

# KONE Q4 2024

Financial Statement Bulletin

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# KONE's January–December 2024 review:

Strong growth in Service and Modernization, consistent profitability improvement

## October–December 2024

- Orders received grew by 3.4% to EUR 2,119.0 (10–12/2023: 2,049.2) million. At comparable exchange rates, orders grew by 2.6%.
- Sales grew by 5.9% to EUR 2,975.6 (2,809.9) million. At comparable exchange rates, sales grew by 5.1%.
- Operating income (EBIT) was EUR 332.5 (362.1) million or 11.2% (12.9%) of sales. Adjusted EBIT was EUR 386.5 (358.6) million or 13.0% (12.8%) of sales.<sup>1</sup>
- Cash flow from operations (before financing items and taxes) was EUR 533.7 (381.1) million.

## January–December 2024

- Orders received grew by 2.1% to EUR 8,758.9 (1–12/2023: 8,577.7) million. At comparable exchange rates, orders grew by 3.3%.
- Sales grew by 1.3% to EUR 11,098.4 (10,952.3) million. At comparable exchange rates, sales grew by 2.2%.
- Operating income (EBIT) was EUR 1,249.0 (1,200.1) million or 11.3% (11.0%) of sales. Adjusted EBIT was EUR 1,303.0 (1,248.4) million or 11.7% (11.4%) of sales.<sup>1</sup>
- Cash flow from operations (before financing items and taxes) was EUR 1,589.3 (1,485.2) million.

## Business outlook for 2025

KONE expects its sales to grow slightly at comparable exchange rates in 2025. Adjusted EBIT margin is expected to continue to improve.

The information presented in this Financial Statement Bulletin has not been audited. KONE's Annual Review, including the audited financial statements, will be published on February 12, 2025

<sup>1</sup> KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of business performance between reporting periods. In January–December 2024, items affecting comparability amounted to EUR 54 million including EUR 36 million restructuring costs and EUR 18 million expensed development costs as a result of redirecting development activities in alignment with KONE's new strategy. Majority of the items affecting comparability pertain to the restructuring of China operations. In the comparison period, items affecting comparability included restructuring costs and a positive effect recognized on completion of the sale of operations in Russia.

## Key figures

		10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Orders received	MEUR	2,119.0	2,049.2	3.4%	8,758.9	8,577.7	2.1%
Order book	MEUR				9,058.6	8,715.7	3.9%
Sales	MEUR	2,975.6	2,809.9	5.9%	11,098.4	10,952.3	1.3%
Operating income	MEUR	332.5	362.1	-8.2%	1,249.0	1,200.1	4.1%
Operating income margin	%	11.2	12.9		11.3	11.0	
Adjusted EBIT <sup>1</sup>	MEUR	386.5	358.6	7.8%	1,303.0	1,248.4	4.4%
Adjusted EBIT margin <sup>1</sup>	%	13.0	12.8		11.7	11.4	
Income before tax	MEUR	329.5	360.6	-8.6%	1,254.1	1,206.1	4.0%
Net income	MEUR	244.5	276.3	-11.5%	961.0	931.6	3.2%
Basic earnings per share	EUR	0.47	0.53	-11.2%	1.84	1.79	2.7%
Cash flow from operations (before financing items and taxes)	MEUR	533.7	381.1		1,589.3	1,485.2	
Interest-bearing net debt	MEUR				-831.2	-1,013.4	
Equity ratio	%				39.8	40.9	
Return on equity	%				33.8	33.0	
Net working capital (including financing items and taxes)	MEUR				-827.2	-861.2	
Gearing	%				-28.7	-36.4	

<sup>1</sup> KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of business performance between reporting periods. In January–December 2024, items affecting comparability amounted to EUR 54 million including EUR 36 million restructuring costs and EUR 18 million expensed development costs as a result of redirecting development activities in alignment with KONE's new strategy. Majority of the items affecting comparability pertain to the restructuring of China operations. In the comparison period, items affecting comparability included restructuring costs and a positive effect recognized on completion of the sale of operations in Russia.

## Philippe Delorme, President and CEO:

**"Our financial performance in the last quarter of the year once again demonstrated the resilience of our business.** We continued to grow at a healthy rate, with both orders and sales increasing over 10% outside China. Service and Modernization had yet another excellent quarter, both delivering double-digit sales growth. Importantly, the fourth quarter marked the eighth consecutive quarter of profitability improvement. Service and Modernization were the key drivers of earnings growth, while our margin and delivery volumes in China continued to be the main headwinds. I was pleased to see that our focus on cash flow is paying off, with strong development in the quarter. I would like to take this opportunity to extend my thanks to the KONE team for their dedication to driving performance across our businesses.

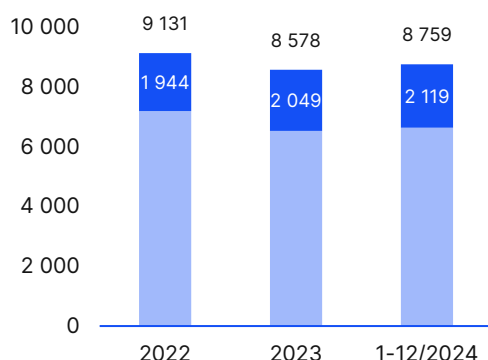
**The execution of our new strategy Rise is in full swing, and we have excellent progress to report in all of our strategic shifts.** In the Service business our connectivity rate has reached close to 35%. During the year we expanded our digital service offering with the introduction of Remote Services and rolled out solutions for smarter service operation to new countries. Other exciting achievements included improving the cost-competitiveness of our offering in the low-rise residential market as well as accelerating the sales of regenerative drives to significantly reduce carbon emissions. We also continued to develop our modular partial modernization offering to strengthen our ability to capture the significant growth opportunities in this market.

**We enter 2025 with a solid order book and good momentum in the Service and Modernization business.** As a result, we expect sales to grow slightly during the year. Profitability improvement is expected to continue, driven primarily by growth in Service and Modernization. The initiatives launched in specific areas where we have identified scope for performance improvement, such as sales and operations excellence and procurement efficiency, are also expected to contribute gradually.

**Looking ahead, we see exciting opportunities for profitable growth and are committed to delivering on our mid-term financial targets.** I am confident that our strong team, good momentum in strategy execution, and disciplined approach to improving profitability position us well to deliver on our ambition of being the leader of our industry."

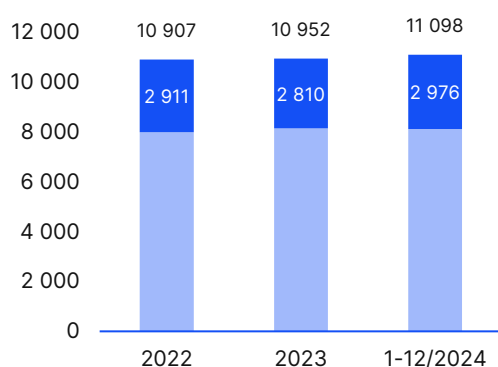
## Key figures

### Orders received (MEUR)



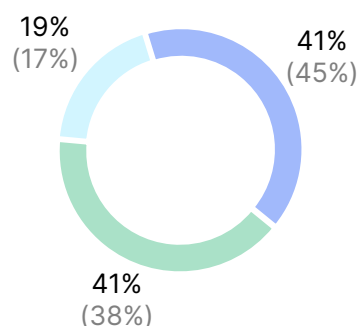
- **In October–December 2024**, orders received grew by 3.4% (at comparable exchange rates, orders received grew by 2.6%).
- At comparable rates, New Building Solutions orders received declined slightly with clear decline in the volume business and significant growth in major projects. In Modernization, orders received grew clearly with significant growth in the volume business and significant decline in major projects.
- Overall, the margin of orders received was slightly down year-on-year driven by China. Elsewhere development was more stable.
- **In January–December 2024**, orders received grew by 2.1% (grew by 3.3% at comparable exchange rates).

### Sales (MEUR)



- **In October–December 2024**, sales grew by 5.9% (grew by 5.1% at comparable exchange rates). Strong growth (at comparable exchange rates) in the Service and Modernization businesses more than offset the slight decline in New Building Solutions sales.
- New Building Solutions sales declined by 2.2% (declined by 2.9% at comparable exchange rates) driven by lower deliveries in Greater China. Service sales grew by 11.2% (grew by 10.5% at comparable rates) and Modernization sales grew by 13.6% (grew by 12.8% at comparable rates).
- In the Americas Area, sales grew by 14.9% (grew by 14.0% at comparable rates). Sales in the Europe Area grew by 8.0% (grew by 7.4% at comparable rates). In the Asia-Pacific, Middle East and Africa (APMEA) Area, sales grew by 20.7% (grew by 21.8% at comparable rates). In the Greater China Area, sales declined by 13.3% (declined by 14.8% at comparable rates).
- **In January–December 2024**, sales grew by 1.3% (grew by 2.2% at comparable exchange rates).

