



# KONE Q3 2024

Interim Report for January-September

Dedicated to  
People Flow™

# KONE's January–September 2024 review:

## Continued strong growth in Service and Modernization

### July–September 2024

- Orders received grew by 4.4% to EUR 2,076.6 (7–9/2023: 1,989.9) million. At comparable exchange rates, orders grew by 5.5%.
- Sales grew by 0.1% to EUR 2,753.6 (2,749.9) million. At comparable exchange rates, sales grew by 1.1%.
- Operating income (EBIT) was EUR 319.4 (316.5) million or 11.6% (11.5%) of sales. Adjusted EBIT was EUR 319.4 (315.9) million or 11.6% (11.5%) of sales.<sup>1</sup>
- Cash flow from operations (before financing items and taxes) was EUR 344.8 (342.1) million.

### January–September 2024

- Orders received grew by 1.7% to EUR 6,640.0 (1–9/2023: 6,528.5) million. At comparable exchange rates, orders grew by 3.5%.
- Sales declined by 0.2% to EUR 8,122.8 (8,142.4) million. At comparable exchange rates, sales grew by 1.2%.
- Operating income (EBIT) was EUR 916.5 (837.9) million or 11.3% (10.3%) of sales. Adjusted EBIT was EUR 916.5 (889.8) million or 11.3% (10.9%) of sales.<sup>1</sup>
- Cash flow from operations (before financing items and taxes) was EUR 1,055.6 (1,104.1) million.

### Business outlook for 2024 (specified)

KONE expects its sales to grow 0–3% at comparable exchange rates in 2024. Adjusted EBIT margin is expected to be in the range of 11.5%–11.9%. Assuming that foreign exchange rates remain at the October 2024 level, the negative impact of foreign exchange rates on the adjusted EBIT would be approximately EUR 10 million.

*Previously KONE expected its sales to grow 0–4% at comparable exchange rates in 2024. Adjusted EBIT margin was expected to be in the range of 11.5%–12.2%. Assuming that foreign exchange rates remained at the July 2024 level, the negative impact of foreign exchange rates on the adjusted EBIT was expected to be approximately EUR 10 million.*

<sup>1</sup> KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of business performance between reporting periods. In January–September 2024, there were no items affecting comparability. In the comparison period, items affecting comparability included restructuring costs and a positive effect arising from the revaluation of operations in Russia classified as held for sale.

## Key figures

		7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Orders received	MEUR	2,076.6	1,989.9	4.4%	6,640.0	6,528.5	1.7%	8,577.7
Order book	MEUR				9,001.2	8,839.5	1.8%	8,715.7
Sales	MEUR	2,753.6	2,749.9	0.1%	8,122.8	8,142.4	-0.2%	10,952.3
Operating income	MEUR	319.4	316.5	0.9%	916.5	837.9	9.4%	1,200.1
Operating income margin	%	11.6	11.5		11.3	10.3		11.0
Adjusted EBIT <sup>1</sup>	MEUR	319.4	315.9	1.1%	916.5	889.8	3.0%	1,248.4
Adjusted EBIT margin <sup>1</sup>	%	11.6	11.5		11.3	10.9		11.4
Income before tax	MEUR	322.1	319.7	0.8%	924.6	845.5	9.4%	1,206.1
Net income	MEUR	249.6	247.8	0.8%	716.6	655.3	9.4%	931.6
Basic earnings per share	EUR	0.48	0.47	0.4%	1.37	1.26	8.5%	1.79
Cash flow from operations (before financing items and taxes)	MEUR	344.8	342.1		1,055.6	1,104.1		1,485.2
Interest-bearing net debt	MEUR				-560.1	-794.4		-1,013.4
Equity ratio	%				39.1	37.9		40.9
Return on equity	%				35.5	32.3		33.0
Net working capital (including financing items and taxes)	MEUR				-720.4	-872.6		-861.2
Gearing	%				-21.5	-31.2		-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–September 2024, there were no items affecting comparability. In the comparison period, items affecting comparability included restructuring costs and a positive effect arising from the revaluation of operations in Russia classified as held for sale.

## Philippe Delorme, President and CEO:

**"We launched our new strategy, 'Rise', in the third quarter with strong support and excitement from our employees and customers.** Our ambition is to be the number one choice for employees and customers and to lead the industry in sustainability, innovation, growth and profitability. We see exciting growth opportunities ahead of us and believe we can reach mid-single-digit annual sales growth in the next three years. We also target to lift our adjusted EBIT margin to 13-14% by the end of 2027.

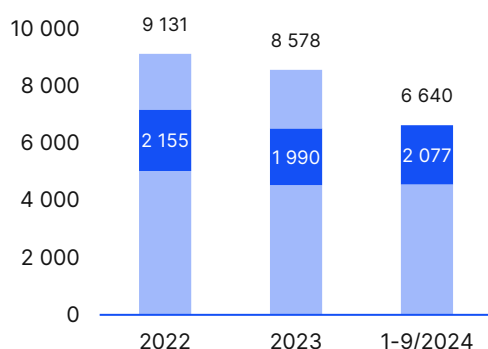
**We are executing the strategy already at full speed with focus on transforming KONE into an even more resilient business with Service and Modernization as the key drivers of earnings growth.** I am very pleased that we delivered in line with this ambition also in the third quarter. Our Service sales grew by 9.6% at comparable exchange rates driven both by unit growth and pricing. In Modernization, sales grew by 10.5% and orders very strongly by around 20% at comparable exchange rates. We made great progress also in innovation and digitalization. We launched our new high-rise offering to market with very positive feedback from customers and rolled-out our solutions for digitally enabled service to new countries to drive both customer value and productivity.

