher than its amortized cost. This does not apply to goodwill.

Equity-accounted investments

In accordance with the equity method, associates and joint ventures are measured as the proportion of the interest in the equity of the investee. They are initially carried at cost. Subsequently, the carrying amount of the equity investment is adjusted in line with any changes to the KION Group's interest in the net assets of the investee. The KION Group's interest in the profit or loss generated after acquisition is recognized in income. Other changes in the equity of associates and joint ventures are recognized in other comprehensive income in the consolidated financial statements in proportion to the Group's interest in the associate or joint venture.

If the Group's interest in the losses incurred by an associate or joint venture exceeds the carrying amount of the proportionate equity attributable to the Group, no additional losses are recognized. Any goodwill arising from the acquisition of an associate or joint venture is included in the carrying amount of the investment in the associate or joint venture.

If there is evidence that an associate or joint venture may be impaired, the carrying amount of the equity investment in question is tested for impairment. The carrying amount of the asset is compared with its recoverable amount. If the carrying amount is greater than the recoverable amount, an impairment loss is recognized for the equity investment. If the reasons for the recognition of the impairment loss on the equity investment no longer apply, the impairment loss is reversed.

Financial instruments

Financial assets

In accordance with IFRS 9, the KION Group categorizes financial assets as debt instruments measured at amortized cost (AC category), debt instruments recognized at fair value through profit or loss (FVPL category), or equity instruments recognized at fair value through other comprehensive income (FVOCI category). Non-derivative financial assets are subject to settlement date accounting, i.e. they are recognized on the day they are received and derecognized on the day of delivery. Details of how they are assigned to the respective categories can be found in note [40].

Debt instruments are measured at amortized cost if they are held as part of a business model whose objective is to collect the contractual cash flows, and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Upon initial recognition, financial assets in the AC category are carried at fair value including directly attributable transaction costs. In subsequent periods, they are measured at amortized cost using the effective interest method. Low-interest or non-interest-bearing receivables due in more than one year are carried at their present value. Upon initial recognition, trade receivables that do not contain a significant financing component are measured at their transaction price.

In line with the general impairment approach for debt instruments in the AC category, the KION Group recognizes the expected credit loss in profit or loss by recognizing valuation allowances, both upon initial recognition and subsequently. These valuation allowances amount to the twelve-month expected losses, provided no significant increase in credit risk (for example as a result of material changes to external or internal credit ratings) is observable at the reporting date. Otherwise, the lifetime expected loss is recognized. The expected loss is calculated using the probability of default, the amount at risk, and, taking into account any collateral, the estimated loss given default. The calculation draws on observable historical loss data, information on current conditions, and the economic outlook. A default is defined as the occurrence of a loss event, such as a borrower being in considerable financial difficulties or a contract being breached. A financial asset is considered to be credit-impaired if there are no reasonable prospects of recovering the underlying cash flows in full or partly. The recoverability is assessed on the basis of different indicators – for example, failure to adhere to payment terms or the opening of insolvency proceedings over the borrower's assets – that take the relevant country-specific factors into account. The reversal of an impairment loss must not result in a carrying amount greater than the amortized cost that would have arisen if the impairment loss had not been recognized. The general impairment approach is currently not material in the KION Group.

Upon measurement of trade receivables, lease receivables, and contract assets subsequent to initial recognition, the KION Group applies the simplified impairment approach of IFRS 9. For purposes of the valuation allowance, average loss rates on a collective basis are used to determine the expected lifetime losses. In the case of trade receivables, this depends on the past due status of the receivable. The loss rates are calculated on the basis of observable historical loss data, taking into account current conditions and economic assessments, for example on the basis of expected probability of default for significant countries. The amount of the valuation allowances already recognized is adjusted through profit or loss if there is a change in the assessment of the underlying inputs.

Financial assets assigned to the FVPL category are initially recognized at fair value; directly attributable transaction costs have to be taken directly to profit or loss. In subsequent periods, financial assets in the FVPL category are recognized at fair value through profit or loss.

The KION Group uses factoring programs as a way of managing working capital. In these programs, the underlying receivables are sold to the factor in return for payment. If, under a factoring program, the default risk and the other material risks and rewards are passed to the factor, the KION Group derecognizes the receivables in full. If only some of the material risks and rewards are passed to the factor, the KION Group accounts for the receivables as a continuing involvement. The KION Group has assigned the portfolio of receivables under the factoring programs that are still recognized in its statement of financial position to the 'sell' business model in accordance with IFRS 9, which means that the receivables continue to be recognized at fair value through profit or loss until they are derecognized.

Equity instruments in the FVOCI category are recognized at fair value through other comprehensive income. Upon initial recognition at fair value, directly attributable transaction costs are included. Gains and losses recognized in accumulated other comprehensive income are not reclassified to profit or loss upon derecognition of these financial assets but instead remain in equity.

Financial liabilities

In accordance with IFRS 9, the KION Group differentiates between financial liabilities that are not held for trading and are thus recognized at amortized cost using the effective interest method (AC category) and financial liabilities that are held for trading and recognized at fair value through profit or loss (FVPL category). Non-derivative financial liabilities are subject to settlement date accounting, i.e. they are recognized on the day they are received and derecognized on the day of delivery. Details of how they are assigned to the respective categories can be found in note [40].

Upon initial recognition, financial liabilities in the AC category are carried at fair value, including any directly attributable transaction costs. Low-interest or non-interest-bearing liabilities due in more than one year are carried at their present value. Subsequently, financial liabilities are recognized at amortized cost using the effective interest method. The corresponding interest expenses and interest payments are recognized in financial expenses in the consolidated income statement and in cash flow from financing activities in the consolidated statement of cash flows.

Financial liabilities assigned to the FVPL category are initially recognized at fair value; directly attributable transaction costs have to be taken directly to profit or loss. In subsequent periods, financial liabilities in the FVPL category are recognized at fair value through profit or loss.

Hedge accounting

Derivative financial instruments that are part of a formally documented hedge with a hedged item are not assigned to any of the IFRS 9 measurement categories and are therefore recognized in accordance with the hedge accounting rules described below.

In the case of cash flow hedges for hedging currency risk, derivatives are used to hedge future cash flow risks from highly probable future transactions and firm commitments not reported in the statement of financial position. The effective portion of changes in the fair value of derivatives is initially recognized in equity in the hedge reserve (accumulated other comprehensive income). The amounts previously recognized in the hedge reserve are subsequently reclassified to the income statement – or recognized under inventories – when the gain or loss on the corresponding hedged items are recognized. The ineffective portion of the changes in the fair value of the derivatives is recognized immediately in profit or loss.

In addition, the KION Group uses an interest-rate swap to hedge the fair value of a fixed-rate financial liability.

The critical-terms-match method is used to measure the prospective effectiveness of the hedges. Ineffective portions can arise if the critical terms of the hedged item and hedge no longer match; this is determined using the dollar-offset method.

In addition, the KION Group uses amortizing interest-rate swaps to hedge the fair value of certain lease receivables at portfolio level in accordance with IAS 39. The effective portion of changes in the fair value of the interest-rate swaps is recognized in net financial income/expenses. These are offset by gains and losses on the change in the fair value of the hedged lease receivables, which result in an adjustment in profit or loss of the carrying amount of the hedged item in net financial income/expenses. The ineffective portion of the hedge is also recognized in net financial income/expenses.

The prospective and retrospective effectiveness of hedges is measured using a regression analysis with historical data. Ineffectiveness may arise in the hedged item in the event of default.

Income taxes

In the consolidated financial statements, current and deferred taxes are recognized on the basis of the tax legislation of the jurisdictions involved. Deferred taxes are recognized in other comprehensive income if they relate to transactions also recognized in other comprehensive income.

Deferred tax assets and liabilities are recognized in accordance with the liability method for all temporary differences between the IFRS carrying amounts and the tax base, as well as for temporary consolidation measures. Deferred tax assets also include tax refund claims that arise in subsequent years from the expected utilization of existing tax loss carryforwards and interest carryforwards and from tax credits.

Deferred taxes are determined on the basis of the tax rates that will apply at the recovery date, or have been announced, in accordance with the current legal situation in each country concerned. Deferred tax assets are offset against deferred tax liabilities to the extent that they relate to the same taxation authority and there is an intention to settle them on a net basis.

Calculating income taxes requires the use of estimates. These estimates may change on the basis of new information and experience (see also note [14]). Deferred tax assets on tax loss carryforwards and interest carryforwards are recognized, as are tax credits, on the basis of an assessment of the future recoverability of possible tax benefits, i.e. an assumption as to whether sufficient taxable income or tax relief will be available against which the carryforwards or credits can be utilized. The actual amount of taxable income in future periods – and hence the actual utilization of tax loss carryforwards and interest carryforwards – may be different from the assessments made when the corresponding deferred tax assets were recognized.

The companies in the KION Group operate in many different countries and are therefore subject to different tax rules. The tax expense can increase due to changes to tax laws – or due to changes in how they are applied or interpreted – and as a result of current or future tax audits. Changes to tax laws, tax rules, and tax agreements – or changes in the relevant tax authorities' legal opinions with regard to how tax laws are applied, managed, and interpreted – may potentially lead to higher tax expenses and higher tax payments that would have an impact on both past and future years. Such changes can also have an effect on the tax assets and tax liabilities that have been or will be recognized in the statement of financial position and on any deferred tax assets and deferred tax liabilities to be recognized. Furthermore, the uncertain legal situation in some regions may make it difficult or impossible to enforce legal rights. Consequently, the companies in the KION Group continually review the presence of tax risks and the amounts at which they have been measured. Where appropriate under IFRIC 23, provisions are recognized in the statement of financial position in respect of possible risks resulting from uncertain tax items. The most likely amount or the expected value is used for measurement purposes, depending on which reflects expectations most closely.

Inventories

Inventories are carried at the lower of cost and net realizable value. The acquisition costs of raw materials and merchandise are calculated using the weighted average cost method. The cost of finished goods and work in progress includes direct costs and an appropriate portion of the material and production overheads and production-related depreciation of assets directly attributable to the production process. Administrative costs and social insurance/employee benefits are included to the extent that they are attributable to the production process. The amount recognized is an average value or a value determined in accordance with the FIFO method (FIFO = first in, first out).

Net realizable value is the selling price that can be realized less the estimated costs of completion and the estimated necessary selling costs.

Impairment losses are recognized for inventory risks resulting from duration of storage, impaired recoverability, or other reasons. If the reasons for the recognition of the impairment losses on the inventories no longer apply, they are reversed, but subject to a limit such that the carrying amount of the asset is no higher than its cost.

Contract balances

Contract assets mainly relate to goods and services provided in the project business that have not yet been billed. Subsequent to initial recognition, contract assets are measured using the simplified impairment approach in accordance with IFRS 9. The average loss rates calculated for trade receivables are used as an approximation of the expected losses from contract assets.

A contract liability is a company's obligation to transfer goods or services to a customer for which the company has received consideration. Project business contracts with a net debit balance due to customers are reported under contract liabilities, as are advances received from customers. Contract liabilities are recognized as revenue as soon as the contractual goods and services have been provided. Further information on contract balances can be found in note [34].

Assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For such classification, the assets or disposal groups must be available for immediate sale in their present condition and their sale must be highly probable.

Such assets or disposal groups are measured at the lower of their net carrying amount and fair value less costs of disposal. Amortization on intangible assets and depreciation on property, plant and equipment cease to be recognized as soon as the assets are classified as held for sale.

Retirement benefit obligation and similar obligations

The retirement benefit obligation and similar obligations are calculated in accordance with the projected unit credit method, taking account of future increases in remuneration and pensions. Pension provisions are reduced by the fair value of the plan assets used to cover the Group's benefit obligations, taking account – if applicable – of the rules on limiting the surplus of plan assets over the obligation (asset ceiling).

Remeasurements and changes in the effect of the asset ceiling are recognized in other comprehensive income, factoring in deferred taxes. The service cost and the net interest cost on the net liability under defined benefit plans are recognized in profit or loss.

Defined benefit pension entitlements are calculated on the basis of actuarial parameters, although the fair value for certain plan assets is derived from inputs that are not observable in the market. Further information on sensitivity analysis in relation to the impact of the discount rate and details of measurement can be found in the information on the retirement benefit obligation and similar obligations in note [29].

Liabilities from lease business

In accordance with IFRS 9, liabilities from the lease business are recognized at amortized cost using the effective interest method (AC category). Upon initial recognition, they are carried at fair value, including any relevant directly attributable transaction costs.

Liabilities from the lease business comprise all liabilities from financing the direct lease business and the repurchase obligations resulting from the indirect lease business.

Liabilities from short-term rental business

In accordance with IFRS 9, liabilities from the short-term rental business are recognized at amortized cost using the effective interest method (AC category). Upon initial recognition, they are carried at fair value, including any relevant directly attributable transaction costs.

Other provisions

In accordance with IAS 37, other provisions are recognized when the Group has a legal or constructive obligation to a third party as the result of a past event that is likely to lead to a future outflow of resources and that can be reliably estimated. Where there is a range of possible outcomes and each individual point within the range has an equal probability of occurring, the provision is recognized in the amount of the mean of the individual points. Measurement is at full cost. Provisions for identifiable risks and uncertain liabilities are recognized in the amount that represents the best estimate of the cost required to settle the obligations. The settlement amount also includes cost increases identifiable as at the reporting date. Provisions with a maturity of more than twelve months are discounted using the standard market interest rate. The discount rate is a before-tax interest rate that reflects current market expectations for the time value of money and the specific risks inherent in the liability.

Provisions for statutory and contractual warranties and for goodwill cases are recognized on the basis of past or estimated future claim statistics and for known individual claims. In the case of product sales, the corresponding expense is recognized in cost of sales at the date on which the revenue is recognized. In the project business, the corresponding expense is recognized in cost of sales upon acceptance by the customer.

Provisions for onerous contracts and other business obligations are measured on the basis of the contractual obligations that are currently still to be fulfilled. In the case of contracts in the project business, a provision for onerous contracts is recognized if the total contract costs exceed the contract revenue. The expected loss is immediately recognized as an expense in the period in which the loss becomes apparent.

A restructuring provision is recognized when a KION Group company has prepared a detailed, formal restructuring plan and this plan has raised the valid expectation in those affected that the company will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. The measurement of a restructuring provision only includes the direct expenditures arising from the restructuring and not associated with the ongoing activities of the entity concerned.

Share-based payments

The share-based payments in the KION Group are cash-settled. In these payments, the portion of the fair value that is attributable to service provided up to the valuation date is recognized as an expense under functional costs and is also reported as a liability. The fair value is recalculated on each reporting date until the end of the vesting period. Any change in the fair value of the obligation must be recognized (pro rata) under expenses.

Notes to the consolidated income statement

[7] Revenue

The following table contains the product categories identified as material to the KION Group's financial performance and the timing of revenue recognition for each of these categories.

Timing of revenue recognition with third parties

Product category	Business model	Timing of revenue recognition
Industrial Trucks & Services		
New business	Sale of industrial trucks	At a point in time
	Direct and indirect lease business (in both cases where classified as finance lease)	At a point in time
Service business		
– Aftersales	Supply of spare parts	At a point in time
	Individual orders for repairs and maintenance work	At a point in time
	(Full) service contracts	Over a period of time
– Rental business	Direct and indirect lease business (in both cases where classified as operating lease)	Over a period of time
	Short-term rental business	Over a period of time
	Fleet management	Over a period of time
– Used trucks	Sale of used industrial trucks	At a point in time
– Other	Various business models, currently categorized as not material to the financial performance of the KION Group in the ITS segment	Mainly at a point in time
Supply Chain Solutions		
Business solutions	Project business	Over a period of time
Service business	Modernization work and upgrades	Over a period of time
	Supply of spare parts	At a point in time
	Service contracts	Over a period of time
	Various business models, currently categorized as not material to the financial performance of the KION Group in the SCS segment	Mainly over a period of time
Corporate Services		
	Services	Over a period of time

The following tables show revenue from contracts with customers, broken down by sales region, product category, timing of revenue recognition, and segment.

Disaggregation of revenue with third parties

	2024				
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total	Thereof IFRS 15[1]
EMEA	**7,106.1**	**640.7**	**3.5**	**7,750.2**	**5,580.4**
Western Europe	6,211.1	597.0	3.5	6,811.5	4,875.1
Eastern Europe	790.3	14.7	–	805.1	572.0
Middle East and Africa	104.7	29.0	–	133.7	133.3
Americas	**587.9**	**1,913.2**	**–**	**2,501.2**	**2,480.1**
North America	296.5	1,899.6	–	2,196.1	2,195.2
Central and South America	291.5	13.6	–	305.1	284.9
APAC	**899.5**	**352.3**	**–**	**1,251.8**	**1,062.2**
China	597.1	88.4	–	685.5	596.8
APAC excluding China	302.4	263.9	–	566.3	465.3
Total revenue	**8,593.5**	**2,906.2**	**3.5**	**11,503.2**	**9,122.7**
New business	4,484.4			4,484.4	3,294.2
Service business	4,109.1			4,109.1	2,918.7
– Aftersales	2,158.7			2,158.7	2,158.7
– Rental business	1,190.3			1,190.3	–
– Used trucks	468.0			468.0	468.0
– Other	292.1			292.1	292.1
Business solutions		1,715.4		1,715.4	1,715.4
Service business		1,190.8		1,190.8	1,190.8
Corporate Services			3.5	3.5	3.5
Total revenue	**8,593.5**	**2,906.2**	**3.5**	**11,503.2**	**9,122.7**
Timing of revenue recognition					
Products and services transferred at a point in time	6,692.1	508.2	–	7,200.4	6,010.1
Products and services transferred over a period of time	1,901.4	2,398.0	3.5	4,302.9	3,112.5

1 Excluding revenue from the Industrial Trucks & Services segment's leasing and short-term rental business, as these are subject to the provisions of IFRS 16

Disaggregation of revenue with third parties

	2023				
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total	Thereof IFRS 15[1]
EMEA	**6,917.9**	**703.1**	**1.0**	**7,622.1**	**5,661.4**
Western Europe	6,036.4	613.9	1.0	6,651.3	4,906.0
Eastern Europe	779.2	66.9	0.1	846.2	631.6
Middle East and Africa	102.2	22.3	–	124.6	123.8
Americas	**669.3**	**1,913.2**	**–**	**2,582.5**	**2,561.0**
North America	360.6	1,890.1	–	2,250.8	2,249.7
Central and South America	308.7	23.1	–	331.8	311.3
APAC	**877.0**	**352.0**	**0.1**	**1,229.1**	**1,058.5**
China	608.2	106.0	–	714.3	623.4
APAC excluding China	268.7	246.0	0.1	514.8	435.2
Total revenue	**8,464.2**	**2,968.4**	**1.1**	**11,433.7**	**9,281.0**
New business	4,465.2			4,465.2	3,476.1
Service business	3,999.0			3,999.0	2,835.4
– Aftersales	2,089.7			2,089.7	2,089.7
– Rental business	1,163.6			1,163.6	–
– Used trucks	460.8			460.8	460.8
– Other	284.9			284.9	284.9
Business solutions		1,930.9		1,930.9	1,930.9
Service business		1,037.4		1,037.4	1,037.4
Corporate Services			1.1	1.1	1.1
Total revenue	**8,464.2**	**2,968.4**	**1.1**	**11,433.7**	**9,281.0**
Timing of revenue recognition					
Products and services transferred at a point in time	6,636.1	460.9	–	7,097.0	6,107.8
Products and services transferred over a period of time	1,828.1	2,507.5	1.1	4,336.7	3,173.1

1 Excluding revenue from the Industrial Trucks & Services segment's leasing and short-term rental business, as these are subject to the provisions of IFRS 16

The table below shows the revenue that is expected as a result of performance obligations in existence at the reporting date. This consists only of revenue from contracts with customers as defined by IFRS 15. This revenue is generated by the project and service business in the Supply Chain Solutions segment and through (full-)service contracts in the Industrial Trucks & Services segment, each with an expected original term of more than one year.

Expected future revenue from existing performance obligations

in € million	2024	2023
Total of expected future revenue from existing performance obligations	**3,837.6**	**3,988.9**
due within one year	1,698.4	1,584.7
due in one to three years	1,631.5	2,002.1
due in more than three years	507.7	402.2

[8] Cost of sales and other functional costs

The total cost of materials recognized under functional costs in the consolidated income statement went down by €153.8 million to €5,027.7 million in 2024 (2023: €5,181.5 million), mainly due to a slight reduction in prices for materials.

The total personnel expenses recognized under functional costs rose by €144.8 million to €3,314.4 million (2023: €3,169.6 million). This rise can be explained by the growth in the average number of employees for the year and general salary increases.

Personnel expenses included wages and salaries of €2,642.0 million (2023: €2,534.1 million), social security contributions of €595.5 million (2023: €565.0 million), and post-employment benefit costs and other benefits of €77.0 million (2023: €70.5 million). Post-employment benefit costs and other benefits comprised a current service cost from defined benefit pension plans of €31.2 million (2023: €26.5 million). The interest cost from the unwinding of the discount on estimated pension obligations is not recognized under personnel expenses and is instead reported under financial expenses as a component of Interest expense.

Depreciation expenses on property, plant and equipment together with amortization expenses on intangible assets totaled €1,110.8 million in the reporting year (2023: €1,046.6 million) and are recognized under functional costs.

[9] Other income

Other income breaks down as follows:

Other income

in € million	2024	2023
Foreign currency exchange rate gains	65.0	93.0
Income from reversal of provisions	5.1	8.2
Gains on disposal of non-current assets	11.3	10.1
Sundry income	33.9	24.8
Total other income	**115.3**	**136.0**

In 2024, other income fell by €20.8 million year on year to reach €115.3 million.

Foreign currency exchange rate gains are largely attributable to the translation of trade receivables, trade payables, lease receivables, and liabilities from the lease and short-term rental business that are denominated in a foreign currency. Such gains also include gains on hedges that are entered into in order to hedge currency risk arising from the operating business and are not part of a formally documented hedge (details of the countervailing other expenses from foreign currency exchange rate losses can be found in note [10]).

[10] Other expenses

Other expenses break down as follows:

Other expenses

in € million	2024	2023
Foreign currency exchange rate losses	65.5	101.1
Impairment of non-current assets	30.0	6.7
Accounting loss from disposal of non-current assets	5.7	4.1
Sundry expenses	44.2	18.3
Total other expenses	**145.4**	**130.2**

In 2024, other expenses went up by €15.2 million year on year to stand at €145.4 million.

Foreign currency exchange rate losses are largely attributable to the translation of trade receivables, trade payables, lease receivables, and liabilities from the lease and short-term rental business that are denominated in a foreign currency. Such losses also include losses on hedges that are entered into in order to hedge currency risk arising from the operating business and are not part of a formally documented hedge (details of the countervailing other income from foreign currency exchange rate gains can be found in note [9]).

Of the impairment losses recognized on non-current assets in 2024, a large part (€22.4 million) related to the full impairment of the goodwill of the KION ITS Americas Operating Unit. Further information can be found in note [16].

The increase in sundry expenses in 2024 was primarily attributable to expenses of €14.8 million (including interest and consultancy costs) that were incurred in connection with the ending of a long-running legal dispute related to the acquisition of a group of companies in 2015 by the former Dematic Group.

[11] Share of profit (loss) of equity-accounted investments

The share of profit (loss) of equity-accounted investments amounted to a profit of €15.4 million in the reporting period (2023: profit of €12.8 million).

Further details on equity-accounted investments can be found in note [20].

[12] Financial income

Financial income breaks down as follows:

Financial income

in € million	2024	2023
Interest income from lease business	140.2	102.0
Foreign currency exchange rate gains (financing)	65.6	6.2
Net interest income from defined benefit plans and similar obligations	4.9	4.8
Changes in fair value of derivatives without hedge relationship	4.0	0.3
Income from fair value hedges	25.2	38.2
Realized gain of interest rate derivatives	49.6	44.8
Other interest and similar income	12.6	11.6
Total financial income	**302.0**	**207.8**

In 2024, financial income went up by €94.2 million year on year to reach €302.0 million.

The interest income from the lease business relates to the interest portion of lease payments in which KION Group subsidiaries operate as lessors and the arrangements are classified as a finance lease relationship. In such relationships, the KION Group enters into leases with end customers that are based on fixed interest rates. It hedges most of them using interest-rate derivatives. The increase in interest income from the lease business was predominantly due to a rise in lease receivables under finance leases. This increase was also driven by higher interest rates in the customer contracts entered into (details of the countervailing interest expense from the lease business can be found in note [13]).

Foreign currency exchange rate gains predominantly arise in connection with foreign currency positions in internal financing and the related hedging transactions that are not part of a formally documented hedge.