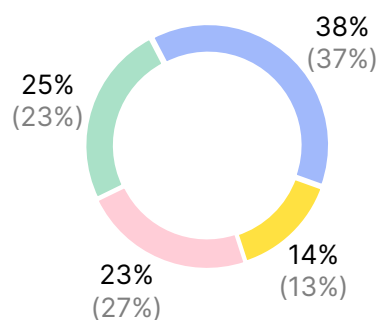
### Sales by business



■ New Building Solutions ■ Service ■ Modernization

1-12/2024 (1-12/2023)

### Sales by Area<sup>1</sup>

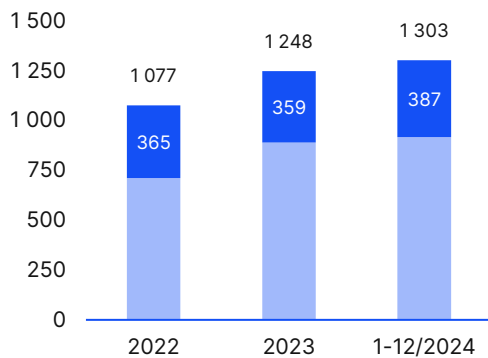


■ Americas ■ Europe ■ APMEA ■ Greater China

1-12/2024 (1-12/2023)

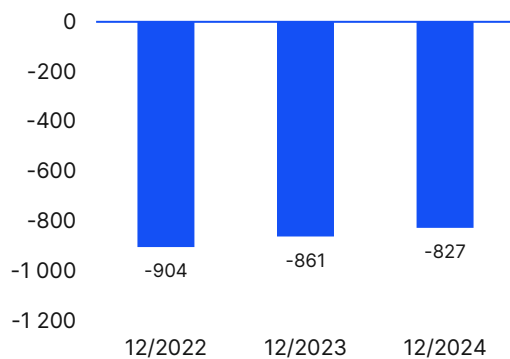
<sup>1</sup> KONE has previously disclosed geographical information about sales separately for three regions: EMEA, Americas, and APAC. From 2024 onwards, KONE discloses geographical information about sales separately for four Areas: Europe, Americas, APMEA (Asia-Pacific, Middle East and Africa), and Greater China. The change in the disclosure is aligned with KONE's new operating model and increases the relevance of the financial information. Geographical information about sales for the comparison period 2023 is disclosed in the notes to the financial statement bulletin.

## Adjusted EBIT (MEUR)



- **In October–December 2024**, operating income was 11.2% of sales (10–12/2023: 12.9%). Adjusted EBIT margin was 13.0% (12.8%).
- Profitability improved thanks to a favorable business mix and improved margin in the Modernization business. The decline in margin in China and broad-based inflation were the main headwinds.
- With comparable exchange rates, the translation impact on operating income for the comparison period was EUR 2.2 million.
- **In January–December 2024**, operating income was 11.3% of sales (1–12/2023: 11.0%). Adjusted EBIT margin was 11.7% (11.4%).

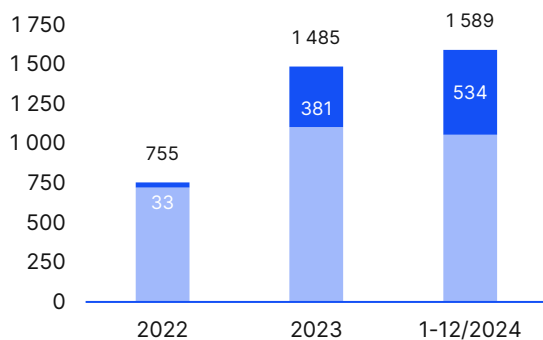
## Net working capital<sup>1</sup> (MEUR)



- **At the end of December 2024**, net working capital increased moderately compared to the beginning of the year.

<sup>1</sup> Including financing items and taxes

## Cash flow<sup>2</sup> (MEUR)



- **In October–December 2024** cash flow was EUR 533.7 million.
- The increase in cash flow was driven by improvement in several net working capital items.
- **In January–December 2024**, cash flow was solid at EUR 1,589.3 million.
- Cash flow was positively impacted by the increase in operating income and changes in net working capital.

<sup>2</sup> Cash flow from operations before financing items and taxes

# KONE's January–December 2024 review

## KONE's operating environment

	New Building Solutions market in units		Service market in units		Modernization market in monetary value	
	10-12/2024	1-12/2024	10-12/2024	1-12/2024	10-12/2024	1-12/2024
Total market	-	-	+	+	+++	+++
North America	+	+	+	+	+++	+++
Europe	stable	stable	+	+	++	++
Asia-Pacific, Middle East and Africa	++	+++	++	++	+++	+++
China	---	---	++	++	+++	+++

--- Significant decline (>10%), -- Clear decline (5–10%), - Slight decline (<5%), Stable, + Slight growth (<5%), ++ Clear growth (5–10%), +++ Significant growth (>10%)

### October–December 2024

The global New Building Solutions market declined slightly during the fourth quarter with regional differences in demand. In North America, the market grew slightly. In Europe, the market was stable with growth in the Southern and Eastern parts of Europe, and weaker activity in the Western parts and Nordics. In Asia-Pacific, Middle East and Africa, activity grew clearly. The market continued to weaken in China.

Service and Modernization markets continued to offer the best growth opportunities. Both markets developed positively with growth across all regions.

Intense competition continued to impact the New Building Solutions pricing environment in China, while elsewhere pricing was more stable. In the Service and Modernization markets, the pricing environment was more favorable.

### January–December 2024

Regional differences in demand trends were apparent in the global New Building Solutions market during January–December 2024. In the more mature markets, activity was impacted by high interest rates and slow economic growth, while in many emerging markets activity was more favorable. In China, activity declined due to the property market downturn. In Asia-Pacific, Middle East and Africa, activity grew significantly. In Europe, the market was stable with mixed regional activity levels. In North America, the market grew slightly.

Both the Service and Modernization markets developed positively with growth across all regions.

Intense competition impacted the New Building Solutions pricing environment in China, while elsewhere pricing was more stable. In the Service and Modernization markets, the pricing environment was more favorable.

## Orders received and order book

Orders received, MEUR	10-12/2024	10-12/2023	Change	Comparable change <sup>1</sup>	1-12/2024	1-12/2023	Change	Comparable change <sup>1</sup>
Orders received <sup>2</sup>	2,119.0	2,049.2	3.4%	2.6%	8,758.9	8,577.7	2.1%	3.3%

Order book, MEUR	Dec 31, 2024	Dec 31, 2023	Change	Comparable change <sup>1</sup>
Order book	9,058.6	8,715.7	3.9%	1.4%

<sup>1</sup> Change at comparable foreign exchange rates

<sup>2</sup> Orders received consist predominantly of New Building Solutions and Modernization orders. Service contracts are not included in orders received, but the figure includes orders related to the Service business, such as repairs.

### October–December 2024

Orders received grew by 3.4% as compared to October–December 2023 and totaled EUR 2,119.0 million. At comparable exchange rates, KONE's orders received grew by 2.6%.

At comparable rates, orders received in New Building Solutions declined slightly with clear decline in the volume business and significant growth in major projects. In Modernization, orders received grew clearly with significant growth in the volume business and significant decline in major projects.

Overall, the margin of orders received was slightly down year-on-year driven by China. Elsewhere the development was more stable.

**Orders received in the Americas Area** grew significantly at comparable rates as compared to October–December 2023. New Building Solutions orders grew significantly and Modernization orders grew clearly in the Area.

**Orders received in the Europe Area** grew clearly at comparable exchange rates as compared to October–December 2023. New Building Solutions orders declined slightly and Modernization orders grew significantly in the Area.

**Orders received in the Asia-Pacific, Middle East and Africa (APMEA) Area** grew significantly at comparable rates as compared to October–December 2023. New Building Solutions orders grew significantly and Modernization orders grew significantly in the Area.

**Orders received in Greater China Area** declined significantly at comparable rates as compared to October–December 2023. New Building Solutions orders declined clearly in units and declined significantly in monetary value. Modernization orders grew clearly in the Area.

### January–December 2024

Orders received grew by 2.1% as compared to January–December 2023 and totaled EUR 8,758.9 million. At comparable exchange rates, KONE's orders received grew by 3.3%.

At comparable rates, orders received in New Building Solutions declined slightly with clear decline in the volume business and significant growth in major projects. In Modernization, orders received grew significantly. Orders grew significantly in the volume business and grew significantly in major projects.

Overall, the margin of orders received was slightly down year-on-year driven by China. Elsewhere the development was more stable. In China, like-for-like new equipment prices declined significantly and mix was negative.

KONE's orders received in New Building Solutions in elevator and escalator units amounted to approximately 159,000 units (2023: approximately 164,000).

**Orders received in the Americas Area** grew significantly at comparable rates as compared to January–December 2023. New Building Solutions orders grew clearly and Modernization orders grew significantly in the Area.

**Orders received in the Europe Area** grew clearly at comparable exchange rates as compared to January–December 2023. New Building Solutions orders grew slightly and Modernization orders grew significantly in the Area.

**Orders received in the Asia-Pacific, Middle East and Africa (APMEA) Area** grew significantly at comparable rates as compared to January–December 2023. New Building Solutions orders grew significantly and Modernization orders grew significantly in the Area.

**Orders received in Greater China Area** declined significantly at comparable rates as compared to January–December 2023. New Building Solutions orders declined clearly in units and declined significantly in monetary value. Modernization orders grew significantly in the Area.

**The order book** grew by 3.9% compared to the end of December 2023 and stood at a strong level of EUR 9,058.6 million at the end of the reporting period. At comparable rates, the order book grew by 1.4%.

The order book margin continued to be at a healthy level. Customer cancellations were at a low level.