**Another highlight for me was that three of our four Areas saw double digit order growth in the quarter.** Our growth was fastest in the Middle East, South-East Asia, India and North America, but also in Europe orders grew by over 10% at comparable currencies. In China, the challenges in the property market intensified, and we continue to adapt to the harsh market reality with a focus on cash flow and driving more balanced business mix in the Area.

**Our adjusted EBIT margin improved by 10 basis points year-on-year in the quarter. We are launching performance initiatives to accelerate the margin improvement.** The positive development in adjusted EBIT margin was driven by improved margin in our deliveries outside China as well as better business mix. On the negative side, we saw a decline in our margin in China, increase in bad debt provisions and cost increases driven by inflation. While we are making good progress on many fronts, we have also identified points of attention where we need to improve our performance. We are launching programs to address for example sales and operations excellence and procurement efficiency and expect to start seeing results from these gradually during next year. We specify our guidance for the year, and now expect sales to grow by 0 to 3% at comparable exchange rates and the adjusted EBIT margin to be between 11.5% and 11.9%. With strong attention to detail in strategy execution and relentless focus on driving a culture of courage, speed and simplicity, I'm optimistic and excited about our direction and outlook."

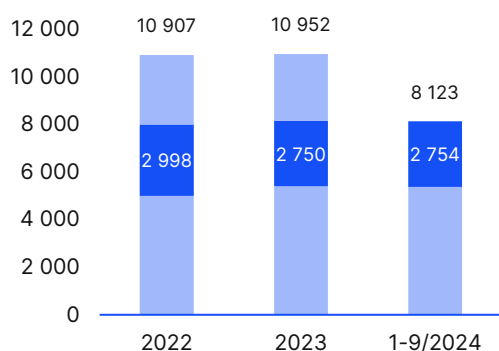
## Key figures

### Orders received (MEUR)



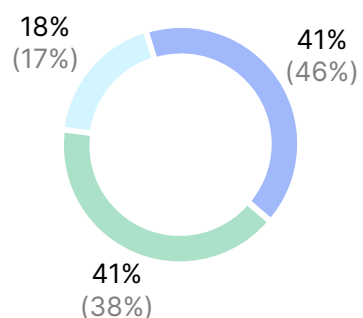
- **In July–September 2024**, orders received grew by 4.4% (at comparable exchange rates, orders received grew by 5.5%). Growth was in double digits (at comparable exchange rates) in all other Areas except Greater China.
- At comparable rates, New Building Solutions orders received declined slightly with significant decline in the volume business and significant growth in major projects. In Modernization, orders received grew significantly with significant growth in the volume business and significant growth in major projects.
- Overall, the margin of orders received was slightly down year-on-year driven by China. Margin of orders improved in the rest of the world.
- **In January–September 2024**, orders received grew by 1.7% (grew by 3.5% at comparable exchange rates).

### Sales (MEUR)



- **In July–September 2024**, sales grew by 0.1% (grew by 1.1% at comparable exchange rates). Growth (at comparable exchange rates) in Service and Modernization businesses across all Areas more than offset the decline in New Building Solutions sales.
- New Building Solutions sales declined by 10.5% (declined by 9.3% at comparable exchange rates) primarily driven by lower deliveries in Greater China. Service sales grew by 8.9% (grew by 9.6% at comparable rates) and Modernization sales grew by 9.5% (grew by 10.5% at comparable rates).
- In the Americas Area, sales grew by 9.0% (grew by 11.6% at comparable rates). Sales in the Europe Area grew by 6.7% (grew by 6.3% at comparable rates). In the Asia-Pacific, Middle East and Africa (APMEA) Area, sales grew by 11.8% (grew by 15.8% at comparable rates). In the Greater China Area, sales declined by 20.2% (declined by 19.7% at comparable rates).
- **In January–September 2024**, sales declined by 0.2% (grew by 1.2% at comparable exchange rates).

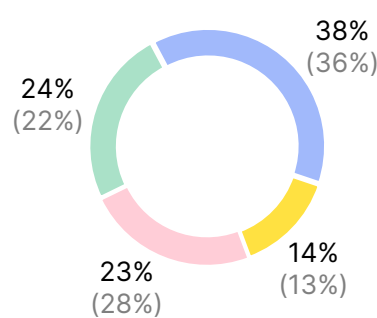
### Sales by business



■ New Building Solutions ■ Service ■ Modernization

1-9/2024 (1-9/2023)

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

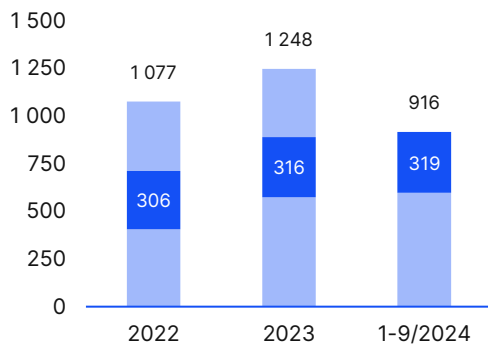


■ Americas ■ Europe ■ APMEA ■ Greater China

1-9/2024 (1-9/2023)

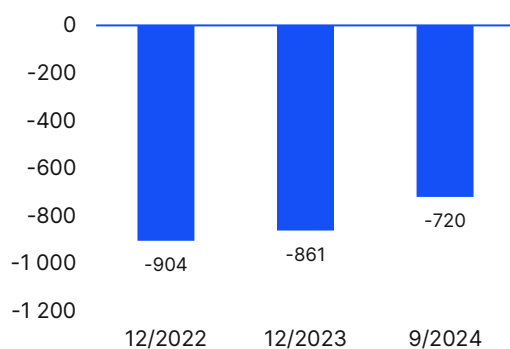
<sup>1</sup> KONE has previously disclosed geographical information about sales separately for three regions: EMEA, Americas, and APAC. From 2024 onwards, KONE discloses geographical information about sales separately for four Areas: Europe, Americas, APMEA (Asia-Pacific, Middle East and Africa), and 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 interim report.