Furthermore, adjustments to the measurement of lease receivables designated as hedged items in fair value hedges resulted in income from fair value hedges of €25.2 million (2023: €38.2 million) owing to falling long-term interest rates. There was also an expense from fair value hedges of €22.6 million (2023: €34.5 million) resulting from the decrease in the fair value of the interest-rate derivatives that are used to hedge the lease portfolio (see note [13]). The rise in short-term market interest rates over the course of the year led to higher realized gains on interest-rate derivatives.

[13] Financial expenses

Financial expenses

in € million	2024	2023
Interest expense from loans	14.7	30.0
Interest expense from promissory notes	32.5	16.5
Interest expense from bonds	11.6	9.3
Interest expense from the commercial paper program	2.5	12.0
Interest expense from lease and short-term rental business	226.6	162.9
Interest expense from procurement leases	27.8	22.1
Net interest expense from defined benefit plans and similar obligations	26.4	28.3
Foreign currency exchange rate losses (financing)	78.3	36.0
Changes in fair value of derivatives without hedge relationship	16.4	28.6
Expense from fair value hedges	22.6	34.5
Realized loss of interest rate derivatives	8.3	4.9
Other interest expenses and similar charges	22.3	23.5
Total financial expenses	**490.0**	**408.6**

In 2024, financial expenses swelled by €81.4 million year on year to reach €490.0 million.

Interest expense from loans, promissory notes, bonds, and the commercial paper program decreased by €6.5 million year on year to €61.3 million (2023: €67.8 million). This was due to the lower average level of financial debt compared with the previous year.

Interest expense from the lease and short-term rental business arose from primarily variable-rate liabilities for financing the lease and short-term rental business. The €63.7 million increase in this interest expense to a total of €226.6 million (2023: €162.9 million) was due, in particular, to the higher volume of lease and short-term rental business and the concomitant growth in the financing required. Leases entered into with customers in connection with these financing transactions and that constitute an operating lease relationship, together with the financing of the short-term rental fleet, resulted in interest expense of €97.4 million (2023: €74.1 million). The income from corresponding customer leases and short-term rental agreements is a component of the lease and rental payments received and is therefore reported within revenue rather than as interest income.

The decline in net interest expense from defined benefit plans and similar obligations was attributable to the lower discount rate compared with the previous year.

Foreign currency exchange rate losses predominantly arise in connection with foreign currency positions in internal financing and the related hedging transactions that are not part of a formally documented hedge.

Furthermore, decreases in the fair value of the interest-rate derivatives that are used to hedge the lease portfolio resulted in an expense from fair value hedges of €22.6 million (2023: €34.5 million). The reason for this was the fall in long-term interest rates. There was also income from fair value hedges of €25.2 million (2023: €38.2 million) resulting from adjustments to the measurement of lease receivables designated as hedged items in fair value hedges (see note [12]).

[14] Income taxes

Current taxes

The income tax expense of €220.5 million (2023: €145.4 million) consisted of €265.6 million in current tax expense (2023: €286.6 million) and €45.1 million in deferred tax income (2023: €141.2 million). The current tax expense included expenses of €3.4 million (2023: €11.9 million) relating to previous financial years. Of the deferred tax income, €36.3 million was attributable to the change in deferred taxes recognized on temporary differences (2023: €99.6 million).

The current corporate income tax rate in Germany is 15.0 percent plus a solidarity surcharge (5.5 percent of corporate income tax). Taking into account the average trade tax rate of 14.9 percent, the combined nominal tax rate for entities in Germany was 30.7 percent (2023: 30.7 percent).

Deferred tax assets and liabilities

The nominal income tax rates for foreign companies used in the calculation of deferred taxes were between 9.0 percent and 34.0 percent, as had also been the case in 2023.

Deferred taxes were allocated to the following items in the statement of financial position:

Deferred taxes

in € million	2023 Deferred tax assets	2023 Deferred tax liabilities	2023 Deferred taxes balance sheet (net)	Change 2024 Deferred taxes recognized in profit or loss	Change 2024 Deferred taxes not recognized in profit or loss	2024 Deferred tax assets	2024 Deferred tax liabilities	2024 Deferred taxes balance sheet (net)
Intangible assets and property, plant and equipment	480.9	–964.3	**–483.4**	44.8	–11.6	588.5	–1,038.6	**–450.1**
Other assets	199.0	–538.2	**–339.1**	–106.0	4.0	193.6	–634.7	**–441.2**
Provisions	196.7	–59.7	**137.0**	–16.0	10.5	167.5	–36.1	**131.5**
Liabilities	658.1	–114.5	**543.6**	98.3	0.4	750.0	–107.7	**642.3**
Deferred income	61.5	–13.6	**47.9**	15.2	–0.4	80.7	–17.9	**62.7**
Tax loss carry forwards and interest carry forwards	88.3	–	**88.3**	8.8	0.3	97.5	–	**97.5**
Offsetting	–1,241.4	1,241.4	**–**	–	–	–1,388.4	1,388.4	**–**
Total deferred taxes	**443.2**	**–448.9**	**–5.7**	**45.1**	**3.2**	**489.3**	**–446.7**	**42.7**

The amount of deferred tax assets recognized in the statement of financial position swelled to €489.3 million as at December 31, 2024 (December 31, 2023: €443.2 million). Deferred taxes are recognized on deductible temporary differences and on tax loss carryforwards and interest carryforwards to the extent that taxable temporary differences exist or that it is probable that sufficient taxable income will be available in the future. In 2024, KION GROUP AG and the consolidated subsidiaries that reported losses for 2024 or 2023 recognized net deferred tax assets on temporary differences, loss carryforwards, and tax credits totaling €25.5 million (2023: €59.3 million). The assets were considered to be recoverable because the companies in question are expected to generate taxable income in the future.

No deferred tax assets have been recognized on tax loss carryforwards of €560.7 million (2023: €581.3 million) – of which €193.0 million (2023: €202.0 million) can only be carried forward on a restricted basis – or on interest carryforwards of €299.8 million (2023: €292.9 million) or on temporary differences of €8.3 million (2023: €19.9 million).

Corporation-tax loss carryforwards amounting to €20.6 million (2023: €24.1 million) on which no deferred tax assets have been recognized will expire within the next five years. Corporation-tax loss carryforwards amounting to €19.5 million (2023: €14.5 million) on which no deferred tax assets have been recognized will expire within the next six to nine years. Corporation-tax loss carryforwards amounting to €152.9 million (2023: €163.8 million) on which no deferred tax assets have been recognized will expire after nine years.

Consequently, the total amount of unrecognized deferred tax assets relating to loss carryforwards was €139.5 million (December 31, 2023: €135.2 million), of which €91.1 million (December 31, 2023: €84.6 million) concerned tax losses that can be carried forward indefinitely.

The KION Group's corporation-tax loss carryforwards in Germany as at December 31, 2024 amounted to €229.1 million (December 31, 2023: €214.4 million), while trade-tax loss carryforwards stood at €213.7 million (December 31, 2023: €198.2 million). There were also tax loss carryforwards outside Germany totaling €625.7 million (December 31, 2023: €579.9 million).

The recognition of deferred tax assets on tax loss carryforwards that had not been recognized in the previous year gave rise to deferred tax income of €8.0 million (2023: €27.6 million). Utilization of tax loss carryforwards on which no deferred tax assets had been recognized in the previous year led to a reduction in the current tax expense of €0.9 million (2023: €4.4 million).

The interest that can be carried forward indefinitely in Germany amounted to €299.8 million as at December 31, 2024 (December 31, 2023: €292.9 million).

As had also been the case in 2023, the deferred tax liabilities essentially related to hidden reserves identified in the purchase price allocation, particularly for intangible assets and property, plant and equipment, that had been carried out in connection with the acquisition of Dematic.

The currency translation of deferred tax assets and deferred tax liabilities gave rise to a net asset totaling €0.7 million as at the reporting date that was recognized in other comprehensive income (loss) under cumulative translation adjustment, resulting in an increase in equity (2023: increase in equity of €2.9 million).

No deferred taxes have been recognized on temporary differences of €212.0 million (2023: €206.7 million) between the net assets reported in the consolidated financial statements for the Group companies and the tax base for the shares held in these Group companies (outside basis differences) because the KION Group is in a position to manage the timing of the reversal of the temporary differences and the sale of equity investments is not probable in the foreseeable future.

Based on Directive (EU) 2022/2523 of December 14, 2022, the German legislator adopted the Act to Ensure Global Minimum Taxation for Corporate Groups (Minimum Tax Act, MinStG). The rules on global minimum taxation are designed to ensure that multinational corporate groups are subject to an effective tax rate of at least 15 percent in every jurisdiction in which they operate. The Minimum Tax Act applies to Germany-based KION GROUP AG with effect as of 2024 as it is classified as a partially owned parent entity. Furthermore, many countries have introduced national top-up tax rules aimed at ensuring effective minimum taxation of the subsidiaries of multinational corporate groups that are based in those countries. To calculate the effective minimum tax rate in each affected jurisdiction, not only the KION Group companies but potentially also Weichai Power Co., Ltd. and its other subsidiaries must be taken into account. Based on the data at its disposal for 2024, the KION Group has not identified any material impact resulting from application of the global minimum tax rules.

The KION Group has applied the temporary, mandatory exception to the obligation to recognize deferred taxes resulting from the introduction of global minimum tax.

Reconciliation of effective income taxes

The table below shows the reconciliation of expected income tax expenses to effective income tax expenses. Expected income taxes are calculated using the combined nominal income tax rate of 30.7 percent (2023: 30.7 percent), which is the rate applicable to the German tax group of the Group parent company KION GROUP AG. The Group reconciliation is an aggregation of the individual company-specific reconciliations prepared in accordance with relevant local tax rates, taking into account consolidation effects recognized in income.

Income taxes

in € million	2024	2023
Earnings before tax	**589.8**	**459.8**
Anticipated income taxes	–181.1	–141.2
Deviations due to the trade tax base	–7.1	–6.5
Deviations from the anticipated tax rate	18.7	24.0
Losses for which deferred taxes have not been recognized	–22.5	–21.9
Change in tax rates and tax legislation	0.1	3.6
Non-deductible expenses	–30.0	–23.8
Non-taxable income/tax-exempt income/tax incentives	13.5	18.2
Taxes relating to other periods	–3.4	–11.9
Deferred taxes relating to prior periods	0.5	19.0
Non-creditable withholding tax	–4.6	–3.0
Other	–4.6	–1.9
Effective income taxes (current and deferred taxes)	**–220.5**	**–145.4**

[15] Earnings per share

Basic earnings per share (€2.75; 2023: €2.33) is calculated by dividing the net income accruing to the KION GROUP AG shareholders by the weighted average number of shares outstanding during the reporting year (2024: 131.1 million no-par-value shares; 2023: 131.1 million no-par-value shares). The net income accruing to the shareholders of KION GROUP AG was €360.3 million in 2024 (2023: €305.8 million).

Diluted earnings per share (€2.75; 2023: €2.33) is calculated by adding potentially dilutive no-par-value shares to the weighted average number of shares outstanding during the reporting year; there were no such shares in 2024. The calculation of diluted earnings per share was based on a weighted average of 131.1 million no-par-value shares issued (2023: 131.1 million no-par-value shares).

Notes to the consolidated statement of financial position

[16] Goodwill and other intangible assets

Goodwill breaks down by Operating Unit (the Operating Units equate to the CGUs or groups of CGUs) as follows:

Goodwill broken down by Operating Unit

in € million	Dec. 31, 2024	Dec. 31, 2023
Industrial Trucks & Services	**1,501.6**	**1,505.4**
KION ITS EMEA	1,385.8	1,371.8
KION ITS Americas	–	22.0
KION ITS APAC	115.8	111.6
Supply Chain Solutions	**2,146.6**	**2,052.7**
KION SCS	2,146.6	2,052.7
Total goodwill	**3,648.2**	**3,558.0**

The increase in goodwill was largely due to positive exchange rate effects of €99.5 million in 2024. Furthermore, the acquisitions of Pelzer Fördertechnik GmbH and Sociedad Gallega de Carretillas, S.A. gave rise to goodwill totaling €13.1 million. By contrast, there was a reduction in goodwill as a result of the full impairment of the goodwill of the KION ITS Americas Operating Unit, which was recognized following an ad hoc impairment test.

The total carrying amount for brand names as at December 31, 2024 was €939.3 million (December 31, 2023: €938.9 million). This figure essentially broke down as follows: €465.0 million (December 31, 2023: €465.0 million) attributable to the Linde brand name and €107.0 million (December 31, 2023: €107.0 million) to the STILL brand name within the KION ITS EMEA Operating Unit and €349.7 million (December 31, 2023: €349.7 million) to the Dematic brand name within the KION SCS Operating Unit.

The annual impairment test of goodwill and brand names with an indefinite useful life carried out as at December 31, 2024 revealed no need to recognize any further impairment losses. Further information about this and about the ad hoc impairment test of the goodwill of the KION ITS Americas Operating Unit can be found in note [6].

The overall changes in intangible assets in 2024 and 2023 were as follows:

Intangible assets

in € million	Goodwill	Brand names	Techno-logies and develop-ments	Sundry intangible assets	Total
Balance as at Jan. 1, 2023	**3,619.4**	**939.4**	**706.3**	**516.5**	**5,781.6**
Gross carrying amount as at Jan. 1	3,619.6	946.4	1,301.6	1,111.7	6,979.3
Accumulated depreciation as at Jan. 1	–0.2	–7.0	–595.4	–595.2	–1,197.7
Group changes	2.2	–	–	–	2.2
Currency translation adjustments	–60.9	–0.5	–10.9	–10.1	–82.5
Additions	–	–	116.0	43.8	159.8
Disposals	–2.7	–	–	–0.2	–2.9
Amortization	–	–	–117.6	–74.6	–192.2
Impairment	–	–	–1.1	–0.1	–1.1
Balance as at Dec. 31, 2023	**3,558.0**	**938.9**	**692.6**	**475.4**	**5,665.0**
Gross carrying amount as at Dec. 31	3,558.2	945.8	1,363.7	1,121.7	6,989.4
Accumulated amortization as at Dec. 31	–0.1	–6.9	–671.1	–646.3	–1,324.4
Balance as at Jan. 1, 2024	**3,558.0**	**938.9**	**692.6**	**475.4**	**5,665.0**
Group changes	13.1	–	–	27.6	40.7
Currency translation adjustments	99.5	0.4	24.0	19.7	143.6
Additions	–	–	133.2	55.3	188.5
Disposals	–	–	–0.7	–0.1	–0.8
Amortization	–	–	–116.2	–77.1	–193.2
Impairment	–22.4	–	–6.5	–	–28.9
Balance as at Dec. 31, 2024	**3,648.2**	**939.3**	**726.5**	**500.9**	**5,814.9**
Gross carrying amount as at Dec. 31	3,671.5	946.3	1,493.8	1,201.2	7,312.8
Accumulated amortization as at Dec. 31	–23.3	–7.1	–767.3	–700.3	–1,498.0

The total carrying amount for technology and development assets as at December 31, 2024 was €726.5 million (December 31, 2023: €692.6 million). Development costs of €133.2 million were capitalized in the reporting year (2023: €116.0 million).

Sundry intangible assets relate in particular to customer relationships amounting to €369.8 million (December 31, 2023: €376.7 million).

[17] Leased assets

Leased assets

in € million	2024	2023
Balance as at Jan. 1	**1,454.9**	**1,367.7**
Gross carrying amount as at Jan. 1	2,075.1	2,004.4
Accumulated depreciation as at Jan. 1	–620.3	–636.6
Group changes	34.0	6.7
Currency translation adjustments	5.2	6.6
Additions	702.4	608.9
Disposals	–205.9	–190.3
Depreciation	–359.6	–344.4
Impairment	–0.3	–0.4
Reversals of impairment losses	0.9	–
Balance as at Dec. 31	**1,631.5**	**1,454.9**
Gross carrying amount as at Dec. 31	2,177.2	2,075.1
Accumulated depreciation as at Dec. 31	–545.7	–620.3

Leased assets are attributable exclusively to the Industrial Trucks & Services segment and mainly relate to industrial trucks that are provided for use to external customers under operating leases in the direct lease business or as part of the indirect lease business.

In the direct lease business, industrial trucks with a carrying amount of €1,366.8 million (December 31, 2023: €1,199.4 million) were provided to customers for their use. The indirect lease business resulted in assets with a carrying amount of €264.8 million (December 31, 2023: €255.5 million).

As at December 31, 2024, leased assets of €539.3 million (December 31, 2023: €499.3 million) were available as collateral in connection with the financing of the lease business. The liabilities resulting from the related finance transactions are recognized under liabilities from lease business (securitizations).

Leased assets resulted in future lease payments expected to be paid by customers under operating leases amounting to €1,339.6 million (December 31, 2023: €1,179.7 million). The maturity structure of these expected future payments in the lease business is shown in the following table:

Expected future payments from lease business

in € million	2024	2023
Payments from lease business	**1,339.6**	**1,179.7**
due within one year	490.4	443.0
due in one to two years	358.6	312.1
due in two to three years	251.3	212.3
due in three to four years	161.1	133.2
due in four to five years	64.8	66.4
due in more than five years	13.5	12.6

[18] Rental assets

Rental assets

in € million	2024	2023
Balance as at Jan. 1	**737.8**	**602.1**
Gross carrying amount as at Jan. 1	1,315.0	1,171.1
Accumulated depreciation as at Jan. 1	–577.2	–569.0
Group changes	18.6	11.7
Currency translation adjustments	1.3	3.1
Additions	407.1	448.2
Disposals	–125.7	–104.6
Depreciation	–234.6	–220.4
Impairment	–	–2.3
Reversals of impairment losses	0.7	–
Balance as at Dec. 31	**805.2**	**737.8**
Gross carrying amount as at Dec. 31	1,299.4	1,315.0
Accumulated depreciation as at Dec. 31	–494.2	–577.2

Rental assets are allocated solely to the Industrial Trucks & Services segment and comprise assets in the short-term rental fleet.

[19] Other property, plant and equipment

Other property, plant and equipment

in € million	Land and buildings	Plant & machinery and office furniture & equipment	Advances paid and assets under construction	Total
Balance as at Jan. 1, 2023	**852.5**	**589.3**	**143.3**	**1,585.2**
Gross carrying amount as at Jan. 1	1,720.3	1,716.7	143.3	3,580.3
Accumulated depreciation as at Jan. 1	–867.8	–1,127.4	–	–1,995.1
Group changes	1.0	0.6	–	1.6
Currency translation adjustments	–8.7	–2.6	–1.7	–12.9
Additions	150.9	210.8	139.8	501.5
Disposals	–23.6	–7.8	–1.9	–33.3
Depreciation	–107.9	–181.6	–	–289.5
Impairment	–1.8	–0.8	–	–2.6
Reclassification	25.4	65.5	–90.9	–
Balance as at Dec. 31, 2023	**887.8**	**673.5**	**188.6**	**1,749.9**
Gross carrying amount as at Dec. 31	1,791.5	1,861.9	188.6	3,842.0
Accumulated depreciation as at Dec. 31	–903.7	–1,188.4	–	–2,092.1
Balance as at Jan. 1, 2024	**887.8**	**673.5**	**188.6**	**1,749.9**
Group changes	9.5	6.9	0.0	16.4
Currency translation adjustments	9.5	3.9	0.7	14.1
Additions	183.5	227.0	147.4	557.9
Disposals	–15.4	–9.8	–2.8	–28.0
Depreciation	–116.8	–206.6	–	–323.3
Impairment	–0.9	–	–	–0.9
Reclassification	24.3	91.3	–115.6	–
Balance as at Dec. 31, 2024	**981.6**	**786.2**	**218.4**	**1,986.1**
Gross carrying amount as at Dec. 31	1,956.7	1,927.9	218.4	4,103.0
Accumulated depreciation as at Dec. 31	–975.1	–1,141.8	–	–2,116.9

Land and buildings in the amount of €18.3 million (December 31, 2023: €18.3 million) were largely pledged as collateral for accrued retirement benefits under partial retirement agreements.

Other property, plant, and equipment included a figure of €707.3 million for right-of-use assets related to procurement leases (December 31, 2023: €589.2 million). Of this figure, €536.4 million was attributable to land and buildings (December 31, 2023: €470.7 million) and €170.9 million to plant & machinery and office furniture & equipment (December 31, 2023: €118.5 million).

Other property, plant and equipment: thereof right-of-use assets

in € million	Land and buildings	Plant & machinery and office furniture & equipment	Total
Balance as at Jan. 1, 2023	**445.7**	**97.9**	**543.5**
Gross carrying amount as at Jan. 1	847.6	248.0	1,095.6
Accumulated depreciation as at Jan. 1	–401.9	–150.1	–552.0
Group changes	0.8	0.4	1.2
Currency translation adjustments	–4.6	0.5	–4.1
Additions	134.5	83.1	217.6
Disposals	–19.8	–5.3	–25.0
Depreciation	–84.0	–57.3	–141.3
Impairment	–1.8	–0.8	–2.6
Balance as at Dec. 31, 2023	**470.7**	**118.5**	**589.2**
Gross carrying amount as at Dec. 31	895.9	257.3	1,153.2
Accumulated depreciation as at Dec. 31	–425.2	–138.8	–564.0
Balance as at Jan. 1, 2024	**470.7**	**118.5**	**589.2**
Group changes	2.8	2.7	5.5
Currency translation adjustments	4.4	0.3	4.7
Additions	163.5	119.7	283.3
Disposals	–13.9	–4.6	–18.5
Depreciation	–90.4	–65.8	–156.1
Impairment	–0.9	–	–0.9
Balance as at Dec. 31, 2024	**536.4**	**170.9**	**707.3**
Gross carrying amount as at Dec. 31	1,025.6	313.7	1,339.3
Accumulated depreciation as at Dec. 31	–489.3	–142.7	–632.0

The expense recognized in 2024 for procurement leases with a term of up to twelve months came to €28.3 million (2023: €30.2 million); the expense for procurement leases that relate to low-value assets was €14.8 million (2023: €12.1 million).

[20] Equity-accounted investments

The KION Group reported equity-accounted investments with a total carrying amount of €110.3 million as at December 31, 2024 (December 31, 2023: €103.6 million).

The carrying amount of the equity-accounted investments as at the reporting date mainly resulted from the shares (45.0 percent) in Linde Leasing GmbH, the shares (45.0 percent) in Linde High Lift Chile S.A., the shares (50.0 percent) in JULI Motorenwerk s.r.o., and the shares (34.0 percent) in Normandie Manutention SAS. The associates and joint ventures can be seen in the list of shareholdings (see note [48]). Their financial information is summarized below:

Summarized financial information on associates

in € million	2024	2023
Total carrying amount	62.9	57.2
Profit (+)/loss (–) from continuing operations	9.1	7.4
Other comprehensive (loss) income	1.9	–0.6
Total comprehensive income	**11.0**	**6.8**

Summarized financial information on joint ventures

in € million	2024	2023
Total carrying amount	47.4	46.4
Profit (+)/loss (–) from continuing operations	6.4	5.4
Other comprehensive (loss) income	–0.5	0.3
Total comprehensive income	**5.9**	**5.8**

The amounts in the tables are based on the share held by the KION Group in the relevant associate or joint venture.

[21] Lease receivables

Maturity analysis of lease receivables

in € million	Dec. 31, 2024	Dec. 31, 2023
Nominal value of outstanding lease payments	**2,705.5**	**2,242.3**
due within one year	775.2	668.0
due in one to two years	636.1	539.0
due in two to three years	509.9	413.2
due in three to four years	385.9	298.7
due in four to five years	241.6	193.9
due in more than five years	156.8	129.6
Plus unguaranteed residual values	506.9	377.9
Less unearned financial income	–391.4	–283.2
Present value of outstanding lease payments	**2,821.0**	**2,337.0**
Valuation allowances for lease receivables	–11.2	–11.0
Adjustment from hedge accounting	2.8	–11.7
Total lease receivables	**2,812.7**	**2,314.4**

The average loss rates used for the recognition of valuation allowances for lease receivables in accordance with the simplified impairment approach under IFRS 9 vary depending on the country. They ranged from 0.1 percent to 0.4 percent as at December 31, 2024 (December 31, 2023: 0.04 percent to 0.3 percent).

As at December 31, 2024, outstanding lease payments with a present value of €1,086.2 million (December 31, 2023: €887.7 million) were available as collateral in connection with the financing of the lease business. The liabilities resulting from the related finance transactions are recognized under liabilities from lease business (securitizations).

Further information on hedge accounting adjustments can be found in note [42].