## Sales

Sales by business, MEUR	10-12/2024	10-12/2023	Change	Comparable change <sup>1</sup>	1-12/2024	1-12/2023	Change	Comparable change <sup>1</sup>
New Building Solutions	1,179.8	1,206.7	-2.2%	-2.9%	4,506.9	4,921.5	-8.4%	-7.1%
Service	1,189.0	1,069.0	11.2%	10.5%	4,503.6	4,127.0	9.1%	9.5%
Modernization	606.8	534.2	13.6%	12.8%	2,088.0	1,903.8	9.7%	10.1%
<b>Total</b>	<b>2,975.6</b>	<b>2,809.9</b>	<b>5.9%</b>	<b>5.1%</b>	<b>11,098.4</b>	<b>10,952.3</b>	<b>1.3%</b>	<b>2.2%</b>

Sales by Area, MEUR	10-12/2024	10-12/2023	Change	Comparable change <sup>1</sup>	1-12/2024	1-12/2023	Change	Comparable change <sup>1</sup>
Americas	741.0	644.7	14.9%	14.0%	2,727.1	2,469.4	10.4%	10.9%
Europe	1,152.0	1,067.1	8.0%	7.4%	4,233.8	4,000.7	5.8%	5.5%
APMEA	462.2	382.8	20.7%	21.8%	1,609.3	1,470.9	9.4%	13.5%
Greater China	620.5	715.3	-13.3%	-14.8%	2,528.2	3,011.3	-16.0%	-14.8%
<b>Total</b>	<b>2,975.6</b>	<b>2,809.9</b>	<b>5.9%</b>	<b>5.1%</b>	<b>11,098.4</b>	<b>10,952.3</b>	<b>1.3%</b>	<b>2.2%</b>

<sup>1</sup> Change at comparable foreign exchange rates

### October–December 2024

KONE's sales grew by 5.9% as compared to October–December 2023, and totaled EUR 2,975.6 million. At comparable exchange rates, KONE's sales grew by 5.1%. Strong growth (at comparable exchange rates) in the Service and Modernization businesses more than offset the slight decline in New Building Solutions sales.

New Building Solutions sales declined by 2.9% at comparable exchange rates driven by lower deliveries in Greater China. Service sales grew by 10.5% at comparable exchange rates, thanks to 6.5% service base growth (including some inorganic growth), improved pricing and continued momentum in value-added services. Modernization sales grew by 12.8% at comparable exchange rates.

**In the Americas Area**, sales grew by 14.9% and totaled EUR 741.0 million. At comparable exchange rates, sales grew by 14.0%. New Building Solutions sales grew significantly, Service sales grew significantly and Modernization sales grew significantly in the Area.

**Sales in the Europe Area** grew by 8.0% and totaled EUR 1,152.0 million. At comparable exchange rates, sales grew by 7.4%. New Building Solutions sales stable, Service sales grew clearly and Modernization sales grew significantly in the Area.

**In the Asia-Pacific, Middle East and Africa (APMEA) Area**, sales grew by 20.7% and totaled EUR 462.2 million. At comparable exchange rates, sales grew by 21.8%. New Building Solutions sales grew significantly, Service sales grew significantly and Modernization sales grew significantly in the Area.

**Sales in the Greater China Area** declined by 13.3% and totaled EUR 620.5 million. At comparable exchange rates, sales declined by 14.8%. New Building Solutions sales declined significantly, Service sales grew slightly and Modernization sales declined slightly in the Area.

### January–December 2024

KONE's sales grew by 1.3% as compared to January–December 2023, and totaled EUR 11,098.4 million. At comparable exchange rates, KONE's sales grew by 2.2%. At comparable exchange rates, the Service and Modernization businesses grew in all Areas. This more than offset the decline in New Building Solutions sales.

New Building Solutions sales declined by 7.1% at comparable exchange rates. Service sales grew by 9.5% at comparable exchange rates, thanks to 6.5% service base growth (including some inorganic growth), improved pricing and continued momentum in value-added services. Modernization sales grew by 10.1% at comparable exchange rates.

KONE's elevator and escalator service base continued to grow and was well over 1.7 million units at the end of 2024 (well over 1.6 million units at the end of 2023).

The growth of the service base was driven, in particular, by a continued good level of conversions of new equipment deliveries to the service base. Bolt-on acquisitions had a positive contribution to the growth. In 2024, the balance of service contracts that were won from or lost to competition was slightly negative.

The largest individual countries in terms of sales were China (21%), the United States (21%), Germany (7%) and France (6%).

**In the Americas Area**, sales grew by 10.4% and totaled EUR 2,727.1 million. At comparable exchange rates, sales grew by 10.9%. New Building Solutions sales grew significantly, Service sales grew clearly and Modernization sales grew significantly in the Area.

**Sales in the Europe Area** grew by 5.8% and totaled EUR 4,233.8 million. At comparable exchange rates, sales grew by 5.5%. New Building Solutions sales declined clearly, Service sales grew

clearly and Modernization sales grew clearly in the Area.

**In Asia-Pacific, Middle East and Africa (APMEA) Area**, sales grew by 9.4% and totaled EUR 1,609.3 million. At comparable exchange rates, sales grew by 13.5%. New Building Solutions sales grew significantly. Service sales grew significantly and Modernization sales grew significantly in the Area.

**Sales in the Greater China Area** declined by 16.0% and totaled EUR 2,528.2 million. At comparable exchange rates, sales declined by 14.8%. New Building Solutions sales declined significantly, Service sales grew clearly and Modernization sales grew clearly in the Area.

## Financial result

		10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
Operating income	MEUR	332.5	362.1	-8.2%	1,249.0	1,200.1	4.1%
Operating income margin	%	11.2	12.9		11.3	11.0	
Adjusted EBIT	MEUR	386.5	358.6	7.8%	1,303.0	1,248.4	4.4%
Adjusted EBIT margin	%	13.0	12.8		11.7	11.4	
Income before taxes	MEUR	329.5	360.6	-8.6%	1,254.1	1,206.1	4.0%
Net income	MEUR	244.5	276.3	-11.5%	961.0	931.6	3.2%
Basic earnings per share	EUR	0.47	0.53	-11.2%	1.84	1.79	2.7%

### October–December 2024

KONE's operating income (EBIT) was EUR 332.5 million or 11.2% of sales. Adjusted EBIT was EUR 386.5 million or 13.0% of sales. Profitability improved thanks to a favorable business mix and improved margin in the modernization business. The decline in margin in China and broad-based inflation were the main headwinds.

In October–December 2024, items affecting comparability amounted to EUR 54 million including EUR 36 million restructuring costs and EUR 18 million expensed development costs as a result of redirecting development activities in alignment with KONE's new strategy. Majority of the items affecting comparability pertain to the restructuring of China operations.

With comparable exchange rates, the translation impact on operating income for the comparison period was EUR 2.2 million.

Basic earnings per share was EUR 0.47.

### January–December 2024

KONE's operating income (EBIT) was EUR 1,249.0 million or 11.3% of sales. Adjusted EBIT was EUR

1,303.0 million or 11.7% of sales. Profitability improved thanks to favorable business mix and better margin in New Building Solutions and Modernization deliveries outside China. The decline in margin in China and broad-based inflation were the main headwinds.

In January–December 2024, items affecting comparability amounted to EUR 54 million including EUR 36 million restructuring costs and EUR 18 million expensed development costs as a result of redirecting development activities in alignment with KONE's new strategy. Majority of the items affecting comparability pertain to the restructuring of China operations. In the comparison period, items affecting comparability included restructuring costs and a positive effect recognized on the completion of the sale of operations in Russia.

With comparable exchange rates, the translation impact on operating income for the comparison period was EUR -8.9 million.

KONE's income before taxes was EUR 1,254.1 million. Taxes totaled EUR 293.1 (274.6) million. This represents an effective tax rate of 23.4% for the full financial year. Net income for the period was EUR 961.0 million.

Basic earnings per share was EUR 1.84.

## Cash flow and financial position

		10-12/2024	10-12/2023	1-12/2024	1-12/2023
Cash flow from operations (before financing items and taxes)	MEUR	533.7	381.1	1,589.3	1,485.2
Net working capital (including financing items and taxes)	MEUR			-827.2	-861.2
Interest-bearing net debt	MEUR			-831.2	-1,013.4
Gearing	%			-28.7	-36.4
Equity ratio	%			39.8	40.9
Equity per share	EUR			5.54	5.32

KONE's financial position was strong at the end of December 2024.

In January–December 2024 cash flow from operations (before financing items and taxes) increased to EUR 1,589.3 million.

Net working capital (including financing items and taxes) was EUR -827.2 million at the end of December 2024. Compared to the beginning of the year net working capital increased moderately.

Interest-bearing net debt was EUR -831.2 million at the end of December 2024. KONE's cash and cash equivalents together with current deposits and loan receivables were EUR 1,799.0 (Dec 31, 2023: 1,688.4) million at the end of the reporting period. Interest-bearing liabilities were EUR 987.1 (Dec 31, 2023: 687.8) million, including a pension liability of EUR 141.4 (Dec 31, 2023: 132.9) million and lease liabilities of EUR 432.6 (Dec 31, 2023: 349.1) million.

Additionally, KONE had an asset on employee benefits, EUR 15.0 (Dec 31, 2023: 9.2) million. Gearing was -28.7% and the equity ratio was 39.8% at the end of December 2024.

Equity per share was EUR 5.54.

## Capital expenditure and acquisitions

MEUR	10-12/2024	10-12/2023	1-12/2024	1-12/2023
On fixed assets	73.8	62.2	164.3	161.2
On leasing agreements	68.4	53.6	232.7	161.1
On acquisitions	12.8	1.8	125.6	190.3
<b>Total</b>	<b>154.9</b>	<b>117.6</b>	<b>522.5</b>	<b>512.7</b>

KONE's capital expenditure and acquisitions totaled EUR 522.5 million in January–December 2024. Capital expenditure excluding acquisitions was mainly related to manufacturing and R&D facilities, IT licenses and software development as well as tools and equipment in R&D. Capital expenditure on

leases consists mainly of maintenance vehicles and office facilities.

Acquisitions totaled EUR 125.6 million in January–December 2024. KONE completed several service-related acquisitions predominantly in Europe.