## Adjusted EBIT (MEUR)



- **In July–September 2024**, operating income was 11.6% of sales (7–9/2023: 11.5%). Adjusted EBIT margin was 11.6% (11.5%).
- Profitability improved thanks to favorable business mix and better margin in our New Building Solutions and Modernization deliveries outside China. Profitability was burdened by the decline in margin in China, increase in bad debt provisions and broad-based inflation.
- With comparable exchange rates, the translation impact on operating income for the comparison period was EUR -2.7 million.
- **In January–September 2024**, operating income was 11.3% of sales (1–9/2023: 10.3%). Adjusted EBIT margin was 11.3% (10.9%).

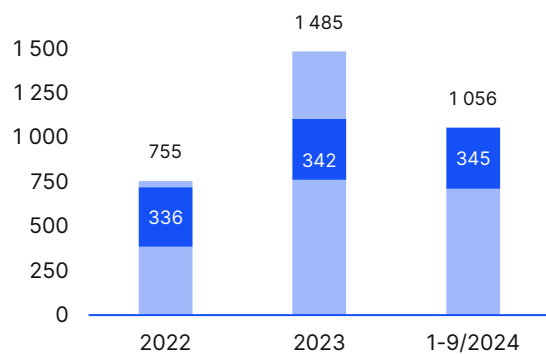
## Net working capital<sup>1</sup> (MEUR)



- **At the end of September 2024**, net working capital increased moderately compared to the beginning of the year.
- Foreign exchange rates had a limited impact on the net working capital.

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

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



- **In July–September 2024** cash flow was EUR 344.8 million, stable year-over-year.
- **In January–September 2024**, cash flow declined slightly but was still solid at EUR 1,055.6 million.

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

# KONE's January–September 2024 review

## KONE's operating environment

	New Building Solutions market in units		Service market in units		Modernization market in monetary value	
	7–9/2024	1–9/2024	7–9/2024	1–9/2024	7–9/2024	1–9/2024
Total market	-	-	+	+	+++	++
North America	++	stable	+	+	+++	+++
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%)

### July–September 2024

The global **New Building Solutions** market declined slightly during the third quarter with regional differences in demand. **In North America**, the market grew clearly. **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 significantly. The market weakened further **in China**.

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

### January–September 2024

Regional differences in demand trends were apparent **in the global New Building Solutions market** during January–September 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 continued to decline due to property market downturn. **In Asia-Pacific, Middle East and Africa**, activity grew significantly. **In Europe**, the market was stable with continued mixed regional activity levels. **In North America**, the market was also stable.

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 favorable.

## Orders received and order book

Orders received, MEUR	7-9/2024	7-9/2023	Change	Comparable change <sup>1</sup>	1-9/2024	1-9/2023	Change	Comparable change <sup>1</sup>	1-12/2023
Orders received	2,076.6	1,989.9	4.4%	5.5%	6,640.0	6,528.5	1.7%	3.5%	8,577.7

Order book, MEUR	Sep 30, 2024	Sep 30, 2023	Change	Comparable change <sup>1</sup>	Dec 31, 2023
Order book	9,001.2	8,839.5	1.8%	4.6%	8,715.7

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

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.

### July–September 2024

Orders received grew by 4.4% as compared to July–September 2023 and totaled EUR 2,076.6 million. At comparable exchange rates, KONE's orders received grew by 5.5%. Growth was in double digits (at comparable exchange rates) in all other Areas except Greater China.

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

Overall, the margin of orders received was slightly down year-on-year driven by China. Margin of orders improved in the rest of the world. In Greater China, pricing and mix together had over 10% negative impact on average new equipment prices.

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

**Orders received in the Europe Area** grew significantly at comparable exchange rates as compared to July–September 2023. New Building Solutions orders grew significantly 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 July–September 2023. New Building Solutions orders grew significantly and Modernization orders were stable in the Area.

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

### January–September 2024

Orders received grew by 1.7% as compared to January–September 2023 and totaled EUR 6,640.0 million. At comparable exchange rates, KONE's orders received grew by 3.5%.

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.

**Orders received in the Americas Area** grew significantly at comparable rates as compared to January–September 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–September 2023. New Building Solutions orders grew clearly 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–September 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–September 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 1.8% compared to the end of September 2023 and stood at a strong level of EUR 9,001.2 million at the end of the reporting period. At comparable rates, the order book grew by 4.6%.

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



## Sales

By business, MEUR	7-9/2024	7-9/2023	Change	Comparable change <sup>1</sup>	1-9/2024	1-9/2023	Change	Comparable change <sup>1</sup>	1-12/2023
New Building Solutions	1,124.4	1,256.7	-10.5%	-9.3%	3,327.1	3,714.8	-10.4%	-8.5%	4,921.5
Service	1,117.3	1,025.6	8.9%	9.6%	3,314.5	3,058.0	8.4%	9.2%	4,127.0
Modernization	512.0	467.6	9.5%	10.5%	1,481.2	1,369.6	8.2%	9.0%	1,903.8
<b>Total</b>	<b>2,753.6</b>	<b>2,749.9</b>	<b>0.1%</b>	<b>1.1%</b>	<b>8,122.8</b>	<b>8,142.4</b>	<b>-0.2%</b>	<b>1.2%</b>	<b>10,952.3</b>