[22] Other financial assets

Other financial assets break down as follows:

Other financial assets

in € million	Dec. 31, 2024	Dec. 31, 2023
Financial investments	110.1	79.2
Financial receivables	14.4	14.5
Other financial investments	31.6	27.3
Derivative financial instruments	17.6	36.9
Sundry financial assets	34.9	29.7
Other non-current financial assets	**208.6**	**187.5**
Derivative financial instruments	12.7	10.2
Financial receivables	10.2	10.5
Sundry financial assets	53.3	44.8
Other current financial assets	**76.2**	**65.5**
Total other financial assets	**284.8**	**253.0**

Financial investments comprise the equity investments in Shanghai Quicktron Intelligent Technology Co., Ltd. (fair value of €34.9 million; December 31, 2023: €45.1 million) and Zhejiang EP Equipment Co., Ltd. (fair value of €75.2 million; December 31, 2023: €34.1 million). These equity investments, which have been assigned to the FVOCI category under IFRS 9 owing to the strategic partnerships with the companies, are recognized at fair value through other comprehensive income without recycling to profit or loss upon disposal.

Financial receivables largely relate to loans to equity-accounted investments and loans to non-consolidated subsidiaries.

Other financial investments comprise long-term investments that are held in order to cover the defined benefit obligation and do not qualify as plan assets.

Derivative financial instruments comprise currency forwards and interest-rate swaps with a positive fair value that are used to reduce currency risk and interest-rate risk. Some of these derivative financial instruments are part of a formally documented hedge with a hedged item and are recognized in accordance with the hedge accounting rules. The decrease in non-current derivative financial instruments was primarily attributable to interest-rate swaps and to falls in the yield curves used for measurement in the currency areas relevant to the KION Group (see note [42]).

[23] Other assets

Other assets break down as follows:

Other assets

in € million	Dec. 31, 2024	Dec. 31, 2023
Investments in non-consolidated subsidiaries and other investments	19.8	16.8
Pension assets	80.6	100.9
Sundry tax receivables	1.2	3.6
Other non-current assets	**101.6**	**121.3**
Deferred charges and prepaid expenses	82.6	60.4
Sundry tax receivables	113.6	100.2
Other current assets	**196.1**	**160.6**
Total other assets	**297.8**	**281.9**

Pension assets related to asset surpluses from five defined benefit plans (2023: three) in the United Kingdom in which plan assets exceed the present value of the defined benefit obligation (see note [29]).

[24] Inventories

The reported inventories break down as follows:

Inventories

in € million	Dec. 31, 2024	Dec. 31, 2023
Materials and supplies	454.6	465.8
Work in progress	294.3	318.1
Finished goods and merchandise	945.7	959.6
Advances paid	54.1	73.7
Total inventories	**1,748.6**	**1,817.1**

In 2024, impairment losses of €56.1 million were recognized on inventories (2023: €50.0 million). Reversals of impairment losses were recognized in an amount of €14.2 million (2023: €11.1 million) because the reasons for the impairment losses no longer existed.

[25] Trade receivables

Trade receivables break down as follows:

Trade receivables

in € million	Dec. 31, 2024	Dec. 31, 2023
Receivables from third parties	1,716.2	1,672.7
thereof receivables not due and overdue ≤ 90 days	1,498.2	1,492.9
thereof receivables overdue > 90 days ≤ 180 days	71.9	65.5
thereof receivables overdue > 180 days	48.4	37.7
thereof receivables adjusted for individual valuation allowances	97.8	76.7
Receivables from third parties measured at fair value through profit or loss (FVPL)	22.7	104.9
Receivables from non-consolidated subsidiaries, equity-accounted investments, other investments and other related parties	46.8	59.2
Valuation allowances for trade receivables	–90.1	–81.0
thereof valuation allowances for receivables not due and overdue ≤ 90 days	–6.8	–6.5
thereof valuation allowances for receivables overdue > 90 days ≤ 180 days	–2.7	–2.3
thereof valuation allowances for receivables overdue > 180 days	–6.0	–3.9
thereof individual valuation allowances	–74.6	–68.3
Total trade receivables	**1,695.6**	**1,755.8**

The change in valuation allowances for trade receivables was as follows:

Change in valuation allowances for trade receivables

in € million	2024	2023
Valuation allowances as at Jan. 1	**81.0**	**74.7**
Additions	22.8	21.6
Reversals	–6.0	–4.5
Utilizations	–8.1	–9.9
Currency translation adjustments	0.3	–0.8
Valuation allowances as at Dec. 31	**90.1**	**81.0**

The average loss rates used for the recognition of valuation allowances for trade receivables in accordance with the simplified impairment approach under IFRS 9 vary depending on the Operating Unit and the period by which the receivable is past due. They ranged from 0.1 percent to 32.6 percent as at December 31, 2024 (December 31, 2023: 0.04 percent to 31.9 percent).

[26] Cash and cash equivalents

Cash and cash equivalents break down as follows:

Cash and cash equivalents

in € million	Dec. 31, 2024	Dec. 31, 2023
Balances with banks, cash and checks	786.5	309.7
Pledged cash	0.5	2.1
Total cash and cash equivalents	**787.0**	**311.8**

The change in cash and cash equivalents is shown in the > table ‘Consolidated statement of cash flows’. Further information can be found in note [39].

[27] Assets held for sale

In the first half of 2024, the Industrial Trucks & Services segment saw the completion of the sales of the two Russian subsidiaries OOO ‘Linde Material Handling Rus’ and OOO ‘STILL Forklifttrucks’, the Norwegian subsidiary STILL Norge AS, and the Finnish branch of STILL Sverige AB, all of whose assets and liabilities had been classified as held for sale as at December 31, 2023. The net cash receipts from these disposals totaled €10.3 million.

As a result of the aforementioned sales, there were no assets or liabilities classified as held for sale as at December 31, 2024.

As at December 31, 2023, the disposal groups had been measured at fair value less costs to sell, on the basis of the agreed purchase prices. They had been classified as Level 2 of the fair value hierarchy. The disposal groups had contained the following assets and liabilities:

Assets and liabilities of the disposal groups

in € million	Dec. 31, 2024	Dec. 31, 2023
Leased assets	–	7.8
Rental assets	–	7.2
Inventories	–	12.6
Cash and cash equivalents[1]	–	8.9
Other assets	–	18.7
Assets held for sale	**–**	**55.2**
Liabilities from lease business	–	15.7
Liabilities from short-term rental business	–	13.1
Contract liabilities	–	4.7
Other liabilities	–	11.7
Liabilities directly associated with assets held for sale	**–**	**45.2**

1 Due to the international sanctions against Russia and the associated restrictions on payment transactions, €7.2 million was classified as restricted cash in the prior year

[28] Equity

Subscribed capital and capital reserves

As at December 31, 2024, the Company’s share capital amounted to €131.2 million, which was unchanged on the figure a year earlier and was fully paid up. It was divided into 131,198,647 no-par-value shares. Each share confers one vote at the Annual General Meeting of KION GROUP AG and an equal share of the profit in accordance with the Annual General Meeting’s decision on a dividend distribution.

The Executive Board is authorized by the Annual General Meeting held on July 16, 2020 to increase the Company's share capital by up to €0.3 million by issuing up to 279,353 new no-par-value bearer shares for cash (2020 Authorized Capital).

The total number of shares outstanding as at December 31, 2024 was 131,124,771 no-par-value shares (December 31, 2023: 131,124,771 no-par-value shares). KION GROUP AG held 73,876 treasury shares as at the reporting date (December 31, 2023: 73,876). These treasury shares are not dividend-bearing and do not confer any voting rights.

Retained earnings

The changes in retained earnings are shown in the > table 'Consolidated statement of changes in equity'. The retained earnings comprise the net income (loss) for the current period and past contributions to earnings by the consolidated entities, provided they have not been distributed.

The distribution of a dividend of €0.70 per share (2023: €0.19 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds of €91.8 million in the second quarter of 2024 (2023: €24.9 million).

Appropriation of profit

The Executive Board and the Supervisory Board will propose to the Annual General Meeting to be held on May 27, 2025 that the distributable profit of KION GROUP AG for the 2024 financial year amounting to €223.7 million be used for the distribution of a dividend of €107.5 million, which amounts to €0.82 per dividend-bearing share. This equates to a proposed dividend payout rate of around 30 percent of the net income attributable to the shareholders of KION GROUP AG. It is also proposed that a further sum of €116.0 million be transferred to other retained earnings and that €0.2 million be carried forward to the next accounting period.

Accumulated other comprehensive income (loss) and non-controlling interests

The overall composition of, and changes in, equity are shown in the > table 'Consolidated statement of changes in equity'.

The currency translation adjustment contains the exchange differences arising from the financial statements prepared in a foreign currency of foreign subsidiaries, associates, and joint ventures.

The gains/losses on the defined benefit obligation are the result of remeasuring defined benefit pension obligations (see also note [29]).

The gains/losses on hedge reserves are the effective portion of the changes in the fair value of hedging instruments in formally documented hedges. The gains/losses on financial investments relate to the remeasurement of the equity investments Shanghai Quicktron Intelligent Technology Co., Ltd. and Zhejiang EP Equipment Co., Ltd. at fair value (FVOCI category under IFRS 9).

The unrealized gains/losses from equity-accounted investments contain the share of other comprehensive income (loss) from associates and joint ventures accounted for under the equity method.

[29] Retirement benefit obligation and similar obligations

Defined contribution plans

In the case of defined contribution pension plans, entities in the KION Group pay contributions to government or private pension insurance providers based on statutory or contractual provisions, or on a voluntary basis. The total expense arising from defined contribution plans amounted to €183.7 million in 2024 (2023: €170.6 million). Of this total, contributions paid by employers into government-run schemes came to €133.1 million (2023: €125.7 million).

Defined benefit plans

The KION Group grants pensions to almost all employees in Germany and a number of foreign employees. These pensions consist of fixed benefit entitlements and are therefore reported as defined benefit plans in accordance with IFRS. As at December 31, 2024, the KION Group had set up defined benefit plans in 16 countries (December 31, 2023: 16 countries). For all of the significant defined benefit plans within the Group, the benefits granted to employees are determined on the basis of their individual earned income, i.e. either directly or by way of intermediate benefit arrangements. The largest of the KION Group's defined benefit plans – together accounting for 81.6 percent of the global defined benefit obligation (December 31, 2023: 81.5 percent) and 70.9 percent of the corresponding plan assets (December 31, 2023: 70.2 percent) – are in Germany and the United Kingdom.

Germany

In Germany, the pension benefits granted comprise Company-funded pension entitlements and employees' payment of part of their salary into the pension scheme. The contributions to the new pension plans are invested in investment funds under contractual trust arrangements (CTAs); resulting returns on plan assets are passed on to the pension beneficiaries when an insured event occurs. Members of the Executive Board and other executives are predominantly covered by individual pension plans. The amount of the benefits paid to executives depends on the type of entitlement. A very small proportion of pension benefits are granted in the form of final-salary-linked benefit obligations. The overwhelming majority of the existing pension entitlements are a combination of a defined benefit obligation and a defined contribution component. Executives who joined the Company or were promoted after 2017 are covered by fund-based individual pension plans.

In cases where entitlements are not securities-linked, some of the KION Group's pension obligations in Germany under closed plans are financed by way of CTAs. The assets transferred to the trustee qualify as plan assets within the meaning of IAS 19. The trustees are required to follow a defined investment strategy and investment guidelines. There are no statutory minimum funding requirements. In the event of the Company's insolvency, the company pension scheme in Germany is to a large extent protected by law by the insolvency protection scheme (Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit, PSVaG).

United Kingdom

In the United Kingdom, defined benefit pension obligations predominantly relate to two plans. The defined benefits include not only a life-long retirement pension but also surviving dependants' benefits. The amount of the pension depends on employees' length of service and final salary.

The two plans are closed to new employees. Each plan is monitored by its own board of trustees, which oversees the running of the plan as well as its funded status and the investment strategy. The members of the board of trustees are independent of the KION Group.

Under UK law, the board of trustees is obliged to have a valuation of the plan carried out at least every three years. In addition, KION GROUP AG has given default guarantees to the trustees of three pension plans, under which, if any of the companies concerned default, KION GROUP AG will assume all obligations of these companies up to a maximum guaranteed amount. As at December 31, 2024, the guaranteed amount totaled €10.0 million (December 31, 2023: €80.1 million).

Other countries

Furthermore, significant asset volumes are invested in external pension funds with restricted access in the US and Switzerland. Decisions on additions to plan assets take into account the change in plan assets and pension obligations. They also take into account the statutory minimum coverage requirements and the amounts deductible under local tax rules.

Measurement assumptions

The defined benefit obligation is calculated on the basis of the following significant weighted-average assumptions as at the reporting date:

Assumptions underlying provisions for pensions and other post-employment benefits

	Germany		UK		Other	
	2024	2023	2024	2023	2024	2023
Discount rate	3.59%	3.58%	5.44%	4.76%	3.84%	3.86%
Salary increase rate	3.05%	3.05%	4.25%	4.25%	0.65%	0.78%
Pension increase rate	2.34%	2.34%	3.06%	2.94%	0.05%	0.05%

The assumed discount rate was determined on the basis of the yields as at the reporting date on AA-rated, fixed-interest senior corporate bonds with maturities that match the expected maturities of the pension obligations.

Future increases in salaries are re-estimated on an annual basis taking into account factors such as inflation and the overall economic situation.

The biometric mortality rates used in the calculation are based on published country-specific statistics and empirical values. Since 2018, the Heubeck 'Richttafeln 2018 G' mortality tables have been used as the biometric basis in Germany. The S2PA tables (standard mortality tables for self-administered pension schemes (SAPS) based on normal health) are applied to the two defined benefit plans in the United Kingdom.

The actuarial assumptions not listed in the table above, such as employee turnover and invalidity, were determined in accordance with recognized forecasts in each country, taking into account the circumstances and forecasts in the companies concerned.

The following significant weighted-average assumptions were applied to the calculation of the net interest cost and the current service cost:

Assumptions underlying pensions expenses

	Germany		UK		Other	
	2024	2023	2024	2023	2024	2023
Discount rate	3.58%	4.20%	4.76%	5.04%	3.86%	4.42%
Salary increase rate	3.05%	3.05%	4.25%	4.25%	0.78%	0.71%
Pension increase rate	2.34%	2.34%	2.94%	2.97%	0.05%	0.06%

Statement of financial position

The change in the present value of the defined benefit obligation is shown in the following table:

Changes in defined benefit obligation

	Germany		UK		Other		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Present value of defined benefit obligation as at Jan. 1	**935.6**	**803.3**	**257.2**	**250.8**	**270.8**	**287.5**	**1,463.6**	**1,341.6**
Exchange differences	–	–	11.7	5.3	10.7	–0.9	22.4	4.4
Current service cost	27.5	22.8	0.3	0.3	3.4	3.4	31.2	26.5
Past service cost (+) and income (–)	–	0.5	–	0.3	–	–0.4	–	0.4
Interest expense	33.1	33.2	12.1	12.5	10.7	11.0	55.9	56.7
Employee contributions	4.7	3.7	–	–	1.6	1.4	6.3	5.1
Pension benefits directly paid by company	–25.5	–23.4	–	–	–1.5	–2.7	–27.0	–26.1
Pension benefits paid by funds	–2.3	–4.0	–19.3	–16.6	–10.0	–10.8	–31.6	–31.4
Liability transfer in (+)/out (–) to third parties	–1.1	–0.5	–	–	–	–31.1	–1.1	–31.6
Remeasurements								
Actuarial gains (-) and losses (+) arising from the change in demographic assumptions	–	–	–2.2	–5.3	–2.3	–	–4.5	–5.3
Actuarial gains (-) and losses (+) arising from the change in financial assumptions	1.7	84.6	–14.6	6.6	–2.5	13.7	–15.4	104.9
Experience adjustments	17.1	15.4	–2.0	3.3	–2.3	–0.3	12.8	18.4
Present value of defined benefit obligation as at Dec. 31	**990.8**	**935.6**	**243.2**	**257.2**	**278.6**	**270.8**	**1,512.6**	**1,463.6**

A defined benefit plan had been reclassified as a defined contribution plan in 2023. This change is shown in the > tables 'Changes in defined benefit obligation' and 'Changes in plan assets' under Liability transfer out to third parties.

The defined benefit obligation in the other countries was predominantly attributable to subsidiaries in the US (€168.5 million; December 31, 2023: €165.7 million) and Switzerland (€77.6 million; December 31, 2023: €71.8 million).

The change in the fair value of the plan assets is shown in the following table:

Changes in plan assets

	Germany		UK		Other		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Fair value of plan assets as at Jan. 1	**200.3**	**130.6**	**355.8**	**344.7**	**235.9**	**250.9**	**792.0**	**726.2**
Exchange differences	–	–	15.7	7.3	9.6	–0.6	25.3	6.7
Interest income on plan assets	8.2	6.6	16.9	17.3	9.3	9.3	34.4	33.2
Employee contributions	4.7	3.7	–	–	1.6	1.4	6.3	5.1
Employer contributions	55.0	55.8	0.1	1.1	2.4	2.8	57.5	59.7
Pension benefits paid by funds	–2.3	–4.0	–19.3	–16.6	–10.0	–10.8	–31.6	–31.4
Liability transfer in (+)/out (–) to third parties	–	–	–	–	–	–31.1	–	–31.1
Remeasurements								
Gains (+) and losses (-) on plan assets excluding amounts already included in net financial expenses	16.9	7.6	–51.2	3.3	–2.3	14.4	–36.6	25.3
Other changes	–	–	–1.1	–1.3	–0.5	–0.4	–1.6	–1.7
Fair value of plan assets as at Dec. 31	**282.8**	**200.3**	**316.9**	**355.8**	**246.0**	**235.9**	**845.7**	**792.0**

Employees in Germany paid a total of €4.7 million from their salaries into the KION pension plan in 2024 (2023: €3.7 million).

The payments expected for 2025 amount to €90.6 million (in 2023: €92.0 million for 2024), which includes direct payments of pension benefits amounting to €33.6 million (in 2023: €34.1 million for 2024) that are not covered by corresponding reimbursements from plan assets. In 2024, the employer contributions included a special funding of €50.0 million in Germany in order to increase the funding ratio of the pension plans (2023: €50.0 million).

The reconciliation of funded status and net defined benefit obligation to the amounts reported in the consolidated statement of financial position as at December 31, 2024 is shown in the following table:

Funded status and net defined benefit obligation

	Germany		UK		Other		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Present value of defined benefit obligations	–990.8	–935.6	–243.2	–257.2	–278.6	–270.8	–1,512.6	–1,463.6
Fair value of plan assets	282.8	200.3	316.9	355.8	246.0	235.9	845.7	792.0
Effect of the asset ceiling	–	–	–	–	–	–3.2	–	–3.2
Net liability (-) / net asset (+) as at Dec. 31	**–708.0**	**–735.3**	**73.7**	**98.6**	**–32.6**	**–38.1**	**–666.9**	**–674.8**
Reported as 'Retirement benefit obligation and similar obligations'	–708.0	–735.3	–	–	–39.5	–40.4	–747.5	–775.7
Reported as 'Other non-current assets'	–	–	73.7	98.6	6.9	2.3	80.6	100.9

Overall, the funding ratio (ratio of plan assets to the present value of the defined benefit obligation) in the KION Group was 55.9 percent (December 31, 2023: 54.1 percent).

The changes in the retirement benefit obligation and similar obligations reported in the statement of financial position are shown in the following table:

Changes in retirement benefit obligation and similar obligations

	Germany		UK		Other		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Balance as at Jan. 1	**735.3**	**676.7**	**–**	**–**	**40.4**	**36.1**	**775.7**	**712.8**
Exchange differences	–	–	–	–	1.1	–0.3	1.1	–0.3
Total service cost	27.5	23.3	–	–	3.4	3.0	30.9	26.3
Net interest expense	24.9	26.6	–	–	1.4	1.7	26.3	28.3
Pension benefits directly paid by company	–25.5	–23.4	–	–	–1.5	–2.7	–27.0	–26.1
Employer contributions to plan assets	–55.0	–55.8	–	–	–2.4	–2.8	–57.4	–58.6
Liability transfer out to third parties	–1.1	–0.5	–	–	–	–	–1.1	–0.5
Remeasurements	1.8	92.4	–	–	–2.9	–1.0	–1.1	91.4
Effect of the asset ceiling	–	–	–	–	–	3.2	–	3.2
Other changes	0.1	–4.0	–	–	–	3.2	0.1	–0.8
Balance as at Dec. 31	**708.0**	**735.3**	**–**	**–**	**39.5**	**40.4**	**747.5**	**775.7**

Statement of cash flows

Payments totaling €84.5 million were made in 2024 (2023: €85.9 million) for the main pension entitlements in the KION Group. They mostly comprised pension benefits of €27.0 million (2023: €26.1 million) granted directly by the Company and employer contributions to plan assets amounting to €57.5 million (2023: €59.7 million), which included the special funding of €50.0 million made in 2024 (2023: €50.0 million) in order to increase the funding ratio of the pension plans. In addition, pension benefits of €31.6 million (2023: €31.4 million) were paid from plan assets.

Income statement

The breakdown of the net cost of the defined benefit obligation (expenses less income) recognized in the income statement for 2024 is as follows:

Cost of defined benefit obligation

	Germany		UK		Other		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Current service cost	27.5	22.8	0.3	0.3	3.4	3.4	31.2	26.5
Past service cost (+) and income (–)	–	0.5	–	0.3	–	–0.4	–	0.4
Total service cost	**27.5**	**23.3**	**0.3**	**0.6**	**3.4**	**3.0**	**31.2**	**26.9**
Interest expense	33.1	33.2	12.1	12.5	10.7	11.0	55.9	56.7
Interest income on plan assets	–8.2	–6.6	–16.9	–17.3	–9.3	–9.3	–34.4	–33.2
Net interest expense (+) / income (–)	**24.9**	**26.6**	**–4.8**	**–4.8**	**1.4**	**1.7**	**21.5**	**23.5**
Total cost of defined benefit obligation	**52.4**	**49.9**	**–4.5**	**–4.2**	**4.8**	**4.7**	**52.7**	**50.4**

The total service cost of €31.2 million was recognized in functional costs (December 31, 2023: €26.9 million). The net interest cost of €21.5 million was recognized in net financial expenses (December 31, 2023: €23.5 million).

The actual return on plan assets in 2024, including the remeasurement recognized in other comprehensive income, was minus €3.8 million (2023: €56.8 million).

Other comprehensive income (loss)

The breakdown of the remeasurement of the defined benefit obligation recognized in the consolidated statement of comprehensive income in 2024 is presented in the following table:

Accumulated other comprehensive income (loss)

	Germany		UK		Other		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Accumulated other comprehensive income / loss as at Jan. 1	**–51.6**	**40.8**	**28.5**	**29.2**	**20.1**	**11.7**	**–3.0**	**81.7**
Exchange differences	–	–	0.6	0.6	1.3	–0.7	1.9	–0.1
Gains (+) and losses (–) arising from remeasurements of defined benefit obligation	–18.8	–100.0	18.8	–4.6	7.1	–13.4	7.1	–118.0
Gains (+) and losses (–) arising from remeasurements of plan assets	16.9	7.6	–51.2	3.3	–2.3	14.4	–36.6	25.3
Change in the effect of the asset ceiling	–	–	–	–	3.3	0.3	3.3	0.3
Other changes	1.2	–	–	–	1.0	7.8	2.2	7.8
Accumulated other comprehensive income / loss as at Dec. 31	**–52.3**	**–51.6**	**–3.3**	**28.5**	**30.5**	**20.1**	**–25.1**	**–3.0**

The components of the remeasurements of the defined benefit obligation are listed in the > table ‘Changes in defined benefit obligation’. In 2023, the Other changes line under other comprehensive income (loss) had included the derecognition of a defined benefit plan that had been reclassified as a defined contribution plan. This consisted of the reclassification of the accumulated gains and losses on remeasurement to other provisions within equity.

As at December 31, 2024, the changes in estimates relating to defined benefit pension entitlements resulted in a €15.3 million decrease in equity after deduction of deferred taxes (December 31, 2023: decrease of €58.7 million).

Composition of plan assets

The plan assets of the main pension plans consisted of the following components:

Fair value of plan assets

	Germany		UK		Other		Total	
in € million	2024	2023	2024	2023	2024	2023	2024	2023
Shares	102.5	65.9	–	2.3	25.0	22.2	127.5	90.4
Fixed-income securities	132.2	89.6	34.0	342.6	190.7	182.0	356.9	614.2
Real estate	18.6	5.7	–	–	17.9	16.8	36.5	22.5
Insurance policies	–	–	245.3	–	0.5	0.3	245.8	0.3
Other	29.5	39.2	37.6	10.9	11.9	14.5	79.0	64.6
Total plan assets	**282.8**	**200.4**	**316.9**	**355.8**	**246.0**	**235.8**	**845.7**	**792.0**
thereof total assets that do not have a quoted price in active markets	**19.0**	**14.3**	**279.3**	**36.5**	**4.0**	**2.8**	**302.3**	**53.6**
Insurance policies	–	–	245.3	–	0.5	0.3	245.8	0.3
Other	19.0	14.3	34.0	36.5	3.5	2.5	56.5	53.3

In 2024, insurance policies were taken out to provide cover for future payment commitments in respect of defined benefit obligations in the United Kingdom. As a result of these insurance policies being taken out, there was a €25.2 million reduction in plan assets that was recognized in other comprehensive income (loss).