## Research and development

		10-12/2024	10-12/2023	Change	1-12/2024	1-12/2023	Change
R&D expenditure	MEUR	52.3	43.9	19.3%	203.6	185.0	10.0%
As percentage of sales	%	1.8	1.6		1.8	1.7	

KONE's R&D activities focus on developing smart and sustainable solutions that adapt to future needs. Built-in connectivity in our newest elevator models makes them a digital platform for various services and new business models. Additionally, KONE supports its customers in achieving their eco-efficiency goals throughout the building lifecycle and develops a variety of partnerships to further enhance customer focused solutions. Research and development expenditure totaled EUR 203.6 million, representing 1.8% of sales in January–December 2024. R&D expenditure includes the development of new products and service concepts as well as further development of existing solutions and services.

Recognitions for achievements in the field of innovation included the Red Dot Award for Product Design 2024 for the KONE 4G Gateway elevator connectivity as well as 'Awards of Excellence' in the Council on Tall Buildings and Urban Habitat (CTBUH) Awards Program for KONE SiteFlow, a cutting-edge digital solution that oversees construction elevators and tracks logistics in real time, and for Diversity, Equity and Inclusion (DEI) initiatives.

KONE brought several new products and enhancements to the market in 2024. KONE introduced a range of updates to its Modernization offering and portfolio to speed up installations in smaller machine rooms and to provide quieter operation and improved ride comfort. KONE also broadened the availability and improved the usability of ReSolve MRL DX for modernizing other brands'

equipment. In September, the KONE High-Rise MiniSpace DX product family was launched as was a combination of a new elevator control system and KONE UltraRope to create more rentable space, and to significantly reduce energy consumption and carbon emissions. The cost-competitiveness of KONE's offering in the low-rise residential market was improved with KONE MonoSpace 100 DX in five European countries, and the roll out to other areas continues in 2025.

During 2024, our connected lifts in service base increased to close to 35%, enabling more opportunities to fundamentally transform how we do service through digitalization.

KONE received many sustainable product certifications in the Asian market during 2024. These included Singapore Green Building Product (SGBP) certifications for seven products in total: two escalators (KONE TravelMaster™ 110 and KONE TransitMaster™ 140), three DX platforms (KONE TranSys™ DX, KONE MiniSpace™ DX and KONE N MiniSpace™ DX) and two elevators (KONE N MiniSpace™ and KONE N MonoSpace®). Furthermore, KONE received Green Label Gold rating Certificates from Green Product Council Indonesia (GPCI) for seven of its solutions. KONE also received Malaysia's Green Recognition Scheme MyHIJAU Mark for four of its solutions and the LOTUS certification from the Vietnam Green Building Council (VGBC) for six solutions in total.

## Sustainability key performance indicators

	Key performance indicator	Target	2024 results	2023 results
Environmental matters	Greenhouse gas emissions from own operations (Scope 1 and 2) <sup>1</sup>	Long-term target (2030): 50% reduction in absolute emissions from 2018, carbon neutral operations  Carbon neutral manufacturing units (end of 2024)  2024 target: 25% reduction in Scope 1 and 2 absolute carbon footprint from 2018	Carbon neutral manufacturing units achieved in 2023  KONE's net Scope 1 and 2 emissions reduced by 29% compared to 2018 (154,700 tCO <sub>2</sub> e)	Carbon neutral manufacturing units achieved 18 months ahead of schedule by the end of Q2/2023  KONE's net Scope 1 and 2 emissions reduced by 25% compared to 2018 (154,700 tCO <sub>2</sub> e)
	Product-related greenhouse gas emissions (Scope 3) <sup>1</sup>	Long-term target (2030): 40% reduction in product-related Scope 3 emissions relative to ordered products	KONE's Scope 3 emissions per product ordered (62.0 tCO <sub>2</sub> e/order) decreased by 9% compared to 2023 (68.2 tCO <sub>2</sub> e/order) and by 12.8% compared to 2018 (71.4 tCO <sub>2</sub> e/order)	KONE's Scope 3 emissions per product ordered (67.8 tCO <sub>2</sub> e/order) decreased by 0.8% compared to 2022 (68.3 tCO <sub>2</sub> e/order) and by 5.1% compared to 2018 (71.4 tCO <sub>2</sub> e/order)
	Share of renewable electricity used in our facilities, %	Long-term target (2030): 100% 2024 target: 98% 2023 target: more than 90%	99%	97%
	Number of products covered by Environmental Product Declarations		27	21
Personnel and social matters	Industrial Injury Frequency Rate (IIFR), employees <sup>2</sup>	2024 target: -7% from 2023 2025 target: -11% from 2024 2030 target: 0.6	IIFR 1.3	IIFR 1.1
	Total rolling 12-month turnover rate, % <sup>3</sup>		11.5%	13.1%
	Share of women in director level positions, %	35% of director level positions occupied by women by 2030	27.4%	25.2%
Business conduct	% of total employees who have completed Code of Conduct training during the year		96%	n/a <sup>4</sup>
	% of KONE's total spend with regular trade suppliers and installation subcontractors that is covered by KONE Supplier Code of Conduct or equivalent accepted by KONE	2024 target: 87% 2023 target: 85%	87%	86%
	% of distributors who have signed the Distributor Code of Conduct	100% during 2025	97%	92%

<sup>1</sup>The greenhouse gas emissions from our own operations and value chain have been calculated in accordance with ISO 14064 and the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The Scope 2 emissions have been calculated according to the dual reporting principles of the GHG Protocol Scope 2 Guidance (market- and location-based method).

<sup>2</sup>Number of severe and moderate work-related employee incidents divided by the number of total employee theoretical hours worked, multiplied by 1,000,000.

<sup>3</sup>Total turnover (11.5%) = Permanent employee + Expatriate leavers (7,315) divided by average headcount in last 12 months (63,873). Fixed term and Trainee employees (478 leavers) are not counted in the turnover.

<sup>4</sup>KONE's 2021 Code of Conduct e-learning was refreshed and re-issued to all KONE employees globally in 2024.

## Environmental sustainability

One of KONE's key strategic ambitions is to lead the industry in sustainability. To reach this ambition, KONE has defined four strategic shifts, including Cut Carbon, to drive customer value and differentiation.

### Environmental targets and outcomes

KONE announced its climate pledge in 2020. Our long-term target for Scope 1 and 2 greenhouse gas (GHG) emissions is an absolute reduction of 50% by 2030 from the base-year 2018. The vast majority of all the emissions associated with KONE's activities are generated outside our immediate operations in the value chain, particularly by our products' lifetime energy consumption and material use. We have therefore also set a long-term target for reducing our product and value chain related Scope 3 GHG emissions by 40% by 2030, relative to ordered products from the base-year 2018. In addition, we have pledged to have carbon neutral operations by 2030.

Good progress on environmental targets was made during 2024. The outcomes will be available in the

2024 Sustainability statement which will be published on February 12, 2025.

### KONE's sustainable offering and recognitions

KONE supports sustainable and green buildings through an energy-efficient and innovative offering, the use of functional and sustainable materials, as well as the transparent documentation of our products' environmental impacts. KONE has a wide range of best-in-class energy performance references for its products in various building types, market areas and product specifications, and currently has a total of 34 best-in class energy efficiency references for elevator and escalator platforms according to the international ISO 25745 standard for the energy performance of lifts, escalators and moving walks. In 2024, KONE published six (2023: four) EPDs and had a total of 27 (2023: 21) third-party verified EPDs.

KONE's 2024 Annual Review, including the Sustainability Statement, and Sustainability Supplement, will be published on February 12, 2025, and will include more sustainability information.

Sustainability recognitions in 2024	KONE's score	Industry performance
CDP Climate Change List	Place on the list	
CDP Supplier Engagement Leaderboard	Place on the list	
Clean200 list (by Corporate Knights and California-based shareholder advocates As You Sow)	55 <sup>th</sup> place	Only elevator and escalator company on the list
TIMEs and Statista's 'World's Most Sustainable Companies of 2024'	Top 25% of 500 recognized companies	
Financial Times and Statista Climate Leaders 2024	Recognition	
EcoVadis 2024 sustainability assessment (labor and human rights, ethics, and sustainable procurement)	Gold, top 5% of over 130,000 companies evaluated worldwide	Top 1%
Forbes World's Best Employers	One of the best employers in the world	

## Social sustainability

KONE employees	1-12/2024	1-12/2023
<b>Average number of employees</b>	<b>64,072</b>	<b>63,164</b>
<b>Number of employees at the end of period</b>	<b>64,663</b>	<b>63,536</b>
Americas	7,970	7,625
Europe	21,346	20,542
APMEA	12,383	12,116
Greater China	22,964	23,253

In 2024, the KONE pay philosophy was established. This was an important milestone in KONE's commitment to transparent, fair and inclusive pay practices.

Throughout 2024, Talent Acquisition initiatives reflected KONE's commitment to fostering a diverse and inclusive workplace. This resulted in an increase in female hires at the Director level as well as in positions below that level. In Talent Management, successor coverage improved as did the retention of our critical talent thanks to more comprehensive individual development plans for such employees.

Learning and development capabilities were further advanced during the year by standardizing the global field learning offering and preparing for deployment in volume elevator, escalator, and

digital solutions through the Train-the-Trainer approach. Additionally, we focused on deploying global induction frameworks, planning recurring learning offerings for 2025, and evaluating AI technologies to future-proof our L&D capabilities.

KONE carries out regular human rights impact assessments to identify risks within its organization and across its supply chain. The scope of these assessments considers risks in the value chain, both upstream and downstream, also covering end-users, customers and local communities. In 2024, KONE diligently followed up on safety outcomes from the 2023 human rights impact assessment, aligning with the action plan to mitigate identified risks.



## Changes in the Executive Board

Philippe Delorme started as President and CEO of KONE on January 1, 2024. Henrik Ehrnrooth continued as Executive Advisor until the end of March 2024, supporting the transition and induction of the new CEO.

Kaori Uehigashi started as an interim Executive Vice President for Strategy & Transformation on January 4, 2024.