By Area, MEUR	7-9/2024	7-9/2023	Change	Comparable change <sup>1</sup>	1-9/2024	1-9/2023	Change	Comparable change <sup>1</sup>	1-12/2023
Americas	680.9	624.4	9.0%	11.6%	1,986.2	1,824.6	8.9%	9.8%	2,469.4
Europe	1,022.5	958.4	6.7%	6.3%	3,081.8	2,933.6	5.1%	4.7%	4,000.7
APMEA	414.3	370.7	11.8%	15.8%	1,147.1	1,088.1	5.4%	10.5%	1,470.9
Greater China	635.8	796.4	-20.2%	-19.7%	1,907.8	2,296.0	-16.9%	-14.8%	3,011.3
<b>Total</b>	<b>2,753.6</b>	<b>2,749.9</b>	<b>0.1%</b>	<b>1.1%</b>	<b>8,122.8</b>	<b>8,142.4</b>	<b>-0.2%</b>	<b>1.2%</b>	<b>10,952.3</b>

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

### July–September 2024

KONE's sales grew by 0.1% as compared to July–September 2023, and totaled EUR 2,753.6 million. At comparable exchange rates, KONE's sales grew by 1.1%. Growth (at comparable exchange rates) in Service and Modernization businesses across all Areas more than offset the decline in New Building Solutions sales.

New Building Solutions sales declined by 9.3% at comparable exchange rates primarily driven by lower deliveries in Greater China. Service sales grew by 9.6% at comparable exchange rates, thanks to 7% service base growth (including some inorganic growth), improved pricing and continued momentum in value-added services. Modernization sales grew by 10.5% at comparable exchange rates.

**In the Americas Area**, sales grew by 9.0% and totaled EUR 680.9 million. At comparable exchange rates, sales grew by 11.6%. New Building Solutions sales grew significantly, Service sales grew clearly and Modernization sales grew clearly in the Area.

**Sales in the Europe Area** grew by 6.7% and totaled EUR 1,022.5 million. At comparable exchange rates, sales grew by 6.3%. New Building Solutions sales declined clearly, Service sales grew significantly and Modernization sales grew significantly in the Area.

**In the Asia-Pacific, Middle East and Africa (APMEA) Area**, sales grew by 11.8% and totaled EUR 414.3 million. At comparable exchange rates, sales grew by 15.8%. New Building Solutions sales grew significantly, Service sales grew significantly and Modernization sales grew clearly in the Area.

**Sales in the Greater China Area** declined by 20.2% and totaled EUR 635.8 million. At comparable exchange rates, sales declined by 19.7%. New Building Solutions sales declined significantly, Service sales grew clearly and Modernization sales grew clearly in the Area.

### January–September 2024

KONE's sales declined by 0.2% as compared to January–September 2023, and totaled EUR 8,122.8 million. At comparable exchange rates, KONE's sales grew by 1.2%. Growth (at comparable exchange rates) across all Areas in Service and Modernization businesses more than offset the decline in New Building Solutions sales.

New Building Solutions sales declined by 8.5% at comparable exchange rates. Service sales grew by 9.2% at comparable exchange rates, thanks to 7% service base growth (including some inorganic growth), improved pricing and continued momentum in value-added services. Modernization sales grew by 9.0% at comparable exchange rates.

**In the Americas Area**, sales grew by 8.9% and totaled EUR 1,986.2 million. At comparable exchange rates, sales grew by 9.8%. New Building Solutions sales grew significantly, Service sales grew clearly and Modernization sales grew clearly in the Area.

**Sales in the Europe Area** grew by 5.1% and totaled EUR 3,081.8 million. At comparable exchange rates, sales grew by 4.7%. 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 5.4% and totaled EUR 1,147.1 million. At comparable exchange rates, sales grew by 10.5%. New Building Solutions sales grew clearly. Service sales grew significantly and Modernization sales grew clearly in the Area.

**Sales in the Greater China Area** declined by 16.9% and totaled EUR 1,907.8 million. At comparable exchange rates, sales declined by 14.8%. New Building Solutions sales declined significantly, Service sales grew clearly and Modernization sales grew significantly in the Area.

## Financial result

		7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
Operating income	MEUR	319.4	316.5	0.9%	916.5	837.9	9.4%	1,200.1
Operating income margin	%	11.6	11.5		11.3	10.3		11.0
Adjusted EBIT	MEUR	319.4	315.9	1.1%	916.5	889.8	3.0%	1,248.4
Adjusted EBIT margin	%	11.6	11.5		11.3	10.9		11.4
Income before taxes	MEUR	322.1	319.7	0.8%	924.6	845.5	9.4%	1,206.1
Net income	MEUR	249.6	247.8	0.8%	716.6	655.3	9.4%	931.6
Basic earnings per share	EUR	0.48	0.47	0.4%	1.37	1.26	8.5%	1.79

### July–September 2024

KONE's operating income (EBIT) was EUR 319.4 million or 11.6% of sales. Adjusted EBIT was EUR 319.4 million or 11.6% of sales. Profitability improved thanks to favorable business mix and better margin in our New Building Solutions and Modernization deliveries outside China. Profitability was burdened by the decline in margin in China, increase in bad debt provisions and broad-based inflation.

In July–September 2024, there were no items affecting comparability.

With comparable exchange rates, the translation impact on operating income for the comparison period was EUR -2.7 million.

Basic earnings per share was EUR 0.48.

### January–September 2024

KONE's operating income (EBIT) was EUR 916.5 million or 11.3% of sales. Adjusted EBIT was EUR 916.5 million or 11.3% of sales. Profitability improved thanks to favorable business mix and better margin in our New Building Solutions and Modernization deliveries outside China. Profitability was burdened by the decline in margin in China. Broad-based inflation was also a headwind, but this was partly offset by the savings from the operating model renewal.