Sensitivity analysis

The sensitivities shown in the following table were based on detailed analysis carried out by specialist actuaries following the same approach that was taken to calculate the present value of the defined benefit obligation:

Sensitivity of the defined benefit obligation

in € million		2024	2023
Discount rate	Increase by 1.0 percentage point	–182.1	–178.5
	Reduction by 1.0 percentage point	234.0	228.8
Salary increase rate	Increase by 0.5 percentage point	4.1	2.3
	Reduction by 0.5 percentage point	–3.9	–7.0
Pension increase rate	Increase by 0.25 percentage point	29.6	29.4
	Reduction by 0.25 percentage point	–27.0	–27.3
Life expectancy	Increase by 1 year	44.4	44.6

The changes shown in the sensitivity analysis are not representative of an actual change in the present value of the defined benefit obligation because variations in the significant assumptions are unlikely to occur in isolation as, to some extent, the assumptions are interrelated.

Future pension benefit payments

The pension benefit payments are forecast for the next ten years for the defined benefit pension entitlements in existence as at December 31, 2024.

Expected payments for pension benefits

in € million	Germany	UK	Other	Total
2025	37.9	18.7	168.6	225.2
2026	36.4	18.3	4.4	59.1
2027	38.2	18.3	5.7	62.2
2028	44.5	18.2	6.1	68.8
2029	43.4	18.2	5.3	66.9
2030 to 2034	252.4	88.4	32.8	373.6

The expected pension benefits break down into future benefits to be paid directly by the employer (for 2025: €33.6 million) and future benefits to be paid from existing plan assets (for 2025: €191.6 million).

As at the reporting date, the average duration of the defined benefit obligation, weighted on the basis of the present value of the defined benefit obligation, was 16.1 years in Germany (December 31, 2023: 16.2 years), 9.9 years in the United Kingdom (December 31, 2023: 10.8 years), and 10.8 years in the other countries (December 31, 2023: 11.2 years).

Risks

The funding ratio, the defined benefit obligation, and the associated costs depend on the performance of financial markets. The return on plan assets was assumed to equal the discount rate, which was determined on the basis of the yield earned on AA-rated, fixed-interest senior corporate bonds. If the actual return on plan assets falls below the discount rates applied, the net obligation arising out of the pension plans increases. The amount of the net obligation is also particularly affected by the discount rates. For the new pension plans in Germany, a gross obligation is recognized in the amount of the fair value of the corresponding plan assets, taking the promised guarantee payment into consideration.

The market risk attaching to plan assets – above all in the case of equities – is taken into account by appropriately managing it on the basis of an investment strategy and investment guidelines and by continually monitoring the assets' performance. Moreover, a downward trend in financial markets could have a significant effect on minimum funding requirements, some of which apply outside Germany. Against this backdrop, the broad-ranging investment strategy pursued for the plan assets recognized in the KION Group's statement of financial position helps to diversify capital market risk.

Investment committees use performance reports to regularly review the structure of the plan assets. The investment strategy for the securities-related plans in Germany is based on a lifecycle model in which the plan assets are reallocated to lower-risk asset classes as the beneficiaries get older. Asset/liability studies are produced for the material defined benefit plans with plan assets at regular intervals. These studies are used as the basis for the investment policy, which also takes local legal requirements into account.

The KION Group also bears the full risk of possible future pension adjustments resulting from changes in longevity and inflation.

Payroll-based contributions to the KION pension plan made by employees in Germany are invested in fund units. If the actual returns on these fund units fall below the minimum rate of return that has been guaranteed to participating employees, the KION Group's personnel expenses rise.

[30] Financial liabilities

Non-current and current financial liabilities relate to the Company's general funding and essentially comprised promissory notes, corporate bonds, and liabilities to banks as at December 31, 2024. Financial liabilities as at the reporting date break down as follows:

Maturity structure of financial liabilities

in € million	Dec. 31, 2024	Dec. 31, 2023
Promissory notes	**528.5**	**696.0**
due within one year	79.5	69.5
due in one to five years	407.6	585.0
due in more than five years	41.5	41.5
Bonds	**995.2**	**498.0**
due within one year	499.1	–
due in one to five years	496.0	498.0
due in more than five years	–	–
Liabilities to banks	**146.9**	**272.4**
due within one year[1]	90.2	108.2
due in one to five years[1]	56.7	164.2
due in more than five years	–	–
Other financial liabilities	**29.6**	**56.0**
due within one year	29.5	38.1
due in one to five years	0.2	17.9
due in more than five years	–	–
Total current financial liabilities	**698.3**	**215.8**
Total non-current financial liabilities	**1,002.0**	**1,306.6**

1 Prior-year figures have been adjusted due to the retrospective application of the amendments to IAS 1

Promissory notes

As at December 31, 2024, the total nominal amount of the issued promissory notes was €530.0 million (December 31, 2023: €699.5 million). The decrease was the result of an early and a scheduled repayment of two tranches of promissory notes in a total amount of €169.5 million in 2024.

The following table shows the nominal amounts and interest-rate types of the promissory notes issued by KION GROUP AG. The fixed-rate promissory notes have coupons of between 1.5 percent and 5.1 percent.

Promissory notes

in € million	Maturity date	Dec. 31, 2024	Dec. 31, 2023
Variable interest rate			
Promissory note (7-year term)	June 2025	–	100.0
Promissory note (7-year term)	April 2026	48.0	48.0
Promissory note (3-year term)	October 2026	25.0	25.0
Promissory note (10-year term)	April 2027	11.5	11.5
Promissory note (5-year term)	October 2028	256.0	256.0
Promissory note (7-year term)	October 2030	29.5	29.5
Fixed interest rate			
Promissory note (7-year term)	April 2024	–	69.5
Promissory note (7-year term)	June 2025	79.5	79.5
Promissory note (10-year term)	April 2027	16.0	16.0
Promissory note (5-year term)	October 2028	52.5	52.5
Promissory note (7-year term)	October 2030	12.0	12.0
Promissory notes		**530.0**	**699.5**

KION GROUP AG has entered into an interest-rate swap in order to hedge the fair value risk resulting from a fixed-rate tranche. The interest-rate swap is recognized as a fair value hedge in accordance with IFRS 9 (see note [42]).

The promissory notes are not secured.

Corporate bonds

In 2020, KION GROUP AG launched a corporate bond program (EMTN program) with a total volume of €3 billion. The first bond was placed on the capital markets under this program in 2020 and had a nominal amount of €500.0 million, a maturity date in 2025, and a coupon of 1.625 percent. The bond is not secured. A second unsecured bond with a nominal amount of €500.0 million, a maturity date in 2029, and a coupon of 4.0 percent was placed on the capital markets under the EMTN program in November 2024.

Liabilities to banks

[ESRS 1.123] KION GROUP AG has a syndicated revolving credit facility (RCF) with a total volume of €1,385.7 million and a term that ends in October 2028. The facility has a variable interest rate; the contractually agreed interest terms are linked to KION GROUP AG’s credit rating and to compliance with sustainability KPIs.

The revolving credit facility was undrawn as at December 31, 2024 (December 31, 2023: drawdown of €21.0 million). The unused portion of the RCF therefore stood at €1,385.7 million (December 31, 2023: €1,364.7 million).

As at December 31, 2024, there were no bilateral bank loans that had been taken out centrally by KION GROUP AG (December 31, 2023: €100.0 million). Group companies had taken out bank loans of €146.9 million as at the reporting date (December 31, 2023: €151.4 million). KION GROUP AG generally issues guarantees to the banks for Group companies’ existing payment obligations. The liabilities to banks are not secured.

Other financial liabilities

KION GROUP AG launched a commercial paper program in November 2019 that currently has a maximum program volume of €750.0 million. The commercial paper is issued with a discount but without a coupon and has a term of up to one year. There was no commercial paper in issue as at December 31, 2024 (December 31, 2023: €20.0 million).

Covenants

The revolving credit facility and a number of promissory notes taken out by KION GROUP AG stipulate adherence to covenants. The agreed financial covenant involves ongoing testing of adherence to a maximum level of leverage (defined as the ratio of industrial net operating debt (INOD) to adjusted EBITDA). As at December 31, 2024, the actual level of leverage was well below the limit of the financial covenant. As contractually agreed, this calculation is suspended in respect of the revolving credit facility because KION GROUP AG has two investment-grade credit ratings.

Exceeding the agreed maximum level of leverage as at a particular reference date gives lenders a right of termination.

[31] Liabilities from lease business

Non-current and current liabilities from the lease business totaled €4,407.5 million (December 31, 2023: €3,756.2 million) and could be broken down into a sum of €4,280.5 million (December 31, 2023: €3,620.5 million) that relates to the financing of the direct lease business and a sum of €127.0 million (December 31, 2023: €135.7 million) that relates to repurchase obligations resulting from the indirect lease business.

Liabilities from lease business

in € million	Dec. 31, 2024	Dec. 31, 2023
Non-current liabilities from lease business	**3,225.3**	**2,715.5**
thereof from sale and leaseback transactions	995.8	828.2
thereof from lease facilities	897.3	726.4
thereof from securitizations	1,237.2	1,067.5
thereof from repurchase obligations (indirect lease business)	95.0	93.5
Current liabilities from lease business	**1,182.2**	**1,040.7**
thereof from sale and leaseback transactions	368.2	343.4
thereof from lease facilities	288.5	219.3
thereof from securitizations	493.5	435.8
thereof from repurchase obligations (indirect lease business)	32.0	42.2

Liabilities from the financing of the direct lease business encompassed liabilities arising from sale and leaseback transactions with leasing companies in an amount of €1,363.9 million (December 31, 2023: €1,171.6 million).

Furthermore, liabilities from the financing of the direct lease business included liabilities from lease facilities in an amount of €1,185.8 million (December 31, 2023: €945.7 million) and liabilities from the issuance of notes (securitization) in an amount of €1,730.8 million (December 31, 2023: €1,503.3 million).

The liabilities from the lease business had the following maturities:

Maturity analysis of liabilities from lease business

in € million	Dec. 31, 2024	Dec. 31, 2023
Total future payments from lease business (gross)	**4,769.2**	**4,093.5**
due within one year	1,301.6	1,180.5
due in one to two years	1,086.4	944.5
due in two to three years	870.7	751.2
due in three to four years	702.8	556.5
due in four to five years	638.6	521.0
due in more than five years	169.2	139.9

[32] Liabilities from short-term rental business

Non-current and current liabilities from the short-term rental business totaled €814.1 million (December 31, 2023: €716.6 million) and related to the financing of industrial trucks for the short-term rental fleet.

Liabilities from short-term rental business

in € million	Dec. 31, 2024	Dec. 31, 2023
Non-current liabilities from short-term rental business	**585.5**	**509.9**
thereof from sale and leaseback transactions	390.3	362.8
thereof from rental facilities	195.2	147.0
Current liabilities from short-term rental business	**228.7**	**206.7**
thereof from sale and leaseback transactions	136.6	138.5
thereof from rental facilities	92.1	68.3

Liabilities from the financing of the short-term rental business encompassed liabilities arising from sale and leaseback transactions with leasing companies in an amount of €526.9 million (December 31, 2023: €501.3 million).

Furthermore, liabilities from the financing of the short-term rental business included liabilities from rental facilities in an amount of €287.3 million (December 31, 2023: €215.3 million).

The liabilities from the short-term rental business had the following maturities:

Maturity analysis of liabilities from short-term rental business

in € million	Dec. 31, 2024	Dec. 31, 2023
Total future payments from short-term rental business (gross)	**908.4**	**797.2**
due within one year	258.5	235.5
due in one to two years	195.5	167.6
due in two to three years	159.5	143.4
due in three to four years	143.2	105.0
due in four to five years	115.4	114.2
due in more than five years	36.4	31.6

[33] Other provisions

Other provisions related to the following items:

Other provisions

in € million	Provisions for product warranties	Provisions for personnel	Provisions for onerous contracts	Other obligations	Total other provisions
Balance as at Jan. 1, 2024	**171.3**	**137.2**	**70.9**	**72.9**	**452.3**
thereof non-current	48.7	80.1	7.2	37.6	173.7
thereof current	122.5	57.1	63.7	35.3	278.6
Group changes	–0.7	0.3	0.2	–	–0.1
Additions	67.9	70.4	36.4	55.7	230.3
Utilizations	–36.2	–43.3	–28.4	–18.3	–126.1
Reversals	–35.8	–17.6	–12.9	–17.2	–83.5
Additions to accrued interest	–	3.8	–	–1.7	2.1
Currency translation adjustments	2.8	1.2	2.6	0.7	7.3
Other adjustments	0.6	–0.0	–0.4	0.1	0.3
Balance as at Dec. 31, 2024	**169.9**	**152.1**	**68.3**	**92.3**	**482.6**
thereof non-current	37.7	111.0	7.9	56.5	213.1
thereof current	132.2	41.1	60.3	35.8	269.4

The provisions for product warranties include contractual and statutory obligations arising from the sale of industrial trucks, spare parts, and automation solutions. It is expected that the bulk of the cash payments will be incurred within the next two years after the reporting date.

The provisions for personnel comprise provisions for long-service awards, partial retirement obligations, share-based remuneration obligations, severance pay, and obligations under social plans. The provisions for partial retirement obligations were recognized on the basis of individual contractual arrangements and agreements under collective bargaining law. Adjustments to staffing capacity in the Supply Chain Solutions segment had resulted in an amount of €20.6 million being added to provisions for personnel in 2023. Some of the provisions had been overfunded and were reversed again in 2024.

Share-based remuneration obligations rose by €23.5 million to €47.6 million in the year under review owing to the higher valuation of the performance shares compared with the previous year (see note [46]).

Most of the provisions for onerous contracts as at December 31, 2024 related to project business contracts in the Supply Chain Solutions segment; the payments expected to be made in this context will be incurred within the next two years after the reporting date.

[ESRS 1.123] Other obligations included provisions for risks arising from lease business, for waste disposal and recycling obligations, and for litigation. It is expected that the bulk of the cash payments for the other obligations will be incurred within the next two years after the reporting date.

[34] Contract balances

Contract assets stood at €278.1 million (December 31, 2023: €403.3 million); most of this amount, €263.6 million (December 31, 2023: €390.6 million), was attributable to goods and services provided in the project business that have not yet been billed.

Of the contract liabilities, €566.1 million was attributable to project business contracts with a net debit balance due to customers (December 31, 2023: €582.7 million) and €212.5 million to prepayments received from customers (December 31, 2023: €190.6 million). The revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period amounted to €665.4 million (2023: €721.1 million).

[35] Trade payables

As at December 31, 2024, trade payables of €1,160.4 million (December 31, 2023: €1,194.0 million) included liabilities to non-consolidated subsidiaries, equity-accounted investments, and other equity investments of €36.7 million (December 31, 2023: €28.6 million).

[36] Other financial liabilities

Non-current and current other financial liabilities comprised the following items:

Other financial liabilities

in € million	Dec. 31, 2024	Dec. 31, 2023
Liabilities from procurement leases	621.2	515.9
Derivative financial instruments	34.9	33.6
Sundry financial liabilities	7.1	6.5
Other non-current financial liabilities	**663.1**	**556.0**
Liabilities from procurement leases	148.9	123.2
Derivative financial instruments	41.0	21.2
Liabilities from accrued interest	11.2	11.7
Sundry financial liabilities	112.7	172.5
Other current financial liabilities	**313.9**	**328.5**
Total other financial liabilities	**977.0**	**884.5**

Liabilities from procurement leases had the following underlying maturities:

Maturity analysis of procurement leases

in € million	Dec. 31, 2024	Dec. 31, 2023
Total future payments (gross)	**939.3**	**780.9**
due within one year	175.7	144.7
due in one to two years	141.7	115.9
due in two to three years	109.4	91.1
due in three to four years	86.4	69.0
due in four to five years	64.0	53.4
due in more than five years	362.2	306.9

When entering into procurement leases for land and buildings, the KION Group strives to ensure that extension and termination options are included in the lease in order to maximize its operational flexibility. If, in the KION Group's assessment, it is reasonably certain that extension options will be exercised, or that termination options will not be exercised, the lease payments for these periods are included in the measurement of the liabilities from procurement leases. Extension and termination options for which the assessment is not reasonably certain could potentially result in future undiscounted lease payments of €151.7 million as at December 31, 2024 (December 31, 2023: €155.9 million) in the event that, contrary to current expectations, the KION Group does exercise its contractual options.

As at December 31, 2024, there were also obligations of €6.0 million resulting from procurement leases that already existed but had not yet started (December 31, 2023: €10.6 million).

Derivative financial instruments comprise currency forwards and interest-rate swaps with a negative fair value that are used to reduce currency risk and interest-rate risk. Some of these derivative financial instruments are part of a formally documented hedge with a hedged item and are recognized in accordance with the hedge accounting rules (see note [42]).

[37] Other liabilities

Other liabilities comprised the following items:

Other liabilities

in € million	Dec. 31, 2024	Dec. 31, 2023
Deferred income	200.6	173.4
Personnel liabilities	4.3	4.3
Other non-current liabilities	**204.9**	**177.7**
Deferred income	142.1	142.1
Personnel liabilities	458.7	433.4
Social security liabilities	67.6	73.1
Sundry tax liabilities	135.5	131.2
Other current liabilities	**803.8**	**779.8**
Total other liabilities	**1,008.6**	**957.5**

Deferred income included deferred revenue of €183.1 million (December 31, 2023: €168.5 million) resulting from the indirect sales lease business.

Personnel liabilities primarily consist of liabilities for one-year variable remuneration, outstanding annual leave, flexitime and overtime credit, and wages and salaries not yet paid.

Other disclosures

[38] Contingent liabilities and other financial commitments

Contingent liabilities

Contingent liabilities break down as follows:

Contingent liabilities

in € million	Dec. 31, 2024	Dec. 31, 2023
Guarantees and indemnities	**161.7**	**267.2**

Of the total amount of guarantees and indemnities, €131.3 million related to guarantees for down payments, contract performance, and warranty obligations (December 31, 2023: €166.5 million). These guarantees had been issued by banks, predominantly in connection with the project business of the Supply Chain Solutions segment.

The decrease in guarantees and indemnities in 2024 primarily resulted from insurance policies being taken out to provide cover for future payment commitments in respect of defined benefit obligations in the United Kingdom and to the related reduction in the default guarantees (further information can be found in note [29]).

Litigation

The legal risks arising from the KION Group's operating business are typical of those faced by any company in this sector. The Group companies are a party in a number of pending lawsuits in various countries. The individual companies cannot assume with any degree of certainty that they will win any of the lawsuits or that the existing risk provision in the form of insurance or provisions will be sufficient in each individual case. However, the KION Group believes it is unlikely that these ongoing lawsuits will require funds to be utilized that exceed the provisions recognized.

Other financial commitments

Other financial commitments break down as follows:

Other financial commitments

in € million	Dec. 31, 2024	Dec. 31, 2023
Commitments under long-term license and support agreements	230.3	181.3
Capital expenditure commitments in fixed assets	36.6	68.5
Sundry other financial commitments	5.3	8.7
Total other financial commitments	**272.2**	**258.5**

Sundry other financial commitments included possible future payment obligations to related parties amounting to €2.6 million (December 31, 2023: €4.6 million).

[39] Consolidated statement of cash flows

The consolidated statement of cash flows shows the changes in cash and cash equivalents in the KION Group resulting from cash inflows and outflows in the year under review, broken down into cash flow from operating, investing, and financing activities. The effects on cash from changes in exchange rates are shown separately. Cash flow from operating activities is presented using the indirect method.

Cash and cash equivalents increased to €787.0 million as at December 31, 2024 (December 31, 2023: €311.8 million).

Taking into account the credit facility of €1,385.7 million that was still freely available and was undrawn as at the reporting date (December 31, 2023: €1,364.7 million), the unrestricted cash and cash equivalents available to the KION Group as at the end of 2024 amounted to €2,172.2 million (December 31, 2023: €1,674.4 million).

In 2024, the KION Group's cash flow from operating activities amounted to a net cash inflow of €1,170.6 million and was therefore even higher than in the previous year (2023: €1,144.0 million). This was primarily thanks to the significant improvement in operating profit and the substantial reduction in net working capital. Cash outflows encompassed the variable remuneration that was paid and the payments for income taxes, which were much higher than in the previous year due to the success of the 2023 financial year. Interest received and interest paid resulting from the lease and short-term rental business are also recognized in cash flow from operating activities.

There was an increase in net cash used for investing activities to minus €468.6 million in 2024 (2023: minus €428.8 million). [ESRS 1.123] Within this total, cash payments in respect of capital expenditure came to minus €462.9 million (2023: minus €442.8 million). This figure included capitalized development costs, which rose year on year to €133.2 million (2023: €116.0 million). In 2024, there were also net payments totaling minus €36.7 million (2023: minus €2.8 million) for acquisitions of companies and equity investments, although these were partly offset by net inflows of €10.3 million (2023: €0.0 million) from the sale of business units.

Free cash flow – the sum of cash flow from operating activities and investing activities – amounted to €702.0 million in the reporting year, which was almost as high as in the previous year (2023: €715.2 million).

Net cash used for financing activities amounted to minus €224.7 million in 2024 (2023: minus €721.7 million). Additions to and repayments of financial debt mainly related to the issue of the corporate bond, additions and repayments under the commercial paper program and the syndicated revolving credit facility (RCF) during the year, and the repayment of promissory notes and bank loans. Payments made for interest portions and principal portions under procurement leases totaled €175.0 million (2023: €157.9 million). Current interest payments were on a par with the previous year at minus €69.1 million (2023: minus €69.7 million). Payments as a result of other financing activities, which mainly related to the repayment of factoring liabilities, totaled minus €61.7 million (2023: receipts of €4.2 million). The payment of a dividend to the shareholders of KION GROUP AG resulted in an outflow of funds of minus €91.8 million, which equates to €0.70 per share.

Currency effects in relation to cash and cash equivalents amounted to minus €2.1 million (2023: minus €5.0 million).

Additional information on the changes to liabilities arising from financing activities can be found in the following tables:

Reconciliation of liabilities arising from financing activities 2024

			Non-cash changes		
in € million	Jan. 1, 2024	Cash flows	Foreign exchange movement	Other changes	Dec. 31, 2024
Non-current financial liabilities[1]	1,306.6	369.5	0.6	–674.7	1,002.0
Current financial liabilities[1]	215.8	–198.7	–1.6	682.7	698.3
Liabilities from accrued interest	11.7	–69.0	0.2	68.4	11.2
Derivative financial instruments for hedging purposes	1.9	–0.0	–	–1.6	0.3
Liabilities from procurement leases	639.0	–175.0	5.7	300.4	770.1
Total liabilities from financing activities	**2,175.0**	**–73.2**	**5.0**	**375.2**	**2,481.9**

1 Prior-year figures have been adjusted due to the retrospective application of the amendments to IAS 1

Reconciliation of liabilities arising from financing activities 2023

in € million	Jan. 1, 2023	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Other changes	Dec. 31, 2023
Non-current financial liabilities[1]	1,476.4	–98.4	–2.3	–69.2	1,306.6
Current financial liabilities[1]	512.2	–375.8	–2.6	82.1	215.8
Liabilities from accrued interest	6.8	–69.6	–0.2	74.7	11.7
Derivative financial instruments for hedging purposes	4.7	–0.0	–	–2.7	1.9
Liabilities from procurement leases	584.9	–157.9	–4.9	216.9	639.0
Total liabilities from financing activities	**2,584.9**	**–701.7**	**–10.0**	**301.8**	**2,175.0**

1 Figures have been adjusted due to the retrospective application of the amendments to IAS 1

[40] Information on financial instruments

The measurement categories used in accordance with IFRS 9 are presented in the tables below. In line with IFRS 7, the tables show the carrying amounts and fair values of the financial assets and liabilities. Derivative financial instruments that are part of a formally documented hedge are not assigned to any of the IFRS 9 measurement categories. Lease receivables and liabilities from procurement leases fall within the scope of IFRS 16 and are therefore also not assigned to any of the IFRS 9 measurement categories.