Nicolas Alchal was appointed Executive Vice President, Strategy & Transformation as of Jan 1, 2025. Before starting in this role, Nicolas acts as an interim Executive Vice President for Europe Area, as of March 1, 2024, when Karla Lindahl started her parental leave.

The initial duration of these interim roles was planned to be until early 2025. On December 9, 2024, KONE announced that these interim EVP roles for Europe and Strategy & Transformation organizations will continue until the end of March 2025. Karla Lindahl, Executive Vice President, Europe, will return from parental leave in late March 2025.

On May 6, 2024, KONE announced the appointment of Kaija Bridger as Executive Vice President, People & Communications, and a member of the Executive Board at KONE as of July 1, 2024, succeeding Susanne Skippari, who decided to leave KONE for a position outside the company.

## Other events

In 2007, a decision was issued by the European Commission concerning alleged local anticompetitive practices before early 2004 in Germany, Luxembourg, Belgium and the Netherlands by leading elevator and escalator companies, including KONE's local subsidiaries. Also, the Austrian Cartel Court issued in 2007 a decision concerning anti-competitive practices that had taken place before mid-2004 in local Austrian markets by leading elevator and escalator companies, including KONE's local subsidiary. As previously announced by KONE, a number of civil damage claims by certain companies and public entities relating to the two 2007 decisions are pending in related countries. The claims have been made against various companies concerned by the decisions, including certain KONE companies. All claims are independent and are progressing

procedurally at different stages. The total capital amount claimed jointly and severally from all of the defendants together was EUR 55 million at the end of December 2024 (September 30, 2024: EUR 55 million). KONE's position is that the claims are without merit. No provision has been made.

In September, KONE announced plans to initiate a review of its Door Business to assess its optimal structure and synergies, including a potential sale of the business. The KONE Door Business provides maintenance, repair, modernization, and new equipment solutions for pedestrian and industrial doors. In 2023, KONE Door Business accounted for approximately 2% of KONE Group revenue. The contemplated review and actions are subject to local legal requirements and consultation of employee representatives.

## Most significant risks

KONE is exposed to risks that may arise from its operations or changes in the operating environment. The most significant risk factors described below can potentially have an adverse effect on KONE's business operations and financial position and, as a result, on the value of the company. Other risks, which are currently either unknown or considered immaterial to KONE may, however, become material in the future.

Further information on KONE's risk management is available in KONE's Annual Review.

### Strategic risks

The demand for KONE's products and services and the competitive environment are impacted by the general economic cycles and especially the level of activity within the construction industry. The uncertain economic outlook, and its impacts on construction markets, represents a risk to KONE's business and profitability. This applies especially to China, where market activity remains under pressure. In 2024, KONE's New Building Solutions sales in China declined significantly.

Intensifying geopolitical risks and tensions, business environment unpredictability and disruptions in global supply chains may impact KONE's main markets and expose KONE to business disruptions and profitability risks. In addition to the level of market demand, the competitiveness of KONE's offering is a key driver for growth and profitability. A failure to anticipate or address changes in customer requirements and in competitors' offerings, ecosystems and business models or in the regulatory environment could result in a deterioration of the competitiveness of KONE's offering. Furthermore, structural changes in the competitive landscape of the elevator and escalator industry, such as increased competition and customer consolidation, could affect market dynamics and KONE's market share.

### Operational risks

With business models and ways of working changing in the elevator and escalator industry, KONE needs new organizational capabilities, as well as new competencies and talent on the individual employee level in different fields, such as in digitalization. At the same time, labor scarcity and competition over talent, such as skilled field workforce, is increasing, especially in Europe. Securing the needed resources and their competence management is critical. A failure to develop, retain and attract the required capabilities could have an adverse impact on KONE's growth and profitability.

The majority of components used in KONE's supply chain are sourced from external suppliers, a significant number of which are located in China. KONE also subcontracts a significant amount of installation activity, outsources certain business support processes and works with partners in e.g. digital services and logistics. This exposes KONE to

supply chain and logistics constraints, risks related to component and subcontracted labor availability and cost as well as to continuity risk in partnerships. During 2024, the ongoing military conflicts also continued to impact global ocean freight. A failure to secure the needed materials, components or resources, or quality issues within these, could cause business disruptions, rescheduling of orders and cost increases. Labor availability constraints may also impact progress at construction sites and performance of maintenance and repair services.

As one of the leading companies in the industry, KONE has a strong brand and reputation. Issues that impact the company's reputation or brand could affect KONE's business and financial performance. Such reputational risks could materialize in the case of e.g. safety, cybersecurity or non-compliance incidents, major delivery issues or product or service quality issues.

### Hazard, security and incidental risks

The operations of KONE, its suppliers and customers utilize information technology extensively and KONE's business is dependent on the quality, integrity, availability and confidentiality of information. Thus, KONE is exposed to IT disruption and cybersecurity risks, as operational information systems and products may be vulnerable to interruption, loss or manipulation of data, or malfunctions which can result in disruptions in processes and equipment availability.

Geopolitical tensions, for instance those related to the wars in Ukraine and the Middle East, may lead to cyber, hybrid and even conventional attacks causing local and global disturbances that may impact KONE, our customers and our suppliers.

A breach of sensitive employee or customer data may result in significant penalties as well as reputational damage. Such incidents could be caused by, including but not limited to, cyber-crime, cyber-attacks, ransomware, information theft, fraud, or inadvertent actions from our employees and vendors.

Physical damage caused by fire, extreme weather conditions, natural catastrophes or terrorism, among other things, could also cause business interruption for KONE or its suppliers.

### Financial risks

The majority of KONE's sales and financial result are denominated in currencies other than the euro, which exposes KONE to risks arising from foreign exchange rate fluctuations. KONE is also exposed to counterparty risks related to financial institutions, through the significant amounts of liquid funds deposited with financial institutions, in the form of financial investments and in derivatives. Additionally, KONE is exposed to risks related to liquidity and payment discipline of its customers, which may impact cash flow or lead to credit losses, especially in China. Significant changes in local financial or taxation regulation could also have an

impact on KONE's financial performance, liquidity, and cash flow. For further information on financial risks, please refer to the notes to the consolidated Financial Statements.

## Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting was held in Helsinki on February 29, 2024.

The meeting approved the financial statements, considered the Remuneration Report for governing bodies and discharged the responsible parties from liability for the financial period January 1–December 31, 2023.

The General Meeting approved dividends in line with the Board of Director's proposal of EUR 1.7475 for each of the class A shares and EUR 1.75 for each of the outstanding class B shares. The date of record for dividend distribution was March 4, 2024 and dividend was paid on March 11, 2024.

The number of Members of the Board of Directors was confirmed as nine. Re-elected as Members of the Board were Matti Alahuhta, Susan Duinhoven, Marika Fredriksson, Antti Herlin, Jussi Herlin, Jussi Herlin, Ravi Kant and Krishna Mikkilineni. Timo Ihamuotila was elected as new Member to the Board of Directors.

At its meeting held after the General Meeting on February 29, 2024, the Board of Directors of KONE Corporation elected from among its members Antti Herlin as its Chairman and Jussi Herlin as Vice Chair.

Marika Fredriksson was elected as Chair and Susan Duinhoven, Jussi Herlin and Timo Ihamuotila as members of the Audit Committee. Marika Fredriksson, Susan Duinhoven and Timo Ihamuotila are independent of both the company and of significant shareholders.

Jussi Herlin was elected as Chair and Matti Alahuhta, Antti Herlin and Susan Duinhoven as members of the Nomination and Compensation Committee. Matti Alahuhta and Susan Duinhoven are independent of both the company and of significant shareholders.

The General Meeting confirmed an annual compensation of EUR 220,000 for the Chairman of the Board, EUR 125,000 for the Vice Chairman and EUR 110,000 for Board Members. Of the annual compensation, 40 percent will be paid in class B shares of KONE Corporation and the rest in cash. In addition, the General Meeting confirmed a separate annual compensation to the members of the board committees: Chairman of the Audit Committee: EUR 20,000 and members of the Audit Committee: EUR 10,000, and Chairman of the Nomination and Compensation Committee: EUR 20,000 and members of the Nomination and Compensation Committee: EUR 10,000. The annual compensation of the members of the board committees is paid in cash. In addition, it was resolved that compensation is not paid to a Board Member who is employed by the company.

The General Meeting approved the authorization for the Board of Directors to repurchase KONE's own shares. Altogether no more than 52,930,000 shares may be repurchased, of which no more than 7,620,000 may be class A shares and 45,310,000 class B shares. The authorization will be valid until the conclusion of the following annual general meeting, however, at the latest until 30 June 2025.

Furthermore, the General Meeting authorized the Board of Directors to decide on the issuance of shares as well as the issuance of options and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Limited Liability Companies Act. The number of shares to be issued based on this authorization shall not exceed 7,620,000 class A shares and 45,310,000 class B shares. The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The authorization concerns both the issuance of new shares as well as the transfer of treasury shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization will be valid until the conclusion of the following annual general meeting, however, at the latest until 30 June 2025.

The audit firm Ernst & Young Oy was nominated as the auditor for the term 2024 and it will also carry out the assurance of the company's sustainability reporting for the financial year 2024.

## Share-based incentive plans

KONE has two share-based incentive plan structures, a performance-based long-term incentive plan structure (LTI) and a restricted share plan structure (RSP).