In January–September 2024, there were no items affecting comparability.

With comparable exchange rates, the translation impact on operating income for the comparison period was EUR -11.1 million.

Basic earnings per share was EUR 1.37.

## Cash flow and financial position

		7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Cash flow from operations (before financing items and taxes)	MEUR	344.8	342.1	1,055.6	1,104.1	1,485.2
Net working capital (including financing items and taxes)	MEUR			-720.4	-872.6	-861.2
Interest-bearing net debt	MEUR			-560.1	-794.4	-1,013.4
Gearing	%			-21.5	-31.2	-36.4
Equity ratio	%			39.1	37.9	40.9
Equity per share	EUR			4.95	4.85	5.32

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

In January–September 2024 cash flow from operations (before financing items and taxes) declined slightly but was still solid at EUR 1,055.6 million.

Net working capital (including financing items and taxes) was EUR -720.4 million at the end of September 2024. Compared to the beginning of the year net working capital increased moderately. Foreign exchange rates had a limited impact on the net working capital.

Interest-bearing net debt was EUR -560.1 million at the end of September 2024. KONE's cash and

cash equivalents together with current deposits and loan receivables were EUR 1,260.3 (Dec 31, 2023: 1,688.4) million at the end of the reporting period. Interest-bearing liabilities were EUR 716.6 (Dec 31, 2023: 687.8) million, including a pension liability of EUR 114.7 (Dec 31, 2023: 132.9) million and lease liabilities of EUR 396.5 (Dec 31, 2023: 349.1) million. Additionally, KONE had an asset on employee benefits, EUR 12.3 (Dec 31, 2023: 9.2) million. Gearing was -21.5% and the equity ratio was 39.1% at the end of September 2024.

Equity per share was EUR 4.95.

## Capital expenditure and acquisitions

MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
On fixed assets	32.9	34.5	90.5	99.0	161.2
On leasing agreements	49.7	40.5	164.3	107.5	161.1
On acquisitions	42.7	45.3	114.3	188.6	190.3
<b>Total</b>	<b>125.3</b>	<b>120.2</b>	<b>369.1</b>	<b>395.1</b>	<b>512.7</b>

KONE's capital expenditure and acquisitions totaled EUR 369.1 million in January–September 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 114.3 million in January–September 2024. KONE completed several service-related acquisitions predominantly in Europe.

## Research and development

		7-9/2024	7-9/2023	Change	1-9/2024	1-9/2023	Change	1-12/2023
R&D expenditure	MEUR	50.7	46.1	10.0%	151.3	141.2	7.2%	185.0
As percentage of sales	%	1.8	1.7		1.9	1.7		1.7

The objective of KONE's research and development (R&D) is to drive differentiation by putting the needs of customers and users at the center of all development. Our R&D activities focus on developing smart and sustainable solutions that adapt to future needs. By integrating elevators and escalators with digital systems, we enable an even smoother people flow and an improved user experience. Built-in connectivity in our newest elevator models makes them a digital platform for various services and new business models. We support our customers in achieving their eco-efficiency goals throughout the building lifecycle, for instance by continuously developing the energy-efficiency of our solutions. Additionally, we continue to develop a variety of strategic partnerships to further enhance our customer focused solutions. Thanks to KONE's worldwide engagement with regulating authorities and extensive contribution to standardization, we ensure regulatory conformity as well as cost competitive market access for our innovative solutions. Research and development expenditure totaled EUR 151.3 million, representing 1.9% of sales in January–September 2024. R&D expenditure includes the development of new products and service concepts as well as further development of existing solutions and services.

In April 2024, KONE launched a company-wide innovation challenge to foster a culture of co-creation. The goal of the competition was to achieve the next leap in Modernization. The competition yielded over 1,000 innovative ideas.

In June 2024, KONE won the prestigious Red Dot Award for Product Design 2024 in the Industrial Equipment, Machinery and Automation category. The commendation was received for the KONE 4G Gateway elevator connectivity device, honoring the company's commitment to innovation, sustainability, and user-centric design capabilities.

Additionally in June 2024, KONE SiteFlow was honored with the 'Award of Excellence' in the Innovation category at the 2024 Council on Tall Buildings and Urban Habitat (CTBUH) Awards. A disruptive innovation aimed at solving efficiency and productivity challenges in the building industry, the recognition highlights KONE SiteFlow's contributions for advancing tall building solutions and urban development through construction acceleration.

During the second quarter, 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, we launched the KONE High-Rise MiniSpace DX product family for medium-rise and high-rise buildings. KONE also launched 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 increased elevator speed of KONE MiniSpace DX as well as our digital solutions enables more efficient people flow, reducing queues and wait times. The product family now also helps customers create inspiring interactive spaces, while taking care of the planet with smart and sustainable alternatives.

In September, in the CTBUH 2024 International Conference, KONE received two 'Awards of Excellence' honors in the CTBUH Awards Program. KONE SiteFlow, a cutting-edge digital solution that oversees construction elevators and tracks logistics in real time, won in the Innovation category. Our Diversity, equity and inclusion (DEI) initiatives, which include our Women's Employee Resource Group, won in the DEI category.

## Personnel

KONE employees	1-9/2024	1-9/2023	1-12/2023
<b>Average number of employees</b>	<b>63,898</b>	<b>63,115</b>	<b>63,164</b>
<b>Number of employees at the end of period</b>	<b>64,459</b>	<b>63,322</b>	<b>63,536</b>
Americas	7,903	7,559	7,625
Europe	21,121	20,666	20,542
APMEA	12,273	12,112	12,116
Greater China	23,163	22,986	23,253

### Employee engagement, KONE culture and talent

We actively encourage diversity at KONE, and our values guide us in upholding an inclusive culture. During the third quarter of 2024, we focused on analyzing the results from our global employee engagement survey. All people leaders were expected to have "Pulse Talks" by the end of September, with the intention to dive into team level results and commit to actions to drive change together in each team.