Carrying amounts and fair values broken down by class 2024

Classes:	Carrying amount	Categories: FVPL	AC	FVOCI	Derivatives, which are part of a hedging relationship	Fair Value
in € million						
Financial assets						
Lease receivables[1]	2,812.7					2,750.6
Trade receivables	1,695.6	22.7	1,672.9			1,695.6
Other financial assets	284.8					284.8
thereof financial investments	110.1			110.1		110.1
thereof financial receivables	24.6		24.6			24.6
thereof other financial investments	31.6	31.6				31.6
thereof sundry financial assets	88.2		88.2			88.2
thereof derivative financial instruments	30.3	18.4			11.9	30.3
Cash and cash equivalents	787.0		787.0			787.0
Financial liabilities						
Financial liabilities	1,700.3					1,712.4
thereof promissory notes	528.5		528.5			531.2
thereof bonds	995.2		995.2			1,004.7
thereof liabilities to banks	146.9		146.9			146.9
thereof sundry financial liabilities	29.6		29.6			29.6
Liabilities from lease business	4,407.5		4,407.5			4,388.0
Liabilities from short-term rental business	814.1		814.1			807.6
Trade payables	1,160.4		1,160.4			1,160.4
Other financial liabilities	977.0					968.7
thereof liabilities from procurement leases[1]	770.1					761.8
thereof sundry other financial liabilities and liabilities from accrued interest	131.0		131.0			131.0
thereof derivative financial instruments	75.9	46.6			29.3	75.9

1 as defined by IFRS 16

Carrying amounts and fair values broken down by class 2023

Classes:	Carrying amount	Categories: FVPL	AC	FVOCI	Derivatives, which are part of a hedging relationship	Fair Value
in € million						
Financial assets						
Lease receivables[1]	2,314.4					2,245.9
Trade receivables	1,755.8	104.9	1,650.9			1,755.8
Other financial assets	253.0					253.0
thereof financial investments	79.2			79.2		79.2
thereof financial receivables	25.0		25.0			25.0
thereof other financial investments	27.3	27.3				27.3
thereof sundry financial assets	74.4		74.4			74.4
thereof derivative financial instruments	47.1	22.3			24.8	47.1
Cash and cash equivalents	311.8		311.8			311.8
Financial liabilities						
Financial liabilities	1,522.4					1,513.3
thereof promissory notes	696.0		696.0			705.4
thereof bonds	498.0		498.0			478.9
thereof liabilities to banks	272.4		272.4			273.0
thereof sundry financial liabilities	56.0		56.0			56.0
Liabilities from lease business	3,756.2		3,756.2			3,713.9
Liabilities from short-term rental business	716.6		716.6			699.7
Trade payables	1,194.0		1,194.0			1,194.0
Other financial liabilities	884.5					857.0
thereof liabilities from procurement leases[1]	639.0					611.5
thereof sundry financial liabilities and liabilities from accrued interest	190.6		190.6			190.6
thereof derivative financial instruments	54.8	35.3			19.5	54.8

1 as defined by IFRS 16

The net gains and losses on financial instruments are broken down by IFRS 9 category as shown in the table below. Net gains and losses on financial instruments do not include gains/losses arising on hedging transactions that are part of a formally documented hedge (see note [42]).

Net gains and losses on financial instruments broken down by category

in € million	2024	2023
Financial assets measured at amortized cost (AC)	–5.4	–2.1
Equity instruments measured at fair value through other comprehensive income (FVOCI)	27.0	29.9
Financial instruments measured at fair value through profit or loss (FVPL)	–28.7	–74.1
Financial liabilities measured at amortized cost (AC)	–296.9	–241.7

In 2024, the net gains and losses included interest income of €10.2 million (2023: €11.5 million) and interest expense of €295.1 million (2023: €241.0 million) that resulted from financial instruments measured at amortized cost (AC category) and are recognized within net financial income/expenses. Currency translation gains and losses, dividends, valuation allowances for expected and incurred losses, the marking-to-market of derivatives that are not part of a formally documented hedge, and other measurement effects were also included in the net gains and losses.

Fair value measurement

The majority of the cash and cash equivalents, financial receivables, trade receivables and trade payables recognized at amortized cost, sundry financial assets and liabilities, and liabilities from accrued interest have short remaining terms to maturity. The carrying amounts of these financial instruments are therefore roughly equal to their fair values.

For financial liabilities and for liabilities from the lease and short-term rental business, the fair value in each case corresponds to the present value of the outstanding payments, taking account of the current interest-rate curve and the Group’s own default risk. This fair value, calculated for the purposes of disclosure in the notes to the financial statements, is classified as Level 2 of the fair value hierarchy, whereas the fair value of the bonds is based on prices observed in the market and is thus assigned to Level 1 of the fair value hierarchy.

For lease receivables and liabilities from procurement leases, the fair value in each case corresponds to the present value of the net lease payments, taking account of the current market interest rate for similar leases.

The following tables show the assignment of fair values to the individual levels as defined by IFRS 13 for financial instruments measured at fair value.

Financial instruments measured at fair value 2024

in € million	Level 1	Level 2	Level 3	Dec. 31, 2024
	Fair Value Hierarchy			
Financial assets				**194.6**
thereof financial investments	75.2		34.9	110.1
thereof other financial investments		31.6		31.6
thereof trade receivables		22.7		22.7
thereof derivative financial instruments		30.3		30.3
Financial liabilities				**75.9**
thereof derivative financial instruments		75.9		75.9

Financial instruments measured at fair value 2023

in € million	Level 1	Level 2	Level 3	Dec. 31, 2023
	Fair Value Hierarchy			
Financial assets				**258.5**
thereof financial investments			79.2	79.2
thereof other financial investments		27.3		27.3
thereof trade receivables		104.9		104.9
thereof derivative financial instruments		47.1		47.1
Financial liabilities				**54.8**
thereof derivative financial instruments		54.8		54.8

Level 1 comprised the financial investment in Zhejiang EP Equipment Co., Ltd., for which the fair value was calculated using prices quoted in an active market that were available for the first time as at the reporting date. In 2023, the financial investment in Zhejiang EP Equipment Co., Ltd. had still been assigned to Level 3.

The fair value of other financial investments was determined using prices quoted in an active market and other observable inputs. They were assigned to Level 2.

Trade receivables recognized at fair value through profit or loss were assigned to Level 2. Their fair value was calculated using the transaction price, the biggest influence on which is the default risk of the counterparty.

Derivatives (currency forwards and interest-rate swaps) were also classified as Level 2. Their fair value was determined using appropriate valuation methods on the basis of the observable market information at the reporting date. The default risk for the Group and for the counterparty was taken into account on the basis of gross figures. The fair value of the currency forwards was calculated using the present value method based on forward rates. The fair value of interest-rate swaps was calculated as the present value of the future cash flows. Both contractually agreed payments and forward interest rates were used to calculate the cash flows, which were then discounted on the basis of a yield curve that is observable in the market. In order to eliminate default risk to the greatest possible extent, the KION Group only enters into derivatives with investment-grade counterparties.

As at December 31, 2024, Level 3 comprised the financial investment in Shanghai Quicktron Intelligent Technology Co., Ltd., which was recognized under other financial assets. The fair value was determined using a discounted cash flow method. The changes compared with the end of 2023 were due to the aforementioned reclassification of the financial investment in Zhejiang EP Equipment Co., Ltd. to a different level of the fair value hierarchy and the measurement subsequent to initial recognition of the financial investment in Shanghai Quicktron Intelligent Technology Co., Ltd. The material measurement parameters were a WACC after taxes of 9.1 percent (2023: 9.2 percent) and a long-term growth rate of 1.3 percent (2023: 1.0 percent). The following table shows the effects of changes in these material measurement parameters on fair value.

Sensitivity of Level 3 Financial Instruments as at Dec. 31, 2024

	Change in long-term growth rate		
in € million	**–0.25%**	**unchanged**	**+0.25%**
Change in WACC after tax			
–1%	6.3	7.6	9.0
unchanged	–0.9	–	1.0
+1%	–6.4	–5.7	–5.0

Sensitivity of Level 3 Financial Instruments as at Dec. 31, 2023

	Change in long-term growth rate		
in € million	**–0.25%**	**unchanged**	**+0.25%**
Change in WACC after tax			
–1%	8.8	11.2	13.8
unchanged	–1.8	–	1.9
+1%	–10.1	–8.7	–7.3

If events or changes in circumstances make it necessary to reclassify financial instruments to a different level, this is done at the end of a reporting period.

[41] Financial risk reporting

Capital management

One of the prime objectives of capital management is to ensure liquidity at all times. Measures aimed at achieving these objectives include the optimization of the capital structure and ongoing Group cash flow planning and management. Close cooperation between the individual companies and the Corporate Finance division ensures that the local legal and regulatory requirements faced by foreign Group companies are taken into account in capital management (see also the descriptions of financial covenants).

Net financial debt – defined as the difference between financial liabilities and cash and cash equivalents – is a key performance measure used in liquidity planning at Group level and amounted to €913.2 million as at December 31, 2024 (December 31, 2023: €1,210.6 million).

Default risk

In certain operating and finance activities, the KION Group is subject to credit risk, i.e. the risk that partners will fail to meet their contractual obligations. This risk is defined as the risk that a counterparty will default, and hence is limited to a maximum of the carrying amount. Default risk is limited by diversifying business partners based on certain credit ratings. The Group only enters into transactions with business partners and banks holding a good credit rating and subject to fixed limits. The potential default risk attaching to financial assets is also mitigated by secured forms of lending such as reservation of title, credit insurance and guarantees, and potential netting agreements.

Counterparty risks involving our customers are managed by the individual Group companies. To reflect the default risk, valuation allowances are recognized for defaults that have occurred and for expected defaults (see note [25]).

Financial transactions are only entered into with selected business partners that have an investment-grade credit rating. The KION Group's default risk remains insignificant.

The KION Group enters into derivatives in accordance with German master agreements and the global netting agreements (master agreement) of the International Swaps and Derivatives Association (ISDA). The amounts that, in accordance with such agreements, are owed by each counterparty on a single day in respect of all outstanding transactions in the same currency are aggregated to achieve a single net amount that one party has to pay to the other. In certain cases (e.g. if a credit event such as default occurs), all outstanding transactions under the agreement are terminated, the value upon termination is calculated, and only a single net amount to settle all transactions has to be paid.

The ISDA agreements do not satisfy the criteria for offsetting in the statement of financial position. This is because the KION Group currently does not have a legal right to offset the recognized amounts. The right to offset is only enforceable when future events occur, such as a credit event.

The following table shows the carrying amounts of the recognized derivatives covered by the master agreements.

Netting potential of derivative financial instruments at Dec. 31, 2024

in € million	Gross amount in balance sheet	Related financial instruments without netting	Potential net amount
Financial assets			
Interest-rate swaps	18.5	–13.5	5.0
Foreign-currency forwards	11.8	–10.0	1.8
Total	**30.3**	**–23.5**	**6.8**
Financial liabilities			
Interest-rate swaps	–25.7	13.5	–12.2
Foreign-currency forwards	–40.7	10.0	–30.7
Total	**–66.4**	**23.5**	**–42.9**

Netting potential of derivative financial instruments at Dec. 31, 2023

in € million	Gross amount in balance sheet	Related financial instruments without netting	Potential net amount
Financial assets			
Interest-rate swaps	37.9	–18.9	19.0
Foreign-currency forwards	10.1	–8.0	2.1
Total	**48.0**	**–26.9**	**21.1**
Financial liabilities			
Interest-rate swaps	–19.6	18.9	–0.7
Foreign-currency forwards	–20.6	8.0	–12.6
Total	**–40.1**	**26.9**	**–13.3**

Liquidity risk

The KION Group maintains a liquidity reserve in the form of a revolving credit facility and cash in order to ensure financial flexibility and solvency. Taking into account the credit facility of €1,385.7 million that was still freely available and was undrawn as at the reporting date (December 31, 2023: €1,364.7 million), the unrestricted cash and cash equivalents available to the KION Group as at the end of 2024 amounted to €2,172.2 million (December 31, 2023: €1,674.4 million). The maturity profile of financial liabilities is reviewed and optimized continually.

The credit ratings awarded to the KION Group by the two rating agencies remained unchanged in the year under review. Fitch Ratings continued to award the Group a long-term issuer default rating of BBB with a stable outlook. The short-term issuer default rating remained at F2. Standard & Poor’s kept the issuer rating at BBB– with a negative outlook.

As at the reporting date, the KION Group had sold trade receivables with a total volume of €111.7 million (December 31, 2023: €111.9 million) in factoring transactions. As a result of new factoring agreements entered into in 2024, trade receivables of €65.3 million had been derecognized in full as at December 31, 2024 because the KION Group had transferred the material risks and rewards arising on them. In 2023, the KION Group had borne the material risks and rewards, which meant that trade receivables of €69.5 million had continued to be recognized in full in the consolidated statement of financial position and a liability in the same amount had been recognized under other current financial liabilities. For trade receivables of €44.0 million (December 31, 2023: €36.3 million), the material risks and opportunities were neither fully transferred nor fully retained. In this case, the amount of the maximum downside risk arising on the trade receivables that were sold was recognized (as a continuing involvement). As at December 31, 2024, this amount was €4.0 million (December 31, 2023: €4.0 million). A liability in the amount of the continuing involvement was recognized under other current financial liabilities; the fair value of the liability corresponded to the carrying amount.

The following tables show all of the contractually agreed undiscounted payments under recognized financial liabilities as at December 31, 2024 and 2023, including derivative financial instruments with negative fair values. The future interest payments for variable-rate promissory notes and liabilities to banks may change if market interest rates change. In addition, future cash flows may vary due to changes to the underlying interest rates or exchange rates. With regard to the other line items, the cash flows included in the maturity analysis are not expected to arise significantly earlier or in a materially different amount.

Liquidity analysis of financial liabilities and derivatives 2024

in € million	Carrying amount Dec. 31, 2024	Cash flow 2025	Cash flow 2026–2029	Cash flow from 2030
Primary financial liabilities				
Promissory notes	528.5	–99.9	–457.2	–43.4
Bonds	995.2	–528.1	–580.1	–
Liabilities to banks	146.9	–99.9	–72.1	–
Other financial liabilities	29.6	–29.5	–0.2	–
Liabilities from lease business	4,407.5	–1,301.6	–3,298.4	–169.2
Liabilities from short-term rental business	814.1	–258.5	–613.6	–36.4
Trade payables	1,160.4	–1,160.4	–	–
Other financial liabilities (excluding derivatives)	901.1	–299.7	–408.5	–362.2
Derivative financial liabilities				
Derivatives with negative fair value	75.9			
+ Cash in		1,108.4	150.2	8.2
– Cash out		–1,159.4	–172.1	–9.4

Liquidity analysis of financial liabilities and derivatives 2023

in € million	Carrying amount Dec. 31, 2023	Cash flow 2024	Cash flow 2025–2028	Cash flow from 2029
Primary financial liabilities				
Promissory notes	696.0	–97.5	–659.1	–45.3
Bonds	498.0	–8.3	–508.2	–
Liabilities to banks	272.4	–154.4	–146.7	–
Other financial liabilities	56.0	–39.4	–18.5	–
Liabilities from lease business	3,756.2	–1,180.5	–2,773.1	–139.9
Liabilities from short-term rental business	716.6	–235.5	–530.1	–31.6
Trade payables	1,194.0	–1,194.0	–	–
Other financial liabilities (excluding derivatives)	829.6	–313.1	–330.1	–306.9
Derivative financial liabilities				
Derivatives with negative fair value	54.8			
+ Cash in		770.8	150.3	1.3
– Cash out		–792.5	–176.9	–1.9

Currency risk

The KION Group hedges currency risk both locally at the level of the individual companies and centrally via KION GROUP AG using prescribed hedging ratios.

The main hedging instruments employed are foreign-currency forwards, provided that there are no country-specific restrictions on their use.

In the Industrial Trucks & Services segment, hedges are entered into at individual company level for highly probable future transactions on the basis of rolling 15-month forecasts, as well as for firm commitments not reported in the statement of financial position. Currency risk arising from customer-specific project business contracts in the Supply Chain Solutions segment is hedged on a project-specific basis at individual company level. As a result, these hedges are generally classified as cash flow hedges for accounting purposes in accordance with IFRS 9 (see note [42]). In addition, foreign-currency forwards are employed to hedge the currency risks arising in the course of internal financing.

Significant currency risk arising from financial instruments is measured using a currency sensitivity method. Currency risks from financial instruments as defined by IFRS 7 are only included in calculating currency sensitivity if the financial instruments are denominated in a currency other than the functional currency of the Group company concerned. This means that currency risks resulting from the translation of the separate financial statements of subsidiaries into the Group presentation currency, i.e. currency translation risks, are not included.

Currency risk relevant to currency sensitivity in the KION Group arises mainly in connection with derivative financial instruments, trade receivables, and trade payables. For the purposes of the sensitivity analysis, it is assumed that the portfolio of financial instruments as at the reporting date is representative of the portfolio over the whole of the reporting year. The sensitivity analysis for the relevant currencies (after tax) is shown in the following table. Sensitivity was based on a net currency exposure of €328.3 million as at December 31, 2024 (December 31, 2023: €353.8 million).

Foreign-currency sensitivity

		Impact on net income		Impact on other comprehensive income / loss	
		Increase in the value of the euro of +10%	Fall in the value of the euro of –10%	Increase in the value of the euro of +10%	Fall in the value of the euro of –10%
in € million	**2024**				
GBP		0.1	–0.1	11.1	–20.4
USD		1.2	–1.5	5.3	–8.7
in € million	**2023**				
GBP		0.3	–0.4	10.2	–17.8
USD		2.5	–3.2	5.6	–10.4

Interest-rate risk

Interest-rate risk within the KION Group is managed centrally. The basis for decision-making includes sensitivity analyses of interest-rate risk exposures in key currencies.

The Group's financing takes the form of variable-rate and fixed-rate financial liabilities. The risk of a change in the fair value of a fixed-rate financial liability is hedged using an interest-rate swap. In addition, the fair value of certain lease receivables is hedged at portfolio level using amortizing payer interest-rate swaps. Overall, this results in a variable interest rate for the lease portfolio that is in line with the benchmark rate for the currency area in question; the variable interest rate thus equates to the variable rate used for the financing of the lease portfolio from an economic perspective. These hedges are accounted for as portfolio fair value hedges in accordance with IAS 39 (see note [42]).

The shift in the relevant yield curves was simulated to assess interest-rate risk. The effects after tax shown below resulted from the marking-to-market of interest-rate swaps and from variable-rate financial debt and liquidity levels. Sensitivity was based on a net interest-rate exposure of €152.1 million as at December 31, 2024 (December 31, 2023: €829.4 million).

Interest-rate sensitivity

	+50 bps		–50 bps	
in € million	2024	2023	2024	2023
Net income	11.2	4.3	–11.7	–4.6

Risks arising from lease business

The lease activities that are used to promote sales in the Industrial Trucks & Services segment mean that the KION Group may be exposed to residual value risks from the marketing of trucks. The trucks are returned by the lessee at the end of a long-term lease and subsequently sold or re-rented. Residual values in the markets for used trucks are constantly monitored and forecast on the basis of prices in these markets. The KION Group regularly assesses its aggregate risk exposure arising from the lease business.

Risks identified in relation to the existing contract portfolio are taken into account by prospectively adjusting the depreciation expense, impairment losses, or provisions, which therefore reduces the level of adjusted EBIT. If there is a sustained decline in residual values, they will be adjusted in the costing of new leases. Groupwide standards to ensure that residual values are calculated appropriately, combined with an IT system for residual-value risk management, aim to reduce risk and provide the basis on which to create the transparency required.

Long-term leases with end customers are primarily arranged on a fixed-interest basis. If they are financed using variable-rate instruments, interest-rate derivatives are entered into in order to hedge the interest-rate risk, where it makes commercial sense to do so. Nevertheless, the lease business is still subject to interest-rate-volatility risk related to residual, non-matching maturities. The level of this risk depends in part on the relevant market interest rates.

As a rule, the KION Group finances its lease business in the same currency as the lease with the end customer in order to exclude currency risks.

The counterparty risk inherent in the lease business continues to be insignificant. The Group also mitigates any losses from defaults by its receipt of the proceeds from the sale of repossessed industrial trucks. Furthermore, receivables management and credit risk management are refined on an ongoing basis.

[42] Hedge accounting

Hedging currency risk

The KION Group applies cash flow hedge accounting in hedging the exchange rate risks arising (in various currencies) from highly probable future transactions and firm commitments not reported in the statement of financial position. Foreign-currency forwards with settlement dates in the same month as the expected cash flows from the Group’s operating activities are used as hedges. The critical terms of the hedging instruments and the hedged items are therefore matched with each other. The hedge ratio, which is derived from the volume of hedged items and the hedging instruments used, is 1:1 for these hedges. Because the hedges are highly effective, the change in the fair value of the cash flows from the hedged items corresponds to the change in the fair value of the hedging instruments. The spot and forward elements are designated as the hedging instrument, whereas the cross-currency basis spread is recognized as an undesignated element.

The main currency hedges relate to pound sterling and the US dollar. The foreign-currency forwards in existence as at December 31, 2024 were entered into at average hedging rates of £0.8605 to €1 (2023: £0.8764 to €1) and US$ 1.1060 to €1 (2023: US$ 1.1040 to €1).

On account of the short-term nature of the Group’s payment terms, reclassifications to the income statement – or to the hedged inventory items in the statement of financial position – of fair value changes previously recognized in equity in the hedge reserve and the recognition of the corresponding cash flows generally take place in the same reporting period. A foreign-currency receivable or liability is recognized when goods are dispatched or received. Until the corresponding payment is received, changes in the fair value of the derivative are recognized in the income statement such that they largely offset the effect of the measurement of the foreign-currency receivable or liability at the reporting date.

The foreign-currency forwards used as hedges will mature in 2026 at the latest. In total, foreign-currency cash flows of €526.5 million (2023: €575.5 million) were hedged and designated as hedged items, of which €478.9 million is expected by December 31, 2025 (2023: €513.1 million expected by December 31, 2024). The remaining cash flows designated as hedged items, which amounted to €47.6 million (2023: €62.4 million), fall due in more than one year’s time.

The following table provides an overview of the foreign-currency forwards entered into by the KION Group. They are recognized under other financial assets and other financial liabilities in the consolidated statement of financial position.

Foreign-currency forwards

in € million		Fair value Dec. 31, 2024	Fair value Dec. 31, 2023	Notional amount Dec. 31, 2024	Notional amount Dec. 31, 2023
Foreign-currency forwards (assets)	Cash flow hedge	1.5	4.6	100.8	251.3
	FVPL	10.3	5.4	544.4	933.3
Foreign-currency forwards (liabilities)	Cash flow hedge	15.0	6.7	425.7	324.2
	FVPL	25.7	14.5	743.1	517.9

The table below shows the change in the effectiveness of the currency forwards used for hedging purposes in 2024.

Derivatives used for hedging - cash flow hedges at Dec. 31, 2024

in € million	Change in value for determining ineffectiveness hedging instrument	Change in value for determining ineffectiveness hedged item	OCI – hedge reserve for unrealized gains and losses	Ineffective portion of hedges
Foreign-currency risk from operating activities – foreign-currency forwards	–19.3	19.3	–19.3	–
Total	**–19.3**	**19.3**	**–19.3**	**–**

Derivatives used for hedging - cash flow hedges at Dec. 31, 2023

in € million	Change in value for determining ineffectiveness hedging instrument	Change in value for determining ineffectiveness hedged item	OCI – hedge reserve for unrealized gains and losses	Ineffective portion of hedges
Foreign-currency risk from operating activities – foreign-currency forwards	0.8	–0.8	0.8	–
Total	**0.8**	**–0.8**	**0.8**	**–**

Hedging interest-rate risk

The KION Group has issued variable-rate and fixed-rate promissory notes as part of its financing (see note [30]). It hedges the risk of a change in the fair value of a fixed-rate tranche of the promissory note that was issued in 2018 and will mature in 2025 using an interest-rate swap, thereby creating a Euribor-based variable-rate obligation. This is accounted for as a fair value hedge. The hedge ratio, which is derived from the volume of hedged items and the hedging instruments used, is 1:1. The critical terms of the hedging instrument and the hedged item are matched with each other. The interest-rate swap used as a hedge reflects the maturity profile of the hedged item and will mature in 2025. Because the hedge is highly effective, the change in the fair value of the hedged item (fair value hedge) corresponds to the change in the fair value of the hedging instrument.

In addition, the KION Group uses amortizing payer interest-rate swaps in the same currency to hedge the risk of a change in the fair value of certain lease receivables. These hedges are accounted for as portfolio fair value hedges in accordance with IAS 39. The interest-rate swaps used as hedges reflect the notional amount and the maturity profile of the hedged portfolio and will mature in 2031.

Overall, this results in a variable interest rate for the lease portfolio that is in line with the benchmark rate for the currency area in question; the variable interest rate thus equates to the variable rate used for the financing of the lease portfolio from an economic perspective. The portfolio fair value hedge is ended and redesignated monthly due to the fast-changing and open lease portfolio.