The performance based long-term incentive plan (LTI) emphasizes profitable growth and sustainability. It consists of annually commencing individual share plans, each with a three-year rolling performance period. The performance criteria for each commencing performance year are determined on an annual basis. The plans vest and are delivered in one portion after the three-year performance period, based on accumulated outcomes of each performance year. If the participant's employment or service relationship with KONE Group terminates before the end of the performance period, the participant, as a rule, forfeits the share award without compensation. The target group and targets for each annually commencing long-term incentive plan as well as possible rewards are decided upon annually by the Board. As part of the plan for the top management, a long-term share ownership target has been set. For the Executive Board members, the ownership target of KONE shares corresponds to a minimum of five years' annual base salary. For other selected top management positions, the ownership target corresponds a minimum of two years' base salary.

The performance based long-term incentive plan is targeted to approximately 570 top leaders annually, including the President and CEO, members of the Executive Board and selected key employees of KONE Group. The performance criteria applied to

the 2021, 2022, 2023 and 2024 performance years are based on annual growth in sales, adjusted EBIT margin (jointly 80%) and improvements in sustainability. The sustainability performance condition is a combination of reductions in carbon footprint, diversity and inclusion as well as safety related targets.

The restricted share plan structure serves as a complementary incentive structure used as a commitment instrument for retention and recruitment purposes for top management (excluding the President and CEO) and other selected key employees. The restricted share plan structure does not have a performance condition. Each annually commencing plan has a commitment period up to three years, after which the potentially granted share awards will be paid to the participant, provided that their employment or service relationship with KONE Group is in force at the time of payment.

Pursuant to the plan rules, the potential rewards are settled as a combination of KONE class B shares and/or cash when the criteria set in the terms and conditions for the plan are met. The number of shares earned by participants under the share-based incentive plan structures are determined on gross basis with deduction for taxes made when applicable before delivery of the shares to the participants. Share-based incentive plans are classified as equity-settled transactions.

## Shares and share capital

Share capital and market capitalization	Dec 31, 2024	Dec 31, 2023
Number of class B shares	453,187,148	453,187,148
Number of class A shares	76,208,712	76,208,712
<b>Total shares</b>	<b>529,395,860</b>	<b>529,395,860</b>
Treasury shares	11,867,752	12,159,159
Share capital, EUR	66,174,483	66,174,483
Market capitalization, MEUR <sup>1</sup>	24,324	23,358

<sup>1</sup> Market capitalization is calculated on the basis of both the listed B shares and the unlisted A shares excluding treasury shares. Class A shares are valued at the closing price of the class B shares at the end of the reporting period.

Treasury shares	1-12/2024
Treasury shares at the beginning of the period	12,159,159
Changes in treasury shares during the period	-291,407
<b>Treasury shares at the end of the period</b>	<b>11,867,752</b>

At the end of December 2024, the Group's parent company KONE Oyj had 11,867,752 class B treasury shares. The treasury shares represent 2.6% of the

total number of class B shares. This corresponds to 1.0% of the total voting rights.

Shares traded on Nasdaq Helsinki		1-12/2024	1-12/2023
Shares traded on the Nasdaq Helsinki Ltd., millions		139.4	145.3
Average daily trading volume		555,351	579,003
Volume-weighted average share price	EUR	47.16	45.79
Highest share notation	EUR	54.78	53.34
Lowest share notation	EUR	41.33	37.20
Share notation at the end of the period	EUR	47.00	45.16

In addition to the Nasdaq Helsinki Ltd., KONE's class B share is traded also on various alternative trading platforms.

The number of registered shareholders was 110,750 at the beginning of the review period and 106,659 at its end. The number of private

households holding shares totaled 101,852 at the end of the period, which corresponds to approximately 12.0% of the listed B shares. At the end of December 2024, a total of 51.9% of the B shares were owned by nominee-registered and non-Finnish investors.

## Flagging notifications

During January–December 2024, BlackRock, Inc. announced three notices in accordance with the Finnish Securities Market Act Chapter 9, Section 5. The notices were announced on November 4, November 12 and November 13. The notices have been released as stock exchange releases and are available on KONE Corporation's website at [www.kone.com](http://www.kone.com). According to the latest notification, the total number of KONE Corporation shares owned by BlackRock, Inc. and its funds increased to above five (5) per cent of the share capital of KONE Corporation on November 13, 2024.

## Market outlook 2025

	North America	Europe	Asia-Pacific, Middle East and Africa	China
<b>New Building Solutions</b> in units	+	stable	++	---
<b>Service</b> in units	+	+	++	+
<b>Modernization</b> in monetary value	+++	++	+++	+++

--- Significant decline (>10%), -- Clear decline (5–10%), - Slight decline (<5%), Stable, + Slight growth (<5%), ++ Clear growth (5–10%), +++ Significant growth (>10%)

KONE has a positive or stable market outlook for eleven of its twelve end-markets.

Activity in the New Building Solutions market is expected to vary regionally. The market is expected to grow slightly in North America. In Europe, the market is expected to be stable. In Asia-Pacific, Middle East and Africa activity is expected to grow

clearly. In China, the market is expected to decline significantly.

Modernization markets are expected to grow in all regions supported by an aging equipment base as well as the focus on sustainability and adaptability of buildings. Service markets are expected to grow clearly in Asia-Pacific, Middle East and Africa and grow slightly in other regions.

## Business outlook 2025

KONE expects its sales to grow slightly at comparable exchange rates in 2025. Adjusted EBIT margin is expected to continue to improve.

Key drivers for sales growth are the positive outlook for Service and Modernization and the strong order book. The declining New Building Solutions market in China is a headwind.

The key profitability drivers are sales growth in Service and Modernization and the ramp up of performance initiatives. The challenging New Building Solutions market in China and slight overall decline in margin of orders booked in 2024 are expected to impact profitability negatively.

## The Board's proposal for the distribution of profit

The parent company's distributable profits on December 31, 2024 is EUR 3,215,181,251.13 of which the net income for the financial year is EUR 1,111,782,600.04.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.7975 be paid on the outstanding 76,208,712 class A shares and EUR 1.80 on the outstanding 441,319,396 class B shares, resulting in a total amount of proposed

dividend of EUR 931,360,072.62. The Board of Directors further proposes that the distributable profits, EUR 2,283,821,178.51, be retained and carried forward.

The Board proposes that the dividends be payable from March 14, 2025. All the shares existing on the dividend record date are entitled to dividend for the year 2024 except for the treasury shares held by the parent company.

## Annual General Meeting 2025

KONE Corporation's Annual General Meeting will be held on Wednesday March 5, 2025 at 11.00 a.m. at Finlandia Hall, Mannerheimintie 13 E, in Helsinki, Finland.

Helsinki, January 29, 2025

KONE Corporation's Board of Directors

# Consolidated statement of income

MEUR	10-12/2024	%	10-12/2023	%	1-12/2024	%	1-12/2023	%
<b>Sales</b>	<b>2,975.6</b>		<b>2,809.9</b>		<b>11,098.4</b>		<b>10,952.3</b>	
Costs and expenses	-2,566.4		-2,375.4		-9,557.3		-9,482.8	
Depreciation and amortization	-76.7		-72.3		-292.2		-269.4	
<b>Operating income</b>	<b>332.5</b>	<b>11.2</b>	<b>362.1</b>	<b>12.9</b>	<b>1,249.0</b>	<b>11.3</b>	<b>1,200.1</b>	<b>11.0</b>
Financing income	8.6		12.6		48.3		50.0	
Financing expenses	-11.6		-14.1		-43.1		-43.9	
<b>Income before taxes</b>	<b>329.5</b>	<b>11.1</b>	<b>360.6</b>	<b>12.8</b>	<b>1,254.1</b>	<b>11.3</b>	<b>1,206.1</b>	<b>11.0</b>
Taxes	-85.1		-84.3		-293.1		-274.6	
<b>Net income</b>	<b>244.5</b>	<b>8.2</b>	<b>276.3</b>	<b>9.8</b>	<b>961.0</b>	<b>8.7</b>	<b>931.6</b>	<b>8.5</b>
<b>Net income attributable to:</b>								
Shareholders of the parent company	242.9		273.4		951.3		925.8	
Non-controlling interests	1.6		2.9		9.7		5.8	
<b>Total</b>	<b>244.5</b>		<b>276.3</b>		<b>961.0</b>		<b>931.6</b>	
<b>Earnings per share for profit attributable to the shareholders of the parent company, EUR</b>								
Basic earnings per share, EUR	0.47		0.53		1.84		1.79	
Diluted earnings per share, EUR	0.47		0.53		1.84		1.79	

## Consolidated statement of comprehensive income

MEUR	10-12/2024	10-12/2023	1-12/2024	1-12/2023
<b>Net income</b>	<b>244.5</b>	<b>276.3</b>	<b>961.0</b>	<b>931.6</b>
<b>Other comprehensive income, net of tax:</b>				
Translation differences	107.7	-43.0	78.4	-96.2
Hedging of foreign subsidiaries	-19.0	14.2	-12.8	15.9
Cash flow hedges	-5.2	-2.2	-3.7	-18.1
<b>Items that may be subsequently reclassified to statement of income</b>	<b>83.5</b>	<b>-31.0</b>	<b>61.9</b>	<b>-98.4</b>
Changes in fair value	-0.6	2.7	-1.6	-23.8
Remeasurements of employee benefits	-20.4	-13.1	-8.7	-17.2
<b>Items that will not be reclassified to statement of income</b>	<b>-20.9</b>	<b>-10.3</b>	<b>-10.3</b>	<b>-41.0</b>
<b>Total other comprehensive income, net of tax</b>	<b>62.5</b>	<b>-41.3</b>	<b>51.6</b>	<b>-139.5</b>
<b>Total comprehensive income</b>	<b>307.0</b>	<b>235.0</b>	<b>1,012.6</b>	<b>792.1</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent company	305.4	232.1	1,002.9	786.3
Non-controlling interests	1.6	2.9	9.7	5.8
<b>Total</b>	<b>307.0</b>	<b>235.0</b>	<b>1,012.6</b>	<b>792.1</b>