The rollouts of our Diversity, equity and inclusion (DEI) learning continued in all geographies, and we have already trained around half of our employees. To ensure that also our external workforce has the same learning opportunities in DEI, we provided them with an equivalent off-line training material.

### Talent acquisition and talent management

During the third quarter of 2024, hires in operatives increased slightly as we recruited to keep up with business demand, while staff recruitment stayed steady.

Identifying and developing talent continues to be a key focus at KONE and our Leadership and Talent Review (LTR) process for 2024 was completed in August. As a result of this LTR cycle, we will be renewing our focus on succession planning across the organization and seek new development opportunities for our top talent.

### Learning and development

Throughout the third quarter, we continued to increase our learning capabilities. This was achieved through a series of Train the Trainer (TTT) sessions focusing on our globally prioritized learning solutions. This expansion of our internal trainer network is pivotal in scaling up and enhancing the quality of our training delivery across KONE. To futureproof Learning and Development (L&D) capabilities, we have also initiated the evaluation of AI capabilities to both augment and automate L&D work.

In preparation for the next strategy period, we have started to delve into the KONE strategic shifts to understand the needed competency shifts at KONE. In addition to that, we are continuing the work on the KONE learning ambition which will be finalized during the second half of 2024.

### Performance and reward

KONE's mid-year review process took place from June to August. The mid-year review consists of performance and development discussions where achievements and progress during the first half of the year as well as priorities and goals for the second half are reviewed and discussed between managers and employees. An important part of the mid-year review discussions is individual development planning, focusing on competences for both current and potential future roles.

## Environment

In line with KONE's strategic target of being a leader in sustainability, our environmental approach supports the ongoing green and digital transformation of the built environment into smart eco-cities, low-carbon communities, and net zero energy buildings.

During the third quarter of 2024, KONE published its new strategy, Rise, for 2025-2030. During this strategy period, one of KONE's 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.

### Recognitions

During 2024, KONE has received several sustainability recognitions. CDP recognized KONE's efforts in reducing emissions, mitigating climate risks, and developing a low-carbon economy by placing KONE on its Climate Change List. KONE was also recognized on 2023 CDP Supplier Engagement Leaderboard, which recognizes companies that actively engage with their suppliers on climate topics. KONE reached 55th place (2023: 53) on Clean200 ranking released by Corporate Knights and California-based shareholder advocates As You Sow. In addition, KONE was recognized by TIMEs and Statista's 'World's Most Sustainable Companies of 2024' list of 500 companies, amongst the top 25%. KONE also received the Financial Times and Statista Climate Leaders 2024 recognition.

### 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.

Our 2023 carbon footprint calculations were finalized during the first quarter of 2024. KONE's total carbon footprint data (Scope 1, 2 and 3 GHG

emissions) has been externally assured. In 2023, KONE exceeded its target to reduce the operational carbon footprint (Scope 1 and 2) by 25% compared to 2018 (154,700 tCO<sub>2</sub>e). Due to the expansion of our operations, we also measure comparable carbon footprint scope, which decreased by 27% in 2023 compared to 2019 baseline (144,400 tCO<sub>2</sub>e). The largest individual factor contributing to the reduction in Scope 1 and 2 greenhouse gas (GHG) emissions was the systematic transition to both the use of renewable electricity in our facilities globally and a lower-emission vehicle fleet. KONE is committed to reducing electricity consumption in its own operations and has set a target to increase the share of electricity from renewable sources to more than 85% by the end of 2023 and to 100% by 2030. In 2023, 97% of KONE's consumed electricity globally came from renewable sources, up from 84% in the previous year. KONE's manufacturing units have reduced their emissions by 82% compared to 2018 by increasing renewable energy production and use and the number of e-forklifts.

In 2023, our absolute Scope 3 product and value chain emissions (including purchased goods and services and the use of sold products) decreased by 1.8% compared to 2018 and 3.9% compared to 2022. Emissions per product ordered decreased by 5.1% compared to 2018 (71.4 tCO<sub>2</sub>e/order) and 0.8% compared to 2022 (68.3 tCO<sub>2</sub>e/order). The further-improved energy efficiency of our products contributed to the reduction of emissions in 2023, due to, for instance, the increased share of energy-efficient electrification systems and regenerative drives in ordered elevators. Furthermore, in 2023, a larger share of customers' buildings was located in countries that increased the share of renewable energy in their national electricity production, thus emitting fewer GHG emissions.

KONE has also set a separate target of a 4% annual reduction in its Scope 3 logistics carbon footprint relative to units delivered. In 2023, the GHG emissions from logistics increased by 0.6% in absolute terms, and the number of units delivered decreased by 1.7% compared to 2022. Thus, relative to units delivered, KONE's logistics emissions increased by 2.3% compared to the previous year. The most significant factor impacting logistics carbon footprint is the increase in air freight emissions, driven by the growth in spare part sales, which is the primary contributor to the use of air freight deliveries at KONE. Business travel emissions increased by 78% compared to the previous year.

KONE's long-term (2030) and annual target for waste management is 0% landfill waste at manufacturing units. In 2023, we were already at a low level of 0.6% (2022: 0.2%). During 2023, KONE met its long-term and annual biodiversity target, which states that our manufacturing units must not be located in or near UNESCO World Heritage sites, Nature 2000 sites or other conservation parks, or biodiversity-sensitive areas.