The following table provides an overview of the interest-rate derivatives used by the KION Group. They are recognized under other financial assets and other financial liabilities in the consolidated statement of financial position.

Interest-rate swaps

		Fair value		Notional amount	
in € million		Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Interest-rate swaps (assets)	Fair value hedge	10.4	20.2	502.9	541.4
	FVPL	8.1	16.9	615.2	468.0
Interest-rate swaps (liabilities)	Fair value hedge	14.4	12.9	956.5	645.1
	FVPL	11.4	8.8	680.9	483.6

The table below shows the change in the interest-rate derivatives used for hedging purposes in 2024. Furthermore, the gain/loss on the undesignated portion of interest-rate derivatives used to hedge leases in 2024 amounted to a net loss of €12.5 million (2023: net loss of €28.3 million) that arose because there was no opportunity to designate operating leases as hedged items in portfolio fair value hedges in accordance with IAS 39.

Interest-rate derivatives used for hedging – fair value hedges at Dec. 31, 2024

in € million	Change in fair value of hedging instrument	Change in fair value of hedged item	Ineffective portion of hedges	Carrying amount asset (+)/ liability (–)	Change in fair value of hedged item – cumulative
Promissory note – interest-rate swap	1.6	–1.6	–	–79.5	0.5
Lease receivables – interest-rate swaps	–12.1	14.7	2.6	2,812.7	2.8
Total	**–10.5**	**13.1**	**2.6**	**2,733.2**	**3.3**

Interest-rate derivatives used for hedging – fair value hedges at Dec. 31, 2023

in € million	Change in fair value of hedging instrument	Change in fair value of hedged item	Ineffective portion of hedges	Carrying amount asset (+)/ liability (–)	Change in fair value of hedged item – cumulative
Promissory note – interest-rate swap	2.8	–2.8	–	–79.5	2.3
Lease receivables – interest-rate swaps	–32.8	36.5	3.7	2,314.4	–11.7
Total	**–30.0**	**33.7**	**3.7**	**2,234.9**	**–9.4**

Change in the hedge reserves

The change in the hedge reserves within accumulated other comprehensive income (loss) is presented in the following tables.

Reconciliation of hedge reserves resulting from hedges of currency risks 2024

in € million	Currency risk
Balance as at Jan. 1, 2024	**–0.5**
Changes in unrealized gains and losses	–19.3
Gains (–) and losses (+) reclassified to revenue	0.2
Gains (–) and losses (+) reclassified to inventories	8.0
Tax effect of changes in reserves	2.6
Balance as at Dec. 31, 2024	**–9.0**

Reconciliation of hedge reserves resulting from hedges of currency risks 2023

in € million	Currency risk
Balance as at Jan. 1, 2023	**2.5**
Changes in unrealized gains and losses	0.8
Gains (–) and losses (+) reclassified to revenue	2.2
Gains (–) and losses (+) reclassified to inventories	–7.2
Tax effect of changes in reserves	1.3
Balance as at Dec. 31, 2023	**–0.5**

[43] Segment report

The Executive Board, as the chief operating decision-maker (CODM), manages the KION Group on the basis of the two segments Industrial Trucks & Services and Supply Chain Solutions. The segments have been defined in accordance with the KION Group's organizational and strategic focus.

Description of the segments

Industrial Trucks & Services

The business model of the Industrial Trucks & Services segment covers key steps of the value chain that are required to fully cater to the needs of customers worldwide. These are product development, manufacturing, sales and service, truck rental and used trucks, fleet management, and financial services that support the operating business with industrial trucks and the related automation solutions. The segment operates a multi-brand strategy involving the three international brands Linde, STILL, and Baoli plus the two regional brands Fenwick and OM.

Supply Chain Solutions

The Supply Chain Solutions segment, featuring its KION SCS Operating Unit, is a strategic partner to customers in a variety of industries, supplying them with integrated technology and software solutions for warehouse automation. Manual and automated solutions are provided for all functions along customers' supply chains, from goods inward and Multishuttle warehouse systems to picking, automated palletizing, and automated guided vehicle systems. Featuring the Dematic brand, this segment is primarily involved in customer-specific project business. With global resources, production facilities in various countries, and regional teams of experts, Dematic is able to plan and deliver warehouse automation solutions with varying degrees of complexity anywhere in the world.

Corporate Services

Corporate Services comprises holding companies and service companies that provide services such as IT and general administration across all segments. The bulk of the total revenue is generated by internal IT services.

Segment management

The KPIs used to manage the segments are revenue and adjusted EBIT. Segment reporting therefore includes a reconciliation of externally reported consolidated earnings before interest and tax (EBIT) – including effects from purchase price allocations and non-recurring items – to the adjusted EBIT for the segments (‘adjusted EBIT’). Intragroup transactions are generally conducted on an arm’s-length basis. Segment reports are prepared in accordance with the same accounting policies as the consolidated financial statements, as described in note [6].

The following tables show the segment reports for 2024 and 2023.

Segment report 2024

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli-dation	Total
Revenue from external customers	8,593.5	2,906.2	3.5	–	11,503.2
Intersegment revenue	15.3	37.0	293.1	–345.4	–
Total revenue	**8,608.8**	**2,943.2**	**296.6**	**–345.4**	**11,503.2**
Cost of sales	–6,015.8	–2,430.2	–307.2	343.5	–8,409.7
Earnings before tax	**765.3**	**–12.8**	**562.0**	**–724.8**	**589.8**
Net financial expenses	–114.3	–21.9	–51.8	–	–188.0
EBIT	**879.6**	**9.1**	**613.9**	**–724.8**	**777.8**
+ Non-recurring items	14.1	16.1	–2.4	–	27.9
+ PPA items	23.8	87.7	–	–	111.5
= Adjusted EBIT	**917.5**	**112.9**	**611.5**	**–724.8**	**917.2**
Segment assets	14,707.0	5,550.5	3,631.5	–5,083.6	18,805.4
Segment liabilities	10,817.7	2,768.7	4,099.7	–5,087.8	12,598.3
Capital expenditure[1]	301.0	114.1	47.8	–	462.9
Amortization and depreciation[2]	176.3	49.0	23.6	–	248.9
Order intake	7,765.8	2,579.1	296.6	–320.5	10,320.9
Order book	2,246.1	2,423.8	–	–34.9	4,635.1
Number of employees[3]	31,407	9,827	1,485	–	42,719

1 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs

2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

3 Number of employees (full-time equivalents; incl. apprentices; excl. inactive employees) as at Dec. 31, 2024; allocation according to the contractual relationships

Segment report 2023

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli-dation	Total
Revenue from external customers	8,464.2	2,968.4	1.1	–	11,433.7
Intersegment revenue	15.4	28.6	258.1	–302.0	–
Total revenue	**8,479.6**	**2,997.0**	**259.2**	**–302.0**	**11,433.7**
Cost of sales	–6,090.0	–2,591.1	–271.3	300.0	–8,652.5
Earnings before tax	**723.1**	**–107.6**	**491.3**	**–647.1**	**459.8**
Net financial expenses	–108.3	–35.7	–56.8	–	–200.8
EBIT	**831.4**	**–71.9**	**548.1**	**–647.1**	**660.6**
+ Non-recurring items	12.8	27.8	–3.4	–	37.2
+ PPA items	4.3	88.4	–	–	92.7
= Adjusted EBIT	**848.5**	**44.3**	**544.7**	**–647.1**	**790.5**
Segment assets	13,507.1	5,588.2	2,914.9	–4,621.9	17,388.4
Segment liabilities	9,620.2	2,893.8	3,725.2	–4,623.5	11,615.7
Capital expenditure[1]	292.6	104.8	45.4	–	442.8
Amortization and depreciation[2]	179.7	51.1	19.4	–	250.2
Order intake[3]	7,890.2	3,006.7	259.2	–306.2	10,849.9
Order book[3]	3,197.4	2,920.6	–	–72.9	6,045.2
Number of employees[4]	30,283	10,666	1,376	–	42,325

1 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs

2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

3 Prior-year figures for order intake and for the order book have been adjusted for definition-related reasons in the SCS segment

4 Number of employees (full-time equivalents; incl. apprentices; excl. inactive employees) as at Dec. 31, 2023; allocation according to the contractual relationships

External revenue is allocated to the different regions on the basis of the customer's location. The breakdown of external revenue by region is presented in the > tables 'Disaggregation of revenue with third parties'. In 2024, revenue in the most significant countries was as follows: €2,077.1 million in Germany (2023: €2,036.1 million), €2,078.8 million in the US (2023: €2,083.1 million), and €1,303.6 million in France (2023: €1,219.6 million).

Net financial income and expenses, including all interest income and interest expense, are described in notes [12] and [13].

The non-recurring items recorded in the reporting year across the Group amounted to a total expense of €27.9 million. This figure included costs of €14.8 million in the Supply Chain Solutions segment (including interest and consultancy costs) that were incurred in connection with the ending of a long-running legal dispute related to the acquisition of a group of companies in 2015 by the former Dematic Group.

In 2023, the non-recurring items had amounted to a total expense of €37.2 million. This figure had included an expense of €24.8 million in the Supply Chain Solutions segment that related to adjustments to staffing capacity to reflect the prevailing order situation. These adjustments had been initiated as a short-term countermeasure in view of muted market demand in the long-term project business. Some of the provisions had been overfunded and were reversed again in 2024.

The effects from purchase price allocations comprised net write-downs and other expenses in relation to the step-ups and charges identified as part of the acquisition processes.

The regional breakdown of non-current assets, excluding financial instruments, deferred tax assets, and assets relating to defined benefit pension plans, is as follows:

Non-current assets broken down by company location

in € million	Dec. 31, 2024	Dec. 31, 2023
EMEA	**6,860.4**	**6,392.6**
Western Europe	6,145.9	5,733.8
Eastern Europe	714.4	658.5
Middle East and Africa	0.1	0.3
Americas	**2,535.4**	**2,418.4**
North America	2,433.0	2,304.3
Central and South America	102.3	114.0
APAC	**841.8**	**796.5**
China	512.0	475.7
APAC excluding China	329.8	320.8
Total non-current assets (IFRS 8)	**10,237.6**	**9,607.5**

As at December 31, 2024, non-current assets attributable to Germany amounted to €3,746.2 million (December 31, 2023: €3,545.4 million) and to the US €2,358.9 million (December 31, 2023: €2,227.6 million).

[44] Employees

The KION Group employed an average of 42,439 full-time equivalents (including trainees and apprentices) in the reporting year (2023: 41,552). The number of employees (part-time staff included on a pro rata basis) by region is as follows:

Employees (average)

	2024	2023
EMEA	**29,140**	**28,292**
Western Europe	24,404	23,590
Eastern Europe	4,724	4,674
Middle East and Africa	12	28
Americas	**6,136**	**6,512**
North America	4,719	4,994
Central and South America	1,417	1,518
APAC	**7,163**	**6,748**
China	5,213	5,009
APAC excluding China	1,950	1,739
Total	**42,439**	**41,552**

The KION Group employed an average of 748 trainees and apprentices in 2024 (2023: 731).

[45] Related party disclosures

In addition to its relationship with subsidiaries included in the consolidated financial statements, the KION Group has direct or indirect business relationships with a number of non-consolidated subsidiaries, associates and joint ventures, and other related parties in the course of its ordinary business activities. The related parties that are solely or jointly controlled by the KION Group or over which significant influence can be exercised are included in the list of shareholdings as at December 31, 2024 (see note [48]).

Weichai Power Co., Ltd., Weifang, People's Republic of China, indirectly held a 46.5 percent stake in KION GROUP AG via Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg ('Weichai Power', direct parent company) as at December 31, 2024 (December 31, 2023: 46.5 percent) and, in the assessment of the Executive Board of KION GROUP AG on the basis of IFRS as adopted by the EU, is the ultimate parent company. Without prejudice to this, Weichai Power Co., Ltd. states in its consolidated financial statements, which are published on the website of the Hong Kong Stock Exchange, that its highest-level parent company is Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China. The latter is owned by the State-owned Assets Supervision and Administration Commission of Shandong People's Government of the People's Republic of China, Jinan, People's Republic of China. In 2024 and in the previous year, there were no transactions that were significant, either individually or taken together, with Shandong Heavy Industry Group Co., Ltd. or with its consolidated entities above the level of Weichai Power Co., Ltd.

The revenue that the KION Group generated in 2024 and 2023 from selling goods and services to related parties is shown in the table below along with the receivables that were outstanding at the reporting date.

Related party disclosures: receivables and sales

	Receivables		Sales of goods and services	
in € million	Dec. 31, 2024	Dec. 31, 2023	2024	2023
Non-consolidated subsidiaries	14.2	17.1	19.0	23.9
Associates (equity-accounted)[1]	36.1	48.8	190.3	198.1
Joint ventures (equity-accounted)	15.0	11.5	32.4	34.4
Other related parties[1]	8.7	8.0	34.8	30.9
Total	**74.0**	**85.4**	**276.5**	**287.3**

1 The figures for ‘associates’ and ‘other related parties’ include transactions with Weichai Power Co., Ltd. and its affiliated companies

The figures for associates and other related parties include transactions with Weichai Power and its affiliated companies; these comprise receivables of €15.4 million (December 31, 2023: €5.8 million) and sales of goods and services amounting to €27.9 million (2023: €20.3 million). The receivables from associates include a variable-rate loan that the KION Group has granted to Linde Hydraulics GmbH & Co. KG, Aschaffenburg. This involved a maximum commitment of €9.3 million (December 31, 2023: €9.3 million), from which the KION Group had a loan receivable with a nominal amount of €8.0 million as at December 31, 2024 (December 31, 2023 €8.0 million).

The KION Group has also made a commitment to the joint venture Schwerter Profile GmbH, Schwerte, to provide a variable-rate shareholder loan with a maximum amount of €10.0 million (December 31, 2023: €10.0 million), from which the KION Group had a loan receivable with a nominal amount of €8.8 million as at December 31, 2024 (December 31, 2023: €6.8 million).

The goods and services obtained from related parties in 2024 and 2023 are shown in the table below along with the liabilities that were outstanding at the reporting date.

Related party disclosures: liabilities and purchases

	Liabilities		Purchases of goods and services	
in € million	**Dec. 31, 2024**	**Dec. 31, 2023**	**2024**	**2023**
Non-consolidated subsidiaries	13.3	15.1	37.9	40.5
Associates (equity-accounted)[1]	6.7	7.5	110.1	123.3
Joint ventures (equity-accounted)	133.2	99.8	120.2	123.6
Other related parties[1]	2.2	4.6	0.6	0.5
Total	**155.4**	**127.0**	**268.7**	**288.0**

1 The figures for 'associates' and 'other related parties' include transactions with Weichai Power Co., Ltd. and its affiliated companies

The figures for associates and other related parties include transactions with Weichai Power and its affiliated companies; these comprise liabilities of €5.9 million (December 31, 2023: €13.6 million) and purchases of goods and services amounting to €100.7 million (2023: €0.0 million).

In addition, the distribution of a dividend of €0.70 per share for the 2023 financial year (2023: dividend for the 2022 financial year: €0.19 per share) to Weichai Power resulted in a pro rata outflow of funds from KION GROUP AG of €42.7 million in 2024 (2023: outflow of €11.6 million).

The members of the Executive Board and Supervisory Board of KION GROUP AG, and their family members, are also related parties. Further related parties are the members of the Boards of Directors of Weichai Power Co., Ltd., Weifang, People's Republic of China (ultimate parent company of KION GROUP AG), Weichai Power (Hong Kong) International Development Co., Ltd., People's Republic of China (intermediate holding company), and Weichai Power Holding S.à r.l., Luxembourg (direct parent company), and their family members. Details of the remuneration of the Executive Board and Supervisory Board of KION GROUP AG can be found in note [47].

[46] Long-term variable remuneration

KION performance share plan (LTI) for managers

The 2024 tranche of the long-term variable remuneration component for the managers in the KION Group (LTI 2024) was granted with effect from January 1, 2024 and has a term of three years. For the 2024 tranche, 30 percent of the remuneration component (2022 and 2023 tranches: 50 percent) is based on the total shareholder return (TSR) of KION GROUP AG shares compared with the performance of the MDAX index (market-oriented measure of performance) and 50 percent (2022 and 2023 tranches: 30 percent) is based on return on capital employed (ROCE) (internal measure of performance). For the 2022, 2023, and 2024 tranches, 20 percent of the performance share plan is linked to the achievement of ESG targets.

The performance period for the 2024 tranche ends on December 31, 2026 (2023 tranche: December 31, 2025). The 2022 tranche expired on December 31, 2024 and will be paid out in the first quarter of 2025.

At the beginning of the performance period on January 1, 2024 (2023 tranche: January 1, 2023; 2022 tranche: January 1, 2022), the managers were allocated a total of 850,200 phantom shares for this tranche (2023 tranche: 1,074,813 phantom shares; 2022 tranche: 266,172 phantom shares). The allocation was based on a particular percentage of each manager’s individual gross annual remuneration at the time of grant. At the end of the performance period, the number of the phantom shares is amended depending on the degree to which the relevant targets are achieved. The resulting final number of phantom shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. The KION Group has the right to adjust the amount payable at the end of the performance period in the event of exceptional occurrences or developments. For the 2022, 2023, and 2024 tranches, the maximum amount payable is limited to 250 percent of the value of the shares allotted to an individual at the grant date.

The pro rata expense calculation based on the fair value of the phantom shares on each valuation date is carried out using Monte Carlo simulation. The measurement parameters used to value the phantom shares on the reporting date were as follows:

Significant measurement parameters of the KION Performance Share Plans

	Valuation date Dec. 31, 2024		
Measurement parameters	**Tranche 2024 managers**	**Tranche 2024 Executive Board**	**Tranche 2023[1]**
Expected volatility of the KION share	40.0%	50.0%	35.0%
Expected volatility of the MDAX	15.0%	20.0%	15.0%
Risk-free interest rate	1.98%	1.95%	2.18%
Expected dividend	€0.65	€0.85	€0.82
Price of the KION share at valuation date	€31.02	€31.02	€31.02
Price of the MDAX at valuation date	25,428.36 pts.	25,428.36 pts.	25,428.36 pts.
Initial value of the KION share (60-days average)	€33.80	€33.80	€25.39
Initial value of the MDAX (60-days average)	25,748.86 pts.	25,748.86 pts.	24,662.39 pts.

1 The measurement parameters were applied to the Performance Share Plans for the Executive Board and managers

Taking account of the remaining term of two years (2024 tranche) and one year (2023 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. The provision as at December 31 and the income or expense in the financial year resulting from each tranche of the performance share plans break down as follows:

Provisions and results of the KION performance share plans for managers as at Dec. 31, 2024

	Fair value per phantom share in €	Phantom shares total	Pro rata liability in € million	Pro rata loss (–)/gain (+) in € million
2022 tranche	17.19	226,853	3.9	–0.2
2023 tranche	41.62	1,010,685	28.0	–14.5
2024 tranche	29.87	886,056	8.8	–8.8
Total			**40.7**	**–23.5**

Provisions and results of the KION performance share plans for managers as at Dec. 31, 2023

	Fair value per phantom share in €	Phantom shares total	Pro rata liability in € million	Pro rata loss (–)/gain (+) in € million
2021 tranche	17.18	164,028	2.8	–1.5
2022 tranche	21.52	254,496	3.7	–2.4
2023 tranche	35.65	1,138,544	13.5	–13.5
Total			**20.0**	**–17.4**

KION performance share plan (LTI) for the Executive Board

The members of the Executive Board have been promised a multiple-year variable remuneration component. This component takes the form of a performance share plan. For the 2024 tranche, the plan has a four-year term that comprises a three-year performance period followed by a one-year waiting period (2022 and 2023 tranches: three-year term without a waiting period). The financial performance targets for the 2024 tranche are the relative total shareholder return (TSR) for the shares of KION GROUP AG compared with the MDAX (market-oriented measure of financial performance), with a weighting of 30 percent (2022 and 2023 tranches: 40 percent), and return on capital employed (ROCE) (internal measure of financial performance), with a weighting of 50 percent (2022 and 2023 tranches: 40 percent). For all tranches, 20 percent of the performance share plan is linked to the achievement of ESG targets.

The performance period for the 2024 tranche ends on December 31, 2026 (2023 tranche: December 31, 2025).

At the beginning of the performance period on January 1, 2024 (2023 tranche: January 1, 2023; 2022 tranche: January 1, 2022), the Executive Board members were allocated a total of 190,829 phantom shares for this tranche (2023 tranche: 245,373 phantom shares; 2022 tranche: 61,222 phantom shares) on the basis of the starting price of KION shares (60-day average). The shares were allocated on the basis of an allocation value in euros specified in each Executive Board member's service contract. At the end of the performance period, the number of the phantom shares is amended depending on the degree to which the relevant targets are achieved. the resulting final number of phantom shares multiplied by the smoothed price of KION GROUP AG shares at the end of the term determines the amount of cash actually paid. For the 2022 and 2023 tranches, the Supervisory Board can also use a discretionary individual performance multiple to adjust the final payment at the end of the performance period by +/– 30 percent. For the 2024 tranche, there is no longer an individual performance multiple. For the 2024 tranche, the maximum amount payable is limited to 250 percent of the value of the shares allotted to an individual at the grant date; for the 2022 and 2023 tranches, the maximum amount payable is limited to 200 percent.

The pro rata expense calculation based on the fair value of the phantom shares on each valuation date is carried out using Monte Carlo simulation. The measurement parameters used to value the phantom shares on the reporting date are shown in the > table 'Significant measurement parameters of the KION Performance Share Plans'.

Taking account of the remaining term of three years (2024 tranche) and one year (2023 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. The provision as at December 31 and the income or expense in the financial year resulting from each tranche of the performance share plans break down as follows:

Provisions and results of the KION performance share plans for the Executive Board as at Dec. 31, 2024

	Fair value per phantom share in €	Phantom shares total	Pro rata liability in € million	Pro rata loss (–)/gain (+) in € million
2022 tranche	6.06	50,679	0.3	0.6
2023 tranche	33.46	225,241	5.3	–2.6
2024 tranche	26.38	190,829	1.3	–1.3
Total			**6.9**	**–3.3**

Provisions and results of the KION performance share plans for the Executive Board as at Dec. 31, 2023

	Fair value per phantom share in €	Phantom shares total	Pro rata liability in € million	Pro rata loss (–)/gain (+) in € million
2021 tranche	5.01	68,539	0.5	0.3
2022 tranche	24.06	56,333	1.0	–0.7
2023 tranche	30.14	254,124	2.6	–2.6
Total			**4.1**	**–3.0**

The total carrying amount for liabilities in connection with share-based remuneration was €47.6 million as at December 31, 2024 (December 31, 2023: €24.1 million). For 2024, a total expense of €26.8 million for twelve months was recognized for share-based remuneration (2023: total expense of €20.4 million).

[47] Remuneration of the Executive Board and Supervisory Board

Executive Board

Responsibilities

The responsibilities of the members of the Executive Board are disclosed in the corporate governance statement (see the section 'Working methods of the Executive Board and Supervisory Board').

Remuneration

The remuneration paid to the Executive Board comprises a fixed salary and non-cash benefits, pension entitlements, and performance-related components. The variable performance-related components comprise an annually recurring component linked to business performance and a multi-year performance-related component in the form of the KION performance share plan (see also note [46]). The pension entitlements consist of retirement, invalidity, and surviving dependants' benefits.

The total remuneration, pursuant to IFRS, of the members of the Executive Board who were in post in 2024 is as follows:

Remuneration of the Executive Board (IFRS)

in € million	2024	2023
Non-performance-related components	6.9	7.1
Performance-related components	5.2	4.7
Termination benefits	–	4.2
Total short-term remuneration components	**12.1**	**16.0**
Change in fair value of share-based payments	3.5	3.4
Post-employment benefits	1.0	1.5
Total long-term remuneration components	**4.5**	**4.9**
Total remuneration (IFRS)	**16.6**	**20.9**

The corresponding total remuneration pursuant to section 314 (1) no. 6a HGB, for the members of the Executive Board who were in post in 2024, breaks down as follows, whereby the fair value of the share-based payments at grant date included 190,829 phantom shares:

Remuneration of the Executive Board (HGB)

in € million	2024	2023
Total remuneration (IFRS)	**16.6**	**20.9**
– Change in fair value of share-based payments	–3.5	–3.4
+ Fair value of the share-based payments at grant date	6.8	7.2
– Post-employment benefits	–1.0	–1.5
– Termination benefits	–	–4.2
– Remuneration under conditions precedent	1.3	–0.7
Total remuneration (HGB)	**20.2**	**18.3**

As at December 31, 2024, no loans or advances had been extended to members of the Executive Board. This had also been the case as at December 31, 2023.