# Condensed consolidated statement of financial position

Assets, MEUR		Dec 31, 2024	Dec 31, 2023
<b>Non-current assets</b>			
Goodwill		1,558.4	1,469.0
Other intangible assets		333.3	287.2
Tangible assets		898.5	779.7
Employee benefit assets	I	15.0	9.2
Deferred tax assets	II	365.7	320.2
Shares and other non-current assets	I/II	150.3	101.5
<b>Total non-current assets</b>		<b>3,321.2</b>	<b>2,966.8</b>
<b>Current assets</b>			
Inventories	II	856.7	820.9
Accounts receivable	II	2,494.8	2,495.1
Deferred assets	II	693.6	641.0
Income tax receivables	II	119.0	118.7
Deposits and other current assets	I	1,223.0	1,263.9
Cash and cash equivalents	I	576.0	424.5
<b>Total current assets</b>		<b>5,963.1</b>	<b>5,764.0</b>
<b>Total assets</b>		<b>9,284.3</b>	<b>8,730.8</b>

Equity and liabilities, MEUR		Dec 31, 2024	Dec 31, 2023
<b>Equity</b>		<b>2,893.1</b>	<b>2,786.0</b>
<b>Non-current liabilities</b>			
Loans and other interest-bearing liabilities	I	700.5	438.7
Employee benefit liabilities	I	141.4	132.9
Deferred tax liabilities	II	87.3	86.3
<b>Total non-current liabilities</b>		<b>929.3</b>	<b>657.9</b>
<b>Provisions</b>	II	<b>185.9</b>	<b>196.9</b>
<b>Current liabilities</b>			
Loans and other interest-bearing liabilities	I	145.1	116.1
Advance payments received and deferred revenue	II	2,016.9	1,915.7
Accounts payable	II	982.9	927.0
Accruals	II	1,986.6	1,993.4
Income tax payables	II	144.4	137.7
<b>Total current liabilities</b>		<b>5,275.9</b>	<b>5,090.0</b>
<b>Total equity and liabilities</b>		<b>9,284.3</b>	<b>8,730.8</b>

Items designated " I " comprise interest-bearing net debt.

Items designated " II " comprise net working capital.

# Consolidated statement of changes in equity

MEUR	Attributable to the equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Retained earnings			
<b>Jan 1, 2024</b>	<b>66.2</b>	<b>100.3</b>	<b>245.7</b>	<b>-20.0</b>	<b>69.7</b>	<b>-96.5</b>	<b>2,386.6</b>	<b>33.9</b>	<b>2,786.0</b>	
Net income for the period	-	-	-	-	-	-	951.3	9.7	<b>961.0</b>	
Other comprehensive income:										
Translation differences	-	-	-	-	78.4	-	-	-	<b>78.4</b>	
Hedging of foreign subsidiaries	-	-	-	-	-12.8	-	-	-	<b>-12.8</b>	
Cash flow hedges	-	-	-	-3.7	-	-	-	-	<b>-3.7</b>	
Changes in fair value	-	-	-	-1.6	-	-	-	-	<b>-1.6</b>	
Remeasurements of employee benefits	-	-	-	-	-	-8.7	-	-	<b>-8.7</b>	
Transactions with shareholders and non-controlling interests:										
Profit distribution	-	-	-	-	-	-	-905.5	-	<b>-905.5</b>	
Change in non-controlling interests	-	-	-	-	-	-	-8.4	-17.3	<b>-25.7</b>	
Share-based compensation	-	-	-	-	-	-	25.6	-	<b>25.6</b>	
<b>Dec 31, 2024</b>	<b>66.2</b>	<b>100.3</b>	<b>245.7</b>	<b>-25.3</b>	<b>135.3</b>	<b>-105.2</b>	<b>2,449.7</b>	<b>26.3</b>	<b>2,893.1</b>	

MEUR	Attributable to the equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Retained earnings			
<b>Jan 1, 2023</b>	<b>66.2</b>	<b>100.3</b>	<b>393.1</b>	<b>21.9</b>	<b>150.1</b>	<b>-79.3</b>	<b>2,184.2</b>	<b>29.9</b>	<b>2,866.5</b>	
Net income for the period	-	-	-	-	-	-	925.8	5.8	<b>931.6</b>	
Other comprehensive income:										
Translation differences	-	-	-	-	-96.2	-	-	-	<b>-96.2</b>	
Hedging of foreign subsidiaries	-	-	-	-	15.9	-	-	-	<b>15.9</b>	
Cash flow hedges	-	-	-	-18.1	-	-	-	-	<b>-18.1</b>	
Changes in fair value	-	-	-	-23.8	-	-	-	-	<b>-23.8</b>	
Remeasurements of employee benefits	-	-	-	-	-	-17.2	-0.6	-	<b>-17.8</b>	
Transactions with shareholders and non-controlling interests:										
Profit distribution	-	-	-	-	-	-	-904.9	-	<b>-904.9</b>	
Change in non-controlling interests	-	-	-	-	-	-	-	-1.8	<b>-1.8</b>	
Share-based compensation <sup>1</sup>	-	-	-147.4	-	-	-	182.1	-	<b>34.7</b>	
<b>Dec 31, 2023</b>	<b>66.2</b>	<b>100.3</b>	<b>245.7</b>	<b>-20.0</b>	<b>69.7</b>	<b>-96.5</b>	<b>2,386.6</b>	<b>33.9</b>	<b>2,786.0</b>	

<sup>1</sup> As at January 1, 2023 the cumulative effect arising from recognition of share-based payment rewards has been reclassified from paid-up unrestricted equity to retained earnings to improve presentation.

# Condensed consolidated statement of cash flows

MEUR	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Operating income	332.5	362.1	1,249.0	1,200.1
Change in net working capital	124.6	-53.4	48.1	15.7
Depreciation and amortization	76.7	72.3	292.2	269.4
<b>Cash flow from operations before financing items and taxes</b>	<b>533.7</b>	<b>381.1</b>	<b>1,589.3</b>	<b>1,485.2</b>
Cash flow from financing items and taxes	-62.2	-33.2	-340.0	-357.3
<b>Cash flow from operating activities</b>	<b>471.6</b>	<b>347.9</b>	<b>1,249.3</b>	<b>1,127.9</b>
Cash flow from investing activities	-98.7	-58.2	-287.4	-319.4
<b>Cash flow after investing activities</b>	<b>372.9</b>	<b>289.6</b>	<b>962.0</b>	<b>808.5</b>
Profit distribution	-	-	-905.5	-904.9
Change in deposits and loans receivable, net	-374.2	-249.2	72.4	210.5
Change in loans payable and other interest-bearing debt	158.4	-55.9	39.6	-166.0
Changes in non-controlling interests	-17.2	-0.2	-19.5	-0.8
<b>Cash flow from financing activities</b>	<b>-233.0</b>	<b>-305.3</b>	<b>-813.0</b>	<b>-861.3</b>
<b>Change in cash and cash equivalents</b>	<b>139.9</b>	<b>-15.6</b>	<b>149.0</b>	<b>-52.8</b>
Cash and cash equivalents at beginning of period	426.0	445.0	424.5	495.5
Translation difference	10.1	-4.9	2.5	-18.2
<b>Cash and cash equivalents at end of period</b>	<b>576.0</b>	<b>424.5</b>	<b>576.0</b>	<b>424.5</b>

## Change in interest-bearing net debt

MEUR	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Interest-bearing net debt at beginning of period	-560.1	-794.4	-1,013.4	-1,309.0
Interest-bearing net debt at end of period	-831.2	-1,013.4	-831.2	-1,013.4
<b>Change in interest-bearing net debt</b>	<b>-271.1</b>	<b>-219.0</b>	<b>182.2</b>	<b>295.7</b>

In January–December 2024, payments of lease liabilities included in financing activities were EUR 138.3 (1-12/2023: 124.5) million and interest expense paid included in cash flow from financing items and taxes were EUR 23.4 (15.8) million.

# Notes to the financial statement bulletin

## Accounting principles

KONE Corporation's financial statement bulletin for January–December 2024 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with KONE's financial statements for 2023, published on January 25, 2024.

KONE has applied the same accounting principles in the preparation of this financial statement bulletin as in its financial statements for 2023. The information presented in this financial statement bulletin has not been audited.

## Key figures

		1-12/2024	1-12/2023
Basic earnings per share	EUR	1.84	1.79
Diluted earnings per share	EUR	1.84	1.79
Equity per share	EUR	5.54	5.32
Interest-bearing net debt	MEUR	-831.2	-1,013.4
Equity ratio	%	39.8	40.9
Gearing	%	-28.7	-36.4
Return on equity	%	33.8	33.0
Return on capital employed	%	27.2	27.8
Total assets	MEUR	9,284.3	8,730.8
Assets employed	MEUR	2,061.9	1,772.6
Net working capital (including financing and tax items)	MEUR	-827.2	-861.2

The calculation formulas of key figures are presented in KONE's Financial Statements for 2023.

## Alternative performance measure

KONE reports an alternative performance measure, adjusted EBIT, to enhance the comparability of business performance between reporting periods. Adjusted EBIT is calculated by excluding from EBIT items affecting comparability such as significant restructuring costs and income and expenses incurred outside the ordinary course of business of KONE.

In January–December 2024, items affecting comparability amounted to EUR 54 million including

EUR 36 million restructuring costs and EUR 18 million expensed development costs as a result of redirecting development activities in alignment with KONE's new strategy. Majority of the items affecting comparability pertain to the restructuring of China operations. In the comparison period, items affecting comparability included restructuring costs and a positive effect recognized on completion of the sale of operations in Russia.