### Highlights

- KONE published an EPD for KONE ReGenerate™ 400 DX Europe elevator
- KONE received Green Label Gold rating Certificate from Green Product Council Indonesia (GPCI) for seven of its solutions

## KONE's sustainable offering

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. During the first quarter of 2024, externally verified Environmental Product Declarations (EPD) were published for RESOLVE™ 200 DX, RESOLVE™ 400 DX and KONE ReGenerate™ 200 DX Europe modernization solutions.

During the second quarter of 2024, KONE received Singapore Green Building Product (SGBP) certifications for three DX platforms, KONE TranSys™ DX, KONE MiniSpace™ DX and KONE N MiniSpace™ DX. During the third quarter of 2024, an externally verified EPD was published for KONE ReGenerate™ 400 DX Europe. KONE also received Green Label Gold rating Certificate from Green Product Council Indonesia (GPCI) for seven of its solutions.

## 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. KONE announced Philippe Delorme's appointment on October 25, 2023.

Kaori Uehigashi started as an interim Executive Vice President for Strategy & Transformation on January 4, 2024, and will act in this position until the end of 2024.

Nicolas Alchal started his position as an interim Executive Vice President for Europe Area on March

1, 2024, when Karla Lindahl started her maternity leave. Karla will return to the position of Executive Vice President, Europe in early 2025. KONE announced these changes on December 19, 2023.

On May 6, 2024, KONE announced that Kaija Bridger has been appointed Executive Vice President, People & Communications, and a member of the Executive Board at KONE as of July 1, 2024, succeeding Susanne Skippiari, 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 September 2024 (June 30, 2024: EUR 64 million). KONE's position is that the claims are without merit. No provision has been made.

## 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.

### 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. As China accounts for approximately a quarter of KONE's sales, continued decline in the Chinese construction sector may limit KONE's New Building Solutions sales growth. KONE aims to mitigate economic cycle and industrial activity related risks with more dynamic pricing strategies and contract models as well as ongoing actions to improve productivity and lower product costs.

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

Empowered employees with relevant competencies and skills are key to the successful execution of our strategy. 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 and retain the required capabilities or obtain them through recruitment 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. The Red Sea conflict also continues 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. KONE uses its global supply network to manage supply chain disruptions as well as uncertainties in the global material markets and logistics.

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, cyber-security or non-compliance incidents, major delivery issues or product or service quality issues.

### Hazard, security and incidental risks

KONE's business activities are dependent on the uninterrupted operation, quality and reliability of its manufacturing facilities, sourcing channels, operational service solutions and logistics processes. 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. KONE's customer portfolio is well diversified, which limits individual customer risks. 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 notes 2.4, 3.2 and 5.3 in the Financial Statements for 2023.

## Risk management

Risks	Mitigation actions
Weakening of the global economic environment	KONE strives to continuously develop its competitiveness in all regions and businesses. KONE has a wide geographic presence, global manufacturing capabilities and supply network, as well as a balanced business mix with a high share of Service and Modernization businesses.
Geopolitical tensions impacting the competitiveness of KONE's supply chain, leading to increased costs or causing potential disruptions	KONE is continuously working on mitigating any potential delays of its products and critical components. KONE actively monitors the development of the applicable and relevant regulations, policies and trade rules, prepares for alternative scenarios and evaluates the competitiveness and viability of KONE's supply chain and sourcing channels. KONE is taking actions to mitigate the impact of tariffs, for example by applying for tariff exemptions when applicable. KONE also applies increased scrutiny over business operations that may be affected by international trade restrictions or other geopolitical actions.
Changes in the competitive or customer landscape, customer requirements or competitors' offerings impacting KONE's competitiveness	KONE aims to be the industry leader with its competitive offering by investing in research and development and by taking an open innovation approach. KONE also closely follows emerging industry and market trends and actively monitors opportunities for industry consolidation.
Increasing material, fuel and/or logistics costs weakening KONE's profitability	KONE aims to offset cost increases by improving the margin of orders received and adopting dynamic pricing and contract models which allow KONE to pass on increased supply costs. Improving pricing, securing productivity gains and lowering product costs remain high on KONE's agenda.
A failure to secure and develop the needed organizational capabilities and competencies	KONE continuously evaluates the skills and competences required for the execution of the selected strategy and develops and/or acquires these from internal talent pools or externally. KONE also has extensive training programs in place to develop and retain critical talents.
Risks related to component and subcontracted labor availability	KONE's sourcing processes aim to identify critical suppliers and supply categories and implement alternative sources, long-term agreements, last-buy options and other measures to ensure the availability of the supply. KONE has also developed multinational subcontractor pools to ensure subcontractor capacity on a regional level. Subcontractors' competences and capabilities are monitored and developed continuously, similarly as with own employees. The semiconductor market is closely monitored, and the situation managed with detailed planning of delivery execution and active involvement of supply chain partners among other actions.
Product integrity, safety or quality issues as well as issues with reputation	To mitigate product risks, KONE has strict quality control processes for product design, supply, manufacturing, installation and maintenance. In addition, KONE aims for transparent and reliable communication, to prevent reputational risks and to manage potential incidents. KONE also has stringent corporate governance principles in place.
Interruptions to KONE's or its suppliers' operations	KONE actively develops business continuity management capabilities to reduce the impact and likelihood of disruptions within its supply chain. Furthermore, KONE monitors the operations, business continuity management capabilities, financial strength and cybersecurity of its key suppliers. In addition, KONE aims to secure the availability of alternative sourcing channels for critical components and services. KONE also has a global property damage and business interruption insurance program in place. KONE's global supply chain helps mitigate the risk of interruptions. KONE has 10 manufacturing facilities in seven countries, multiple distribution centers and a large supplier network across the globe, which helps to mitigate the impacts from potential disruptions in individual locations or countries.
IT system interruptions and cybersecurity risks	KONE's security policies define controls to safeguard premises, information and information systems which are both in development and in operation, in order to detect cybersecurity incidents and to respond and recover in a timely manner. KONE works with third-party security service providers and trusted, well-known technology partners to manage the risks through the control framework. KONE conducts tests, reviews and exercises to identify areas of risk and to ensure the appropriate preparedness. The company continues to invest in its cybersecurity capabilities based on these findings. KONE also has a global cyber insurance program in place.
Financial risks	KONE applies centralized risk management in accordance with the KONE Treasury Policy. More information on financial risk management can be found in notes 2.4, 3.2 and 5.3 of KONE's Financial Statements 2023.