The total remuneration paid to former members of the Executive Board of KION GROUP AG and its legal predecessors amounted to €0.9 million (2023: €8.4 million). Pension entitlements of former Executive Board members or their surviving dependants amounting to €17.4 million (December 31, 2023: €19.6 million) were recognized in accordance with IFRS.

Further details of Executive Board remuneration, including the individual amounts for each member, are presented in KION GROUP AG's separate 2024 remuneration report, which is available on the KION Group website (www.kiongroup.com/remuneration).

Supervisory Board

The total remuneration paid to the members of the Supervisory Board for the performance of their tasks at the parent company and subsidiaries in 2024 amounted to €1.4 million (2023: €1.5 million) excluding VAT and consisted entirely of short-term benefits. There were no loans or advances to members of the Supervisory Board in 2024. Members of the Supervisory Board also received short-term employee benefits of €0.9 million for employee services (2023: €0.8 million), including the employer's share of the social-security contribution.

Further details of Supervisory Board remuneration, including the individual amounts for each member, are presented in KION GROUP AG's separate 2024 remuneration report, which is available on the KION Group website (www.kiongroup.com/remuneration).

The total remuneration of the members of the Executive Board and Supervisory Board came to €18.0 million (2023: €22.4 million).

[48] List of the shareholdings of KION GROUP AG, Frankfurt am Main

The shareholdings of the KION Group as at December 31, 2024 are listed below.

List of shareholdings as at December 31, 2024

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
1	KION GROUP AG	Frankfurt am Main	Germany	EMEA			
Consolidated subsidiaries							
2	Actil Warehouse Trucks AB	Linköping	Sweden	EMEA	100.00%	80	
3	AUSTRO OM PIMESPO Fördertechnik GmbH	Linz	Austria	EMEA	100.00%	121	
4	Baoli EMEA S.p.A.	Lainate	Italy	EMEA	100.00%	114	
5	BARTHELEMY MANUTENTION SAS	Vitrolles	France	EMEA	100.00%	44	
6	Bastide Manutention SAS	Bruguières	France	EMEA	100.00%	44	
7	BlackForxx GmbH	Stuhr	Germany	EMEA	100.00%	114	
8	Bretagne Manutention SAS	Pacé	France	EMEA	100.00%	44	
9	Dematic (Malaysia) Sdn. Bhd.	Petaling Jaya	Malaysia	APAC	100.00%	27	
10	Dematic Corp.	Grand Rapids	United States	Americas	100.00%	13	
11	Dematic GmbH	Heusenstamm	Germany	EMEA	100.00%	16	
12	Dematic Group Ltd.	Banbury	United Kingdom	EMEA	100.00%	13	
13	Dematic Group S.à r.l.	Luxembourg	Luxembourg	EMEA	100.00%	14	
14	Dematic Holdings GmbH	Frankfurt am Main	Germany	EMEA	100.00%	1	
15	Dematic Holdings Pty. Ltd.	Belrose	Australia	APAC	100.00%	16	
16	Dematic Holdings UK Ltd.	Banbury	United Kingdom	EMEA	100.00%	13	
17	Dematic International Trading Ltd.	Shanghai	People's Republic of China	APAC	100.00%	13	
18	Dematic Korea Ltd.	Seoul	South Korea	APAC	100.00%	16	
19	Dematic Logistic Systems S.A.U.	Coslada	Spain	EMEA	100.00%	16	
20	Dematic Logistics de Mexico S. de R.L. de C.V.	Monterrey	Mexico	Americas	100.00%	23 & 19	
21	Dematic Logistics GmbH	Heusenstamm	Germany	EMEA	100.00%	16	
22	Dematic Logistics Systems Ltd.	Suzhou	People's Republic of China	APAC	100.00%	13	
23	Dematic Ltd.	Banbury	United Kingdom	EMEA	100.00%	16	
24	Dematic Ltd.	Mississauga	Canada	Americas	100.00%	16	
25	Dematic NV	Antwerp	Belgium	EMEA	100.00%	16 & 11	
26	Dematic Poland Sp. z o.o.	Poznań	Poland	EMEA	100.00%	11	
27	Dematic Pte. Ltd.	Singapore	Singapore	APAC	100.00%	16	

List of shareholdings as at December 31, 2024 (continued)

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
28	Dematic Pty. Ltd.	Belrose	Australia	APAC	100.00%	15	
29	Dematic S.r.l.	Cernusco sul Naviglio	Italy	EMEA	100.00%	16	
30	Dematic SAS	Bussy-Saint-Georges	France	EMEA	100.00%	16	
31	Dematic Services GmbH	Heusenstamm	Germany	EMEA	100.00%	11	
32	Dematic Sistemas e Equipamentos de Movimentação de Materiais Ltda.	Indaiatuba/São Paulo	Brazil	Americas	100.00%	13	
33	Dematic Suisse Sagl	Lugano	Switzerland	EMEA	100.00%	16	
34	Dematic Trading de Mexico S. de R.L. de C.V.	Monterrey	Mexico	Americas	100.00%	23 & 19	
35	Digital Applications GmbH	Basel	Switzerland	EMEA	100.00%	36	
36	Digital Applications International Ltd.	Stockport	United Kingdom	EMEA	100.00%	16	
37	DMTC Technology Services, S. de R.L. de C.V.	Monterrey	Mexico	Americas	100.00%	23 & 19	
38	Eisengießerei Dinklage GmbH	Dinklage	Germany	EMEA	100.00%	114	
39	Eisenwerk Weilbach Gesellschaft mit beschränkter Haftung	Frankfurt am Main	Germany	EMEA	100.00%	84	
40	Emhilia Material Handling S.p.A.	Modena	Italy	EMEA	100.00%	87	
41	Fahrzeugbau GmbH Geisa	Geisa	Germany	EMEA	100.00%	114	
42	FENWICK FINANCIAL SERVICES SAS	Elancourt	France	EMEA	100.00%	57	
43	FENWICK-LINDE OPERATIONS SAS	Cenon-sur-Vienne	France	EMEA	100.00%	44	
44	FENWICK-LINDE SAS	Elancourt	France	EMEA	100.00%	57	
45	Hans Joachim Jetschke Industriefahrzeuge (GmbH & Co.) KG	Hamburg	Germany	EMEA	100.00%	84	
46	Ironscale Pte. Ltd.	Singapore	Singapore	APAC	9.90%	27	[1]
47	KION (Jinan) Forklift Co., Ltd.	Jinan	People's Republic of China	APAC	95.00%	84	
48	KION ASIA (HONG KONG) Ltd.	Kwai Chung - Hong Kong	People's Republic of China	APAC	100.00%	84	
49	KION Automated Solutions EMEA NV	Antwerp	Belgium	EMEA	100.00%	16 & 11	
50	KION Baoli (Jiangsu) Forklift Co., Ltd.	Jingjiang	People's Republic of China	APAC	100.00%	48	
51	KION Battery Systems GmbH	Karlstein am Main	Germany	EMEA	50.00%	1	[1]
52	KION Business Services Polska Sp. z o.o.	Kraków	Poland	EMEA	100.00%	1	
53	KION Financial Services GmbH	Frankfurt am Main	Germany	EMEA	100.00%	84	

List of shareholdings as at December 31, 2024 (continued)

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
54	KION FINANCIAL SERVICES Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	84	
55	KION Financial Services Polska Sp. z o.o.	Warsaw	Poland	EMEA	100.00%	84	
56	KION Financial Services Sweden AB	Örebro	Sweden	EMEA	100.00%	80	
57	KION France SERVICES SAS	Elancourt	France	EMEA	100.00%	84	
58	KION India Pvt. Ltd.	Pune	India	APAC	100.00%	81 & 84	
59	KION Information Management Services GmbH	Frankfurt am Main	Germany	EMEA	100.00%	1	
60	KION Intralogistic Solutions Benelux NV	Wijnegem	Belgium	EMEA	100.00%	114 & 115	
61	KION North America Corp.	Summerville	United States	Americas	100.00%	84	
62	KION Polska Sp. z o.o.	Kołbaskowo	Poland	EMEA	100.00%	84	
63	KION Regional Distribution Center EEU, s.r.o.	Český Krumlov	Czech Republic	EMEA	100.00%	84 & 114	
64	KION Regional Distribution Center Nordics AB	Jonköping	Sweden	EMEA	100.00%	84	
65	KION Rental Services S.A.U.	Barcelona	Spain	EMEA	100.00%	86	
66	KION Rental Services S.p.A.	Milan	Italy	EMEA	100.00%	121 & 87 & 4	
67	KION South America Fabricação de Equipamentos para Armazenagem Ltda.	Indaiatuba/São Paulo	Brazil	Americas	100.00%	114	
68	KION South Asia Pte. Ltd.	Singapore	Singapore	APAC	100.00%	84	
69	KION Supply Chain Solutions Czech, s.r.o.	Kostelec (Stříbro)	Czech Republic	EMEA	100.00%	16	
70	KION Warehouse Systems GmbH	Reutlingen	Germany	EMEA	100.00%	114	
71	K-LIFT S.A.	Luxembourg	Luxembourg	EMEA	-	-	[1]
72	Linde (China) Forklift Truck Corporation Ltd.	Xiamen	People's Republic of China	APAC	100.00%	84	
73	Linde Holdings Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	84	
74	Linde Magyarország Anyagmozgatási Kft.	Dunaharaszti	Hungary	EMEA	100.00%	84	
75	Linde Material Handling (Ireland) Ltd.	Ballymount (Dublin)	Ireland	EMEA	100.00%	73	
76	Linde Material Handling (Malaysia) Sdn. Bhd.	Petaling Jaya	Malaysia	APAC	100.00%	81	
77	Linde Material Handling (Pty) Ltd.	Linbro Park	South Africa	EMEA	100.00%	84	
78	Linde Material Handling (Thailand) Co., Ltd.	Pathum Thani	Thailand	APAC	100.00%	81	
79	Linde Material Handling (UK) Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	73	

List of shareholdings as at December 31, 2024 (continued)

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
80	Linde Material Handling AB	Örebro	Sweden	EMEA	100.00%	84	
81	Linde Material Handling Asia Pacific Pte. Ltd.	Singapore	Singapore	APAC	100.00%	84	
82	Linde Material Handling Austria GmbH	Linz	Austria	EMEA	100.00%	3 & 84	
83	Linde Material Handling Česká republika s.r.o.	Prague	Czech Republic	EMEA	100.00%	84 & 114	
84	Linde Material Handling GmbH	Aschaffenburg	Germany	EMEA	100.00%	1	
85	Linde Material Handling Hong Kong Ltd.	Kwai Chung - Hong Kong	People's Republic of China	APAC	100.00%	84	
86	Linde Material Handling Ibérica, S.A.U.	Pallejá	Spain	EMEA	100.00%	84	
87	Linde Material Handling Italia S.p.A.	Lainate	Italy	EMEA	100.00%	84	
88	Linde Material Handling Polska Sp. z o.o.	Warsaw	Poland	EMEA	100.00%	84	
89	Linde Material Handling Pty. Ltd.	Huntingwood	Australia	APAC	100.00%	84	
90	Linde Material Handling Rental Services GmbH	Aschaffenburg	Germany	EMEA	100.00%	84	
91	Linde Material Handling Rhein-Ruhr GmbH & Co. KG	Essen	Germany	EMEA	100.00%	84	
92	Linde Material Handling Schweiz AG	Dietlikon	Switzerland	EMEA	100.00%	84	
93	Linde Material Handling Slovenská republika s.r.o.	Trenčin	Slovakia	EMEA	100.00%	83 & 84	
94	Linde MH UK Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	
95	Linde Pohony s.r.o.	Český Krumlov	Czech Republic	EMEA	100.00%	84	
96	Linde Viličar d.o.o.	Celje	Slovenia	EMEA	100.00%	84	
97	LMH Immobilien GmbH & Co. KG	Aschaffenburg	Germany	EMEA	100.00%	84 & 98	
98	LMH Immobilien Holding GmbH & Co. KG	Aschaffenburg	Germany	EMEA	100.00%	84	
99	LMH Immobilien Holding Verwaltungs-GmbH	Aschaffenburg	Germany	EMEA	100.00%	84	
100	LMH Immobilien Verwaltungs-GmbH	Aschaffenburg	Germany	EMEA	100.00%	84	
101	LOIRE OCEAN MANUTENTION SAS	Saint-Herblain	France	EMEA	100.00%	44	
102	LR Intralogistik GmbH	Wörth a. d. Isar	Germany	EMEA	100.00%	114	
103	OOO "Dematic"	Moscow	Russian Federation	EMEA	100.00%	11 & 31	
104	Pelzer Fördertechnik GmbH	Kerpen	Germany	EMEA	100.00%	84	

List of shareholdings as at December 31, 2024 (continued)

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
105	SM Rental SAS	Tremblet-en-France	France	EMEA	100.00%	44	
106	Sociedad Gallega de Carretillas, S.A. (SOGACSA)	Nigrán	Spain	EMEA	51.00%	86	
107	Société Angoumoisine de Manutention (SAMA) SAS	Champniers	France	EMEA	100.00%	122	
108	STILL AG	Otelfingen	Switzerland	EMEA	100.00%	114	
109	STILL ARSER Iş Makineleri Servis ve Ticaret A.Ş.	Izmir	Turkey	EMEA	51.00%	114	
110	STILL ČR spol. s.r.o.	Prague	Czech Republic	EMEA	100.00%	114 & 84	
111	STILL DANMARK A/S	Kolding	Denmark	EMEA	100.00%	114	
112	STILL Financial Services GmbH	Hamburg	Germany	EMEA	100.00%	53	
113	STILL Gesellschaft m.b.H.	Wiener Neudorf	Austria	EMEA	100.00%	114	
114	STILL Gesellschaft mit beschränkter Haftung	Hamburg	Germany	EMEA	100.00%	84	
115	STILL Intern Transport B.V.	Hendrik-Ido-Ambacht	Netherlands	EMEA	100.00%	114	
116	STILL Kft.	Tatabánya	Hungary	EMEA	100.00%	114	
117	STILL Location Services SAS	Jossigny (Marne-la-Vallée)	France	EMEA	100.00%	57	
118	STILL MATERIAL HANDLING ROMANIA SRL	Ilfov	Romania	EMEA	100.00%	114 & 84	
119	STILL Materials Handling Ltd.	Exeter	United Kingdom	EMEA	100.00%	84	
120	STILL POLSKA Sp. z o.o.	Gądki	Poland	EMEA	100.00%	114	
121	STILL S.p.A.	Lainate	Italy	EMEA	100.00%	84 & 4	
122	STILL SAS	Jossigny (Marne-la-Vallée)	France	EMEA	100.00%	57	
123	STILL SR, spol. s.r.o.	Nitra	Slovakia	EMEA	100.00%	110 & 114	
124	STILL Sverige AB	Malmö	Sweden	EMEA	100.00%	114	
125	STILL, S.A.U.	L'Hospitalet de Llobregat	Spain	EMEA	100.00%	86	
126	Superlift UK Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	84	
127	URBAN LOGISTICA S.R.L.	Lainate	Italy	EMEA	100.00%	130	
128	URBAN LOGISTIQUE SAS	Elancourt	France	EMEA	100.00%	130	
129	Urban Transporte spol. s.r.o.	Moravany	Czech Republic	EMEA	100.00%	130	
130	Urban-Transporte Gesellschaft mit beschränkter Haftung	Unterschleißheim	Germany	EMEA	100.00%	84	
131	Willenbrock Fördertechnik GmbH	Bremen	Germany	EMEA	74.00%	84	

List of shareholdings as at December 31, 2024 (continued)

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
Non-consolidated subsidiaries							
132	anronaut GmbH	Dottikon	Switzerland	EMEA	100.00%	92	
133	Castle Lift Trucks Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
134	Comnovo GmbH	Dortmund	Germany	EMEA	100.00%	84	
135	Creighton Materials Handling Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
136	D.B.S. Brand Factors Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	157	[D]
137	Dematic Logistics Services, LLC	Riyadh	Saudi Arabia	EMEA	100.00%	16	
138	Fork Truck Rentals Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
139	Fork Truck Training Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
140	IBER-MICAR S.L.U.	Gavà	Spain	EMEA	100.00%	84	
141	Intralogística Automatización Tecnologia Consultoría, S.L.U. (IATECC)	Nigrán	Spain	EMEA	51.00%	106	
142	JETSCHKE GmbH	Hamburg	Germany	EMEA	100.00%	84	
143	KION IoT Systems GmbH	Frankfurt am Main	Germany	EMEA	100.00%	1	
144	Lancashire (Fork Truck) Services Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	157	[D]
145	Lansing Bagnall (Aust.) Pty. Ltd.	Huntingwood	Australia	APAC	100.00%	79 & 84	[D]
146	Lansing Linde Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
147	Lansing Linde Trifik Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
148	Linde Castle Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
149	Linde Creighton Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
150	Linde Heavy Truck Division Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	
151	Linde Jewsbury's Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
152	Linde Material Handling East Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
153	Linde Material Handling Rhein-Ruhr Verwaltungs-GmbH	Essen	Germany	EMEA	100.00%	84	

List of shareholdings as at December 31, 2024 (continued)

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
154	Linde Material Handling Scotland Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
155	Linde Material Handling South East Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
156	Linde Severnside Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
157	Linde Sterling Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
158	McLEMAN FORK LIFT SERVICES LTD.	Basingstoke	United Kingdom	EMEA	100.00%	149	[D]
159	OM Deutschland GmbH	Neuhausen a. d. Fildern	Germany	EMEA	100.00%	121	[D]
160	proplan Transport- und Lagersysteme GmbH	Aschaffenburg	Germany	EMEA	100.00%	1	
161	QUALIFT S.p.A.	Verona	Italy	EMEA	100.00%	87	
162	Regentruck Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
163	Schrader Industriefahrzeuge Verwaltung GmbH	Essen	Germany	EMEA	100.00%	84	
164	SCI Champ Lagarde	Elancourt	France	EMEA	100.00%	44	
165	Stephensons Enterprise Fork Trucks Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	157	[D]
166	Sterling Mechanical Handling Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	79	[D]
167	Urban Logistics (UK) Ltd.	Basingstoke	United Kingdom	EMEA	100.00%	130	
168	Urban Logistyka Polska Sp. z o.o.	Kolbaskowo	Poland	EMEA	100.00%	130	
169	WHO Real Estate UAB	Vilnius	Lithuania	EMEA	74.00%	131	
Associates (equity-accounted investments)							
170	Armstrong Robotics & Technologies Private Limited	Pune	India	APAC	10.00%	46	[2]
171	Carl Beutlhauser Kommunal- und Fördertechnik GmbH & Co. KG	Hagelstadt	Germany	EMEA	25.00%	84	
172	Carretillas Elevadoras Sudeste S.A. (CARELSA)	Murcia	Spain	EMEA	38.54%	86	
173	ifesca GmbH	Ilmenau	Germany	EMEA	22.86%	84	
174	Labrosse Equipement SAS	Saint-Péray	France	EMEA	34.00%	44	
175	Linde High Lift Chile S.A.	Santiago de Chile	Chile	Americas	45.00%	84	
176	Linde Hydraulics GmbH & Co. KG	Aschaffenburg	Germany	EMEA	10.00%	84	[2]
177	Normandie Manutention SAS	Saint-Etienne-du-Rouvray	France	EMEA	34.00%	44	

List of shareholdings as at December 31, 2024 (continued)

No.	Name	Registered office	Country	Region	Share-holding 2024	Parent com-pany	Note
Joint Ventures (equity-accounted investments)							
178	JULI Motorenwerk s.r.o.	Moravany	Czech Republic	EMEA	50.00%	84 & 114	
179	Linde Leasing GmbH	Wiesbaden	Germany	EMEA	45.00%	84	
180	Schwerter Profile GmbH	Schwerte	Germany	EMEA	50.00%	1	
Associates (at cost)							
181	Anhui Haiyuan X Drive Tech Co., Ltd.	Hefei	People's Republic of China	APAC	20.00%	72	
182	Chadwick Materials Handling Ltd.	Corsham	United Kingdom	EMEA	48.00%	79	
183	DEMATIC ELECTROMECHANICAL SYSTEMS MIDDLE EAST L.L.C.	Dubai	United Arab Emirates	EMEA	49.00%	11	
184	Linde Hydraulics Verwaltungs GmbH	Aschaffenburg	Germany	EMEA	10.00%	84	[2]
185	MV Fördertechnik GmbH	Blankenhain	Germany	EMEA	25.00%	84	
186	Shaanxi KION Intelligent Warehousing Equipment Co., Ltd.	Xi'an	People's Republic of China	APAC	20.00%	72	
187	Silverforxx Malaysia Sdn. Bhd.	Shah Alam	Malaysia	APAC	30.00%	68	
188	Supralift Beteiligungs- und Kommunikationsgesellschaft mbH	Frankfurt am Main	Germany	EMEA	50.00%	84	
189	Supralift GmbH & Co. KG	Frankfurt am Main	Germany	EMEA	50.00%	84	
190	ZA Logistics Equipment (Deqing) Co., Ltd.	Deqing (Huzhou)	People's Republic of China	APAC	60.00%	72	
Financial investments							
191	Logistik XTRA GmbH	Affing	Germany	EMEA	7.14%	104	[3]
192	Shanghai Quicktron Intelligent Technology Co., Ltd.	Shanghai	People's Republic of China	APAC	7.08%	72	[3]
193	Zhejiang EP Equipment Co., Ltd.	Anji (Huzhou)	People's Republic of China	APAC	3.96%	72	[3]

[1] Control without majority of voting rights due to contractual agreements to direct the relevant activities or legal provisions
[2] Material influence due to economic dependence or contractual agreements
[3] No material influence
[D] Dormant company

[49] Auditor’s fees

The fees for the auditor of the consolidated financial statements (KPMG AG Wirtschaftsprüfungsgesellschaft) in 2024, which were recognized as an expense, amounted to €4.2 million (2023: €2.8 million) for the audit of the financial statements, €0.4 million (2023: €0.4 million) for other attestation services, and €0.5 million (2023: €1.1 million) for other services. The other attestation services mainly related to the voluntary limited assurance engagement in respect of the Group sustainability report and services in connection with financing measures. The other services were primarily provided in connection with audit support for the implementation of a new enterprise resource planning (ERP) system based on SAP S/4HANA.

[50] Events after the reporting date

The Executive Board of KION GROUP AG resolved an efficiency program on February 4, 2025 aimed at strengthening competitiveness and the capacity to carry out capital investment. The efficiency program is designed to achieve sustainable cost savings of around €140 million to €160 million per year, fully effective in the 2026 financial year. To achieve this objective, organizational structures are to be adjusted and work processes made more efficient. This is expected to have an impact on personnel requirements. For the implementation of the cost saving measures non-recurring expenses in the amount of approximately €240 million to €260 million are expected in the 2025 financial year.

[51] Information on preparation and approval

The Executive Board of KION GROUP AG prepared the consolidated financial statements on February 19, 2025 and approved them for forwarding to the Supervisory Board. The Supervisory Board has the task of examining and deciding whether to approve the consolidated financial statements.

Frankfurt am Main, February 19, 2025

The Executive Board

Dr. Richard Robinson Smith	Christian Harm	Valeria Gargiulo
Andreas Krinninger	Ching Pong Quek	Hans Michael Larsson

INDEPENDENT AUDITOR’S REPORT

To KION GROUP AG, Frankfurt am Main/Germany

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Opinions

We have audited the consolidated financial statements of KION GROUP AG, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2024, and notes to the consolidated financial statements, including significant information on the accounting policies. In addition, we have audited the management report of the Company and the Group (combined management report) of KION GROUP AG for the financial year from 1 January to 31 December 2024.

In accordance with German legal requirements, we have not audited the content of those components of the combined management report specified in the "Other Information" section of our auditor's report.

The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. In accordance with German legal requirements, we have not audited the cross-references and the information to which the cross-references refer.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as “IFRS Accounting Standards”) as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2024, and of its financial performance for the financial year from 1 January to 31 December 2024, and

- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the content of those components of the combined management report specified in the "Other Information" section of the auditor's report. The combined management report contains cross-references that are not provided for by law and which are marked as unaudited. Our audit opinion does not extend to the cross-references and the information to which the cross-references refer.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and the combined management report.

Basis for the Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation No 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [*Institute of Public Auditors in Germany*] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2)(f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recognition and classification of lessor relationships in sales

Please refer to Note 6 of section “Revenue recognition” subsection “Lease and short-term rental business” and section “Lease business / short-term rental business” of the notes to the consolidated financial statements for more information on the accounting policies applied and the assumptions used.