Alternative performance measure		10-12/2024	10-12/2023	1-12/2024	1-12/2023
Operating income	MEU	332.5	362.1	1,249.0	1,200.1
Operating income margin	%	11.2	12.9	11.3	11.0
Items affecting comparability	MEU	54.0	-3.6	54.0	48.3
Adjusted EBIT	MEU	386.5	358.6	1,303.0	1,248.4
Adjusted EBIT margin	%	13.0	12.8	11.7	11.4

## Quarterly figures

KONE has adopted IFRS 16 standard effective January 1, 2019 using the modified retrospective approach and comparative figures have not been restated. IFRS 15 and IFRS 9 standards have been applied from January 1, 2018 onwards and 2017 financials are restated retrospectively.

		Q4/2024	Q3/2024	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Orders received	MEUR	2,119.0	2,076.6	2,327.6	2,235.7	2,049.2	1,989.9	2,275.5	2,263.1
Order book	MEUR	9,058.6	9,001.2	9,326.6	9,133.0	8,715.7	8,839.5	9,041.9	9,176.2
Sales	MEUR	2,975.6	2,753.6	2,801.0	2,568.2	2,809.9	2,749.9	2,835.9	2,556.6
Operating income	MEUR	332.5	319.4	334.7	262.4	362.1	316.5	283.2	238.3
Operating income margin	%	11.2	11.6	11.9	10.2	12.9	11.5	10.0	9.3
Adjusted EBIT <sup>1</sup>	MEUR	386.5	319.4	334.7	262.4	358.6	315.9	332.0	241.9
Adjusted EBIT margin <sup>1</sup>	%	13.0	11.6	11.9	10.2	12.8	11.5	11.7	9.5
Items affecting comparability	MEUR	54.0	-	-	-	-3.6	-0.5	48.8	3.6

		Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	Q3/2021	Q2/2021	Q1/2021
Orders received	MEUR	1,944.2	2,155.5	2,609.0	2,422.6	2,155.1	2,211.1	2,410.7	2,075.9
Order book	MEUR	9,026.1	9,890.5	10,000.4	9,255.4	8,564.0	8,436.9	8,272.5	8,180.4
Sales	MEUR	2,911.5	2,998.2	2,555.1	2,441.9	2,766.8	2,610.0	2,810.8	2,326.4
Operating income	MEUR	367.1	303.9	189.0	171.1	351.9	326.5	367.1	249.8
Operating income margin	%	12.6	10.1	7.4	7.0	12.7	12.5	13.1	10.7
Adjusted EBIT <sup>1</sup>	MEUR	365.0	305.8	209.3	196.5	359.4	326.5	374.0	249.8
Adjusted EBIT margin <sup>1</sup>	%	12.5	10.2	8.2	8.0	13.0	12.5	13.3	10.7
Items affecting comparability	MEUR	-2.1	1.9	20.3	25.4	7.5	-	7.0	-

		Q4/2020	Q3/2020	Q2/2020	Q1/2020	Q4/2019	Q3/2019	Q2/2019	Q1/2019
Orders received	MEUR	2,068.7	1,931.7	2,075.4	2,109.3	1,988.3	2,007.3	2,310.1	2,094.1
Order book	MEUR	7,728.8	7,914.4	8,307.3	8,386.4	8,051.5	8,399.8	8,407.1	8,454.7
Sales	MEUR	2,621.2	2,587.0	2,532.1	2,198.3	2,684.6	2,557.6	2,540.8	2,198.8
Operating income	MEUR	367.1	333.1	315.5	197.2	356.4	314.2	306.5	215.4
Operating income margin	%	14.0	12.9	12.5	9.0	13.3	12.3	12.1	9.8
Adjusted EBIT <sup>1</sup>	MEUR	380.6	339.8	324.6	205.6	367.5	321.9	319.6	228.4
Adjusted EBIT margin <sup>1</sup>	%	14.5	13.1	12.8	9.4	13.7	12.6	12.6	10.4
Items affecting comparability	MEUR	13.5	6.7	9.1	8.4	11.1	7.7	13.1	13.1

		Q4/2018	Q3/2018	Q2/2018	Q1/2018	Q4/2017	Q3/2017	Q2/2017	Q1/2017
Orders received	MEUR	1,937.9	1,831.9	2,118.6	1,908.7	1,845.8	1,739.0	2,056.2	1,913.0
Order book	MEUR	7,950.7	7,791.6	7,915.3	7,786.6	7,357.8	7,473.5	7,749.2	7,960.5
Sales	MEUR	2,443.4	2,288.7	2,330.6	2,008.0	2,306.3	2,209.7	2,337.2	1,943.4
Operating income	MEUR	292.5	258.0	280.5	211.5	292.8	317.9	335.8	245.8
Operating income margin	%	12.0	11.3	12.0	10.5	12.7	14.4	14.4	12.6
Adjusted EBIT <sup>1</sup>	MEUR	319.6	273.7	300.4	218.3	302.6	321.3	335.8	245.8
Adjusted EBIT margin <sup>1</sup>	%	13.1	12.0	12.9	10.9	13.1	14.5	14.4	12.6
Items affecting comparability	MEUR	27.1	15.7	19.9	6.9	9.9	3.3	-	-

<sup>1</sup> Operating income excluding items affecting comparability

## Other notes

Net working capital, MEUR	Dec 31, 2024	Dec 31, 2023
Inventories	856.7	820.9
Advance payments received and deferred revenue	-2,016.9	-1,915.7
Accounts receivable	2,494.8	2,495.1
Deferred assets and income tax receivables	812.5	759.7
Accruals and income tax payables	-2,131.0	-2,131.1
Provisions	-185.9	-196.9
Accounts payable	-982.9	-927.0
Other non-current assets	47.0	-
Net deferred tax assets/liabilities	278.4	233.9
<b>Total</b>	<b>-827.2</b>	<b>-861.2</b>

Depreciation and amortization, MEUR	10-12/2024	10-12/2023	1-12/2024	1-12/2023
Depreciation and amortization of fixed assets	65.3	59.7	245.5	222.4
Amortization of acquisition-related intangible assets	11.4	12.6	46.7	47.0
<b>Total</b>	<b>76.7</b>	<b>72.3</b>	<b>292.2</b>	<b>269.4</b>

Key exchange rates		1-12/2024		1-12/2023	
		Average rate	End rate	Average rate	End rate
Chinese yuan	EUR/CNY	7.7793	7.5833	7.6589	7.8509
US dollar	EUR/USD	1.0826	1.0389	1.0816	1.1050
British pound	EUR/GBP	0.8469	0.8292	0.8702	0.8691
Indian rupee	EUR/INR	90.6243	88.9335	89.3371	91.9045
Australian dollar	EUR/AUD	1.6424	1.6772	1.6297	1.6263

Sales by Area in 2023, MEUR	1-3/2023	4-6/2023	7-9/2023	10-12/2023	1-12/2023
Americas	594.7	605.5	624.4	644.7	2,469.4
Europe	983.3	991.9	958.4	1,067.1	4,000.7
APMEA	341.6	375.9	370.7	382.8	1,470.9
Greater China	637.0	862.6	796.4	715.3	3,011.3
<b>Total</b>	<b>2,556.6</b>	<b>2,835.9</b>	<b>2,749.9</b>	<b>2,809.9</b>	<b>10,952.3</b>

KONE has previously disclosed geographical information about sales separately for three regions: EMEA, Americas, and APAC. From 2024 onwards, KONE discloses geographical information about sales separately for four Areas: Europe, Americas, APMEA (Asia-Pacific, Middle East and Africa), and Greater China.

The change in the disclosure is aligned with KONE's new operating model and increases the relevance of the financial information. The table above presents geographical information about sales for the comparison period 2023.

## Derivatives

Fair values of derivative financial instruments, MEUR	Dec 31, 2024			Dec 31, 2023
	Derivative assets	Derivative li- abilities	Fair value, net	Fair value, net
Foreign exchange forward contracts and swaps	44.4	-44.5	-0.1	-17.0

Nominal values of derivative financial instruments, MEUR	Dec 31, 2024	Dec 31, 2023
Foreign exchange forward contracts and swaps	3,395.2	3,282.3

The fair values of foreign exchange forward contracts and swaps are measured based on price information derived from active markets and commonly used valuation methods (fair value hierarchy level 2).

The fair values are represented on the balance sheet on a gross basis and can be set off on conditional terms. No collaterals or pledges have been given as a security against any liabilities or received

against any assets arising from derivatives or other financial instruments. Financial contracts are executed only with counterparties that have high credit ratings. The credit risk of these counterparties as well as the present creditworthiness of KONE are considered when calculating the fair values of outstanding financial assets and liabilities.

## Investments

The shares held include a 19.9% holding in Toshiba Elevator and Building Systems Corporation (TELC). TELC is an investment in equity instruments that does not have a quoted price in an active market. Investments also include other non-current financial assets which involve smaller holdings in other companies without public quotation.

Shares and other non-current financial assets are classified as investments measured at fair value through other comprehensive income and the fair value is measured using income or market approach valuation techniques under fair value hierarchy level 3.

## Commitments

Commitments include guarantees issued by banks and financial institutions for obligations arising in the ordinary course of business of KONE companies up to

a maximum of EUR 1,891.8 (December 31, 2023: 1,983.7) million as of December 31, 2024.



## KONE Corporation

### Corporate Offices

Keilasatama 3  
P.O. Box 7  
FI-02150 Espoo Finland  
Tel. +358 (0)204 751  
[www.kone.com](http://www.kone.com)

### For further information please contact:

Natalia Valtasaari  
Vice President, Investor Relations  
Tel. +358 (0)204 75 4705

This report contains forward-looking statements that are based on the current expectations, known factors, decisions and plans of the management of KONE. Although the management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to be correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions as well as fluctuations in exchange rates.

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