THE FINANCIAL STATEMENT RISK

As at 31 December 2024, KION GROUP AG reported leased assets of EUR 1,631.5 million, rental assets of EUR 805.2 million and non-current and current lease receivables of EUR 2,812.7 million in the consolidated statement of financial position. The non-current and current liabilities from the lease business amount to EUR 4,407.5 million and the non-current and current liabilities from the short-term rental business amount to EUR 814.1 million. The share of assets and of liabilities compared to total assets amount in total to 27.9% and 27.8%, respectively, and thus has a material impact on the financial position of the Group.

To promote sales in the Industrial Trucks & Services segment, the Group leases forklift trucks and related equipment components to customers by way of the lease and short-term rental business. The underlying contractual arrangements are complex. First, there are contractual arrangements in which subsidiaries of KION GROUP AG conclude short-term rental and lease agreements directly with end customers (direct lease business), which are refinanced in part via external financing partners by way of sale & leaseback transactions and in part via credit facilities and securitised transactions. Second, there are contractual arrangements in which the Group sells forklift trucks to external leasing companies (financing partners), which then conclude their lease agreements with the end customers (indirect lease business).

Owing to the high transaction volume and the complex contractual arrangements, KION GROUP AG has implemented IT applications across the Group that are to ensure the correct recognition of contractual arrangements and the classification of leases linked with an entry routine for recognition of transactions. Setting up, updating, programming and managing the classification and entry routines are carried out centrally by KION GROUP AG. Recording the relevant contract data and actual entry in the accounting-related IT systems is carried out locally at the subsidiaries of KION GROUP AG.

There is the particular risk for the financial statements that the relevant data are not correctly recorded and the concluded contracts in the IT applications are not appropriately evaluated in respect of classification as "finance leases" or "operating leases" according to IFRS 16 and the entry routine and that the recognition at the subsidiaries is not appropriately undertaken. Further, there is the risk of inaccurate recognition of contractual arrangements. This would result in assets and liabilities not being recognised and measured in the correct amount.

OUR AUDIT APPROACH

First, we gained an understanding of the process used to record and recognise contracts in the sales lease business. We evaluated the accounting policies used by the Group for the recognition of different contractual arrangements and leases for their compliance with the requirements of IFRS. In particular, we analysed contracts selected on the basis of risk for the evaluation of the recognition of different contractual arrangements and satisfied ourselves of their proper recognition.

Based on our understanding of the process, we then evaluated the design and establishment of the internal controls for the recognition of different contractual arrangements and the classification of the leases.

With regard to the IT applications in place, we evaluated whether the defined criteria and data for recognition and classification of leases and the automated entry routines are suitable to ensure compliant recognition with the relevant IFRSs. Further, we evaluated the appropriateness of the classification and entry routines.

In the course of our tests of details of contracts, we evaluated the correctness of the data entries in the IT applications for contracts selected on the basis of a non-statistical sampling technique. For this purpose, we compared the data entries with the underlying original contracts. Further, we obtained third-party confirmations for refinancing transactions with external financing partners based on sampling selected on the basis of risk and satisfied ourselves of the completeness and accuracy of data entry in the IT applications on the basis of this. Based on the data entered, for each sample element a check was also made as to whether the results of the IT applications in respect of classification and entry of contracts were in compliance with the IFRSs.

Finally, we evaluated whether the findings of the IT applications were completely and accurately taken over in the financial accounting of the Group.

OUR OBSERVATIONS

The KION GROUP AG has suitable procedures for recognising contractual relationships as well as for the recognition and classification of lease arrangements in the sales lease business.

Recognition of revenue from customer-specific construction contracts as well as the determination of provisions for onerous contracts in the project business of the Supply Chain Solutions segment

Please refer to Note 6, section "Revenue recognition" subsection "Project business contracts" of the notes to the consolidated financial statements for more information on the accounting policies applied and the assumptions used.

THE FINANCIAL STATEMENT RISK

KION GROUP AG reported revenue from project business in the Supply Chain Solutions segment of EUR 1,715.4 million (PY: EUR 1,930.9 million) in the consolidated income statement for the financial year from 1 January to 31 December 2024, which corresponds to 59.0% (PY: 65.1%) of total revenue with third parties in the Supply Chain Solutions segment and 14.9% (PY: 16.9%) of consolidated revenue.

Revenue in the project business of the Supply Chain Solutions segment is recognised over time based on the stage of completion. The stage of completion is determined using the proportion of contract costs incurred compared with the estimated total contract costs (cost to cost method).

Provisions for onerous contracts are recognised for contracts for which the estimated total costs exceed the expected contract revenue.

Determining the revenue to be recognised from the project business in the Supply Chain Solutions segment is complex and based on estimates requiring judgement. This relates in particular to the total costs of the orders estimated as at the reporting date, which determine both the stage of completion and any potential expected loss from the contract.

There is the risk for the financial statements that the revenue from not yet completed construction contracts is not stated in the correct amount and losses from these are not recognised as an onerous contract provision in an appropriate amount.

OUR AUDIT APPROACH

Based on our understanding of the process, we assessed the design and setup of the internal controls regarding the estimate of the total contract costs over the project term and the determination of provisions for onerous contracts in respect of estimates requiring judgement.

In addition, we examined the accuracy of the Company's previous forecasts by comparing the cost estimates for contracts already completed with the costs actually incurred for these contracts and analysed deviations.

We performed the following audit procedures (among others) for contracts specifically selected on the basis of risk:

- Analysis of the underlying contracts for projects newly completed in the reporting year
- Inspection of current cost calculations and internal reporting on the contracts
- Inquiries of employees involved with the project based on the internal reporting on project controlling, including estimates of total contract costs, current opportunities and risks, the status of projects, unexpected cost trends and potential contractual penalties and expected losses
- Inspection of selected projects on site to confirm the information obtained from the project inquiries, especially regarding project progress

In addition, we performed the following audit procedures for a representative sample:

- Reconciliation of the actual cost allocated to the contracts with internal cost schedules and external documents
- Assessment of the computational accuracy of the stage of completion determined and the revenue recognised as well as the computational accuracy of any anticipated losses and the proper determination of provisions for onerous contracts in case of loss-making contracts.

OUR OBSERVATIONS

The approach for recognising revenue and for determining provisions for onerous contracts for construction contracts that are not yet complete is appropriate. The assumptions and methods underlying the accounting are overall appropriate.

Impairment testing of goodwill in the Supply Chain Solutions operating unit

Explanatory notes on impairment testing can be found in Notes 6 and 16 of the notes to the consolidated financial statements.

THE FINANCIAL STATEMENT RISK

As at 31 December 2024, goodwill amounted to EUR 3,648.2 million and, at 19.4% of total assets, accounts for a substantial share of assets. An amount of EUR 2,146.6 million of goodwill is attributable to the Supply Chain Solutions operating unit.

Goodwill is tested for impairment annually at the level of the operating units. If impairment triggers arise during the financial year, an event-driven goodwill impairment test is also carried out during the year. For goodwill impairment testing, the carrying amount is compared with the recoverable amount of the respective operating unit. The recoverable amount is the higher of the fair value less costs to sell and the value in use of the operating unit. For the impairment test, the Company primarily determines the value in use as the higher amount and compares this with the respective carrying amount. If the carrying amount exceeds the value in use, an impairment loss is recognised. The reporting date for impairment testing is 31 December 2024.

Impairment testing of goodwill is complex and based on a range of assumptions that require judgement. These include the expected business and earnings performance of the operating unit for the next five years, the assumed long-term growth rate and the discount rate used.

As a result of the impairment test performed, the Company did not identify any impairment. However, the Company's sensitivity analysis indicated that a reasonably possible change in the profit margin in perpetuity or a reduction in the expected volume of annual revenue would cause the Supply Chain Solutions operating unit to be impaired to its value in use.

There is the risk for the annual financial statements that an existing need to recognise impairment losses is not identified. There is also the risk that the related disclosures in the notes are not appropriate.

OUR AUDIT APPROACH

With the involvement of our valuation specialists, we assessed, among other things, the appropriateness of the key assumptions as well as the Company's calculation model. For this purpose we discussed the expected business and earnings performance and the assumed long-term growth rates for the Supply Chain Solutions operating unit with those responsible for planning.

We also reconciled this information with other internally available forecasts and the budget prepared by management and approved by the Supervisory Board as well as the medium-term planning approved by management. Furthermore, we evaluated the consistency of assumptions with external market assessments.

We also evaluated the accuracy of the Company's previous forecasts by comparing the budgets of previous financial years with actual results and by analysing deviations. We compared the assumptions and data underlying the discount rate – in particular the risk-free rate, the market risk premium and the beta factor – with own assumptions and publicly available information.

To assess the methodically and mathematically correct implementation of the valuation method, we verified the Company's valuation using our own calculations and analysed deviations.

In order to take forecast uncertainty into account, we examined the impact of potential changes in the discount rate, the earnings performance and the long-term growth rate on the value in use by calculating alternative scenarios and comparing these with the values stated by the Company (sensitivity analysis).

Finally, we assessed whether the disclosures in the notes regarding impairment testing of goodwill are appropriate. This also included an assessment of the appropriateness of disclosures in the notes according to IAS 36.134(f) on sensitivity in the event of a reasonably possible change in the key assumptions for the Supply Chain Solutions operating unit used for measurement.

OUR OBSERVATIONS

The calculation model used for the impairment test of the goodwill for the Supply Chain Solutions operating unit is appropriate and consistent with the applicable measurement principles. The Company’s assumptions and data underlying the valuation are overall appropriate. The related disclosures in the notes are appropriate.

Other Information

Management and/or the Supervisory Board are/is responsible for the other information. The other information comprises the following components of the combined management report, whose content was not audited:

- the Group's sustainability report, including the Group's non-financial statement contained in a separate section of the combined management report,
- the combined corporate governance statement for the Company and the Group included in the combined management report, and
- information extraneous to combined management reports and marked as unaudited.

The other information also includes the remaining parts of the annual report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

Management is responsible for the preparation of consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control or of these arrangements and measures.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to provide a basis for our opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Combined Management Report Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the combined management report (hereinafter the „ESEF documents“) contained in the electronic file „kiongroupag-2024-12-31-0-de.zip“ (SHA256-Hashwert: f147f2b1d4cd8e2ded5e487890ae31354f17d6e25917e6365e311c7a0c9bf899) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying combined management report for the financial year from 1 January to 31 December 2024, contained in the "Report on the Audit of the Consolidated Financial Statements and the Combined Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the consolidated financial statements and the combined management report contained in the file made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 (06.2022)) and the International

Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QMS 1 (09.2022)).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with Section 328 (1) sentence 4 item 2 HGB.

In addition, the Company's management is responsible for such internal control that they considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.

- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and the audited combined management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Commission Delegated Regulation (EU) 2019/815, as amended as of the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor of the consolidated financial statements at the Annual General Meeting on 29 May 2024. We were engaged by the Supervisory Board on 26 November 2024. We have been the auditor of the consolidated financial statements of KION GROUP AG without interruption since financial year 2023.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or its controlled entities the following services that are not disclosed in the consolidated financial statements or in the combined management report:

- Review of quarterly reporting as at 31 March 2024 and 30 September 2024
- Review of the half-year financial reporting as at 30 June 2024
- Audit/review of the reporting package of Weichai Power Co., Ltd.
- Formal examination of the remuneration report in accordance with Section 162 (3) of the German Stock Corporation Act [AktG]
- Project-based audits in conjunction with migration to S/4 HANA
- Assurance work on sustainability reports (ISAE 3000)
- Issuance of comfort letters
- Access to databases
- Statutory and voluntary audits of annual financial statements
- Performance of agreed-upon procedures regarding the accounts of two pension funds as trustees for the management of the plan assets in connection with the defined benefit obligations in Germany
- Support relating to the audit of the financial reporting of the disclosed consolidated financial statements as at 31 December 2023 and the combined management report of KION GROUP AG by the German Federal Financial Supervisory Authority (BaFin)
- Audit of the system for compliance with the requirements set forth in Section 32 (1) of the German Securities Trading Act [WpHG] (EMIR assessment)

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be entered in the German Company Register [Unternehmensregister] – are merely electronic renderings of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Kathrin Rienecker.

Frankfurt am Main, 19 February 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr Dietz	Rienecker
Wirtschaftsprüferin	Wirtschaftsprüferin
(German Public Auditor)	(German Public Auditor)

Assurance report of the independent German Public Auditor on a limited assurance engagement in relation to the group sustainability statement

To the KION GROUP AG, Frankfurt am Main/Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the Group Sustainability Statement, included in section “Group sustainability report” of the combined management report, of KION GROUP AG, Frankfurt am Main, for the financial year from 1 January to 31 December 2024. The Group Sustainability Statement was prepared to fulfil the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 as well as Sections 315b and 315c of the HGB [Handelsgesetzbuch: German Commercial Code] for a group non-financial statement.

The prior year’s disclosures marked as unassured are not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Group Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a group non-financial statement, and the supplementary criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe that:

- the accompanying Group Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Group Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section “Description of the process to identify and assess material impacts, risks, and opportunities” of the Group Sustainability Statement, or

- the disclosures in section “Incorporating the EU Taxonomy” of the Group Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

We do not express an assurance conclusion on the prior year’s disclosures marked as unassured.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section “German Public Auditor’s Responsibilities for the Assurance Engagement on the Group Sustainability Statement”.

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): *Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022))* and International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Group Sustainability Statement

The executive directors are responsible for the preparation of the Group Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the supplementary criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of a Group Sustainability Statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent sustainability reporting in the Group Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Group Sustainability Statement, as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The Supervisory Board is responsible for overseeing the process for the preparation of the Group Sustainability Statement.

Inherent Limitations in Preparing the Group Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative, comprehensive interpretations have yet been published. Therefore, the executive directors have disclosed their interpretations of such wording and terms in the Group Sustainability Statement, a.o. in section “Incorporating the EU Taxonomy” as well as in section "Targets related to climate change mitigation and adaptation" on operating leases and in section "Metrics related to substances of very high concern" on the analogous application of the transitional provision on information from the value chain. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of sustainability matters based on these interpretations is uncertain. As further set forth in section “Disclosures in relation to specific circumstances” of the Group Sustainability Statement, the quantification of the non-financial performance indicators mentioned there is also subject to inherent uncertainties due to significant estimations and measurement uncertainties.

These inherent limitations also affect the assurance engagement on the Group Sustainability Statement.

German Public Auditor’s Responsibilities for the Assurance Engagement on the Group Sustainability Statement

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Group Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, the applicable German legal and other European requirements and the supplementary criteria presented by the company’s executive directors, and to issue an assurance report that includes our assurance conclusion on the Group Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- obtain an understanding of the process used to prepare the Group Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement.
- identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity’s control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity’s control, as both the entity’s executive directors t and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
- consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we a.o.:

- evaluated the suitability of the criteria as a whole presented by the executive directors in the Group Sustainability Statement
- inquired of the executive directors and relevant employees involved in the preparation of the Group Sustainability Statement about the preparation process, including the materiality

assessment process carried out by the entity to identify the disclosures to be reported in the Group Sustainability Statement, and about the internal controls relating to this process

- evaluated the reporting policies used by the executive directors to prepare the Group Sustainability Statement
- evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain
- conducted site visits at selected sites
- performed analytical procedures and made inquiries in relation to selected information in the Group Sustainability Statement
- considered the presentation of the information in the Group Sustainability Statement
- considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Group Sustainability Statement].

Restriction of Use / Clause on General Engagement Term
This assurance report is solely addressed to KION GROUP AG, Frankfurt am Main.

The engagement, in the performance of which we have provided the services described above on behalf of KION GROUP AG, Frankfurt am Main, was carried out on the basis of the General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüferinnen, Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) dated as of January 1, 2024 (www. kpmg.de/AAB_2024). By taking note of and using the information as contained in our report each recipient confirms to have taken note of the terms and conditions stipulated in the aforementioned General Engagement Terms (including the liability limitations specified in item No. 9 included therein) and acknowledges their validity in relation to us.

Frankfurt am Main, 19 February 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Beyer	Strzalkowski
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for consolidated financial reporting, the consolidated financial statements give a true and fair view of the financial performance and financial position of the Group, and the group management report, which is combined with the Company's management report, includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Frankfurt am Main, February 19, 2025

The Executive Board

Dr. Richard Robinson Smith	Christian Harm	Valeria Gargiulo
Andreas Krinninger	Ching Pong Quek	Hans Michael Larsson

ADDITIONAL INFORMATION

KION Group quarterly information[1]

	Q4		Q3		Q2		Q1			
in € million	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Total revenue	**3,067.9**	**3,086.4**	**2,699.2**	**2,729.9**	**2,877.1**	**2,836.4**	**2,859.1**	**2,781.0**	**11,503.2**	**11,433.7**
ITS	2,303.8	2,319.8	1,998.7	2,025.1	2,153.2	2,129.9	2,153.1	2,004.8	8,608.8	8,479.6
SCS	782.1	780.7	709.8	719.3	732.4	714.5	718.9	782.5	2,943.2	2,997.0
Gross profit (adjusted)	**829.6**	**766.5**	**742.3**	**732.6**	**759.6**	**689.8**	**791.9**	**653.2**	**3,123.5**	**2,842.1**
ITS	675.0	644.1	604.2	621.8	647.5	581.6	667.5	544.0	2,594.2	2,391.5
SCS	158.2	124.6	131.3	119.1	127.7	107.9	124.5	113.2	541.7	464.8
Selling- and administrative expenses (adjusted)	**–504.3**	**–482.3**	**–478.2**	**–450.0**	**–491.6**	**–460.1**	**–507.2**	**–452.3**	**–1,981.3**	**–1,844.8**
ITS	–382.6	–362.2	–372.4	–344.7	–385.0	–355.1	–383.6	–338.4	–1,523.7	–1,400.4
SCS	–97.0	–95.4	–89.2	–87.5	–90.9	–88.7	–93.6	–92.7	–370.8	–364.3
Research and development costs (adjusted)	**–74.1**	**–67.9**	**–59.6**	**–56.9**	**–62.9**	**–55.4**	**–62.7**	**–54.7**	**–259.3**	**–234.9**
ITS	–47.5	–48.0	–42.2	–42.0	–47.6	–42.9	–49.9	–39.1	–187.3	–172.0
SCS	–16.5	–17.0	–14.7	–11.8	–12.2	–10.1	–10.7	–13.9	–54.0	–52.8
Other income / expenses (adjusted)	**–0.8**	**2.2**	**15.2**	**–2.0**	**15.2**	**18.1**	**4.7**	**9.8**	**34.3**	**28.1**
ITS	–0.2	1.0	12.7	–0.4	16.1	18.7	5.8	10.0	34.3	29.4
SCS	–2.4	1.4	1.0	–3.9	–0.8	–1.4	–1.8	0.6	–4.1	–3.3
Adjusted EBIT	**250.5**	**218.6**	**219.6**	**223.6**	**220.3**	**192.3**	**226.7**	**156.0**	**917.2**	**790.5**
ITS	244.6	234.9	202.3	234.7	231.0	202.3	239.7	176.6	917.5	848.5
SCS	42.4	13.7	28.4	15.8	23.7	7.7	18.4	7.1	112.9	44.3
Adjusted EBIT margin	**8.2%**	**7.1%**	**8.1%**	**8.2%**	**7.7%**	**6.8%**	**7.9%**	**5.6%**	**8.0%**	**6.9%**
ITS	10.6%	10.1%	10.1%	11.6%	10.7%	9.5%	11.1%	8.8%	10.7%	10.0%
SCS	5.4%	1.7%	4.0%	2.2%	3.2%	1.1%	2.6%	0.9%	3.8%	1.5%
Adjusted EBITDA	**526.0**	**459.7**	**470.8**	**462.9**	**473.9**	**436.5**	**474.3**	**389.6**	**1,945.0**	**1,748.7**
ITS	487.0	449.7	426.0	447.8	459.2	419.9	461.0	383.5	1,833.2	1,700.9
SCS	67.8	33.2	48.4	35.8	42.2	27.9	38.1	27.7	196.5	124.5
Adjusted EBITDA margin	**17.1%**	**14.9%**	**17.4%**	**17.0%**	**16.5%**	**15.4%**	**16.6%**	**14.0%**	**16.9%**	**15.3%**
ITS	21.1%	19.4%	21.3%	22.1%	21.3%	19.7%	21.4%	19.1%	21.3%	20.1%
SCS	8.7%	4.2%	6.8%	5.0%	5.8%	3.9%	5.3%	3.5%	6.7%	4.2%
Earnings per share										
Basic earnings per share (in €)	0.85	0.63	0.55	0.61	0.52	0.54	0.83	0.55	2.75	2.33
Order intake[2]	**2,815.0**	**2,936.3**	**2,427.3**	**2,640.7**	**2,639.8**	**2,871.6**	**2,438.9**	**2,401.2**	**10,320.9**	**10,849.9**
ITS	2,199.5	2,176.3	1,796.8	1,756.6	1,965.5	2,000.8	1,804.0	1,956.5	7,765.8	7,890.2
SCS[2]	624.5	779.0	636.1	892.2	676.9	881.1	641.6	454.4	2,579.1	3,006.7

1 Adjusted figures include adjustments for PPA items and non-recurring items

2 Prior-year figures for order intake have been adjusted for definition-related reasons

Multi-year overview from KION Group

in € million	2024	2023	2022	2021	2020
Revenue and financial performance					
Revenue	11,503.2	11,433.7	11,135.6	10,294.3	8,341.6
EBITDA	1,917.0	1,713.6	1,201.8	1,735.7	1,327.7
Adjusted EBITDA[1]	1,945.0	1,748.7	1,218.7	1,696.9	1,383.5
Adjusted EBITDA margin[1]	16.9%	15.3%	10.9%	16.5%	16.6%
EBIT	777.8	660.6	168.3	794.8	389.9
Adjusted EBIT[1]	917.2	790.5	292.4	841.8	546.9
Adjusted EBIT margin[1]	8.0%	6.9%	2.6%	8.2%	6.6%
Net income	369.2	314.4	105.8	568.0	210.9
Basic earnings per share (in €)	2.75	2.33	0.75	4.34	1.81
Dividends per Share (in €)[2]	0.82	0.70	0.19	1.50	0.41
Financial position[3]					
Total assets	18,805.4	17,388.4	16,599.4	15,850.9	14,055.7
Equity	6,207.1	5,772.7	5,607.8	5,168.9	4,270.8
Net working capital[4]	1,783.2	2,009.0	2,050.2	1,192.0	984.5
Net financial debt[5]	913.2	1,210.6	1,670.5	567.6	880.0
ROCE[6]	8.7%	7.7%	2.9%	9.1%	6.2%
Cash flow					
Free cash flow[7]	702.0	715.2	–715.6	543.8	120.9
Capital expenditure[8]	462.9	442.8	382.7	333.8	283.8
Orders[9]					
Order intake	10,320.9	10,849.9	11,670.6	12,481.6	9,442.5
Order book[3]	4,635.1	6,045.2	6,775.8	6,658.5	4,441.3
Employees[10]	42,719	42,325	41,149	39,602	36,207

1 Adjusted for PPA items and non-recurring items
2 For 2024: Proposed dividend for the fiscal year 2024
3 Figures as at balance sheet date Dec. 31
4 Net working capital comprises inventories, trade receivables and contract assets less trade payables and contract liabilities
5 Key Figure comprises financial liabilities less cash and cash equivalents
6 ROCE is defined as the proportion of adjusted EBIT to capital employed
7 Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities
8 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs
9 Prior-year figures for order intake and for the order book have been adjusted for definition-related reasons
10 Number of employees (full-time equivalents; incl. apprentices; excl. inactive employees) as at balance sheet date Dec. 31

DISCLAIMER

Forward-looking statements

This annual report contains forward-looking statements that relate to the current plans, objectives, forecasts, and estimates of the management of KION GROUP AG. These statements only take into account information that was available up to and including the date that this annual report was prepared. The management of KION GROUP AG makes no guarantee that these forward-looking statements will prove to be right. The future development of KION GROUP AG and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties that could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of KION GROUP AG and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic conditions and the competitive situation, changes in the law, interest-rate or exchange-rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the 2024 group management report, which has been combined with the Company's management report. However, other factors could also have an adverse effect on our business performance and results. KION GROUP AG neither intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this annual report.

Rounding

Certain numbers in this annual report have been rounded. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the annual report. All percentage changes and key figures were calculated using the underlying data in thousands of euros (€ thousand).

Financial calendar

February 27, 2025
Publication of 2024 annual report, financial statements press conference, and conference call for analysts

April 30, 2025
Quarterly statement for the period ended March 31, 2025 (Q1 2025), conference call for analysts

May 27, 2025
Annual General Meeting

July 30, 2025
Interim report for the period ended June 30, 2025 (Q2 2025), conference call for analysts

October 30, 2025
Quarterly statement for the period ended September 30, 2025 (Q3 2025), conference call for analysts

Subject to change without notice

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The content of the German version is authoritative.

kiongroup.com/ir

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the world moving.

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