## 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, 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 separate share-based incentive plans, one performance share plan and one restricted share plan.

The performance share plan emphasizes profitable growth and sustainability. It consists of annually commencing individual share plans, each with a three-year rolling performance period. The plans vest and rewards are delivered in one portion after the three years, based on accumulated outcomes for the three-year performance period. 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 within the plan as well as the maximum earning opportunity are decided upon annually by the Board. As part of the long-term incentive plan for the top management, a long-term target for their ownership has been set. For the Executive Board members, the long-term ownership target is that the members have an ownership of KONE shares corresponding to at least five years' annual base salary. For other selected top management positions, the ownership target is at least two years' base salary.

For the performance period 2024-2026, the plan has approximately 600 top leaders and selected key employees, including the President and CEO and members of the Executive Board. The performance criteria applied to the year 2024 are based on

annual growth in sales and adjusted EBIT margin (jointly 80%), and improvements in sustainability (20%). 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 serves as a complementary long-term share plan to be 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 does not have a performance condition. The plan has a commitment period up to three years, after which the 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 share-based incentive 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 plans are determined on gross basis with a deduction for taxes made, if applicable, before the delivery of the net shares to the participants. Share-based incentive plans are classified as equity-settled transactions.

## Shares and share capital

Share capital and market capitalization	Sep 30, 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	11,869,230	12,159,159
Share capital, EUR	66,174,483	66,174,483
Market capitalization, MEUR <sup>1</sup>	27,791	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	1-9/2024
Treasury shares at the beginning of the period	12,159,159
Changes in treasury shares during the period	-289,929
<b>Treasury shares at the end of the period</b>	<b>11,869,230</b>

At the end of September 2024, the Group's parent company KONE Oyj had 11,869,230 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		1-9/2024	1-9/2023	1-12/2023
Shares traded on the Nasdaq Helsinki Ltd., millions		108.5	105.5	145.3
Average daily trading volume		571,038	558,445	579,003
Volume-weighted average share price	EUR	46.34	47.58	45.79
Highest share notation	EUR	54.78	53.34	53.34
Lowest share notation	EUR	41.33	38.62	37.2
Share notation at the end of the period	EUR	53.70	39.92	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 107,898 at its end. The number of private

households holding shares totaled 102,968 at the end of the period, which corresponds to approximately 12.1% of the listed B shares. At the end of September 2024, a total of 51.9% of the B shares were owned by nominee-registered and non-Finnish investors.

## Market outlook 2024 (unchanged)

	North America	Europe	Asia-Pacific, Middle East and Africa	China
<b>New Building Solutions</b> in units	stable	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%)

In the New Building Solutions market, activity is expected to be stable in both in North America and Europe. In Asia-Pacific, Middle East and Africa activity is expected to grow clearly. In China, market is expected to decline over 10% in units and price pressure to continue.

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 slightly in the more mature markets and grow clearly in Asia-Pacific, Middle East and Africa and in China.

## Business outlook 2024 (specified)

KONE expects its sales to grow 0-3% at comparable exchange rates in 2024. Adjusted EBIT margin is expected to be in the range of 11.5%-11.9%. Assuming that foreign exchange rates remain at the October 2024 level, the negative impact of foreign exchange rates on the adjusted EBIT would be approximately EUR 10 million.

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

The key profitability drivers are sales growth in Service and Modernization, improved margin coming through in deliveries outside China and savings from the operating model renewal. Persistent cost inflation

and decision to slightly increase investments in R&D and IT are expected to impact profitability negatively.

*Previously KONE expected its sales to grow 0-4% at comparable exchange rates in 2024. Adjusted EBIT margin was expected to be in the range of 11.5%-12.2%. Assuming that foreign exchange rates remained at the July 2024 level, the negative impact of foreign exchange rates on the adjusted EBIT was expected to be approximately EUR 10 million.*

Helsinki, October 23, 2024

KONE Corporation's Board of Directors

# Consolidated statement of income

MEUR	7-9/2024	% 7-9/2023	% 1-9/2024	% 1-9/2023	% 1-12/2023	%
<b>Sales</b>	<b>2,753.6</b>	<b>2,749.9</b>	<b>8,122.8</b>	<b>8,142.4</b>	<b>10,952.3</b>	
Costs and expenses	-2,360.7	-2,364.9	-6,990.8	-7,107.4	-9,482.8	
Depreciation and amortization	-73.5	-68.5	-215.5	-197.1	-269.4	
<b>Operating income</b>	<b>319.4</b>	<b>11.6</b>	<b>316.5</b>	<b>11.5</b>	<b>916.5</b>	<b>11.3</b>
Financing income	10.8	11.2	34.5	37.4	50.0	
Financing expenses	-8.1	-7.9	-26.4	-29.8	-43.9	
<b>Income before taxes</b>	<b>322.1</b>	<b>11.7</b>	<b>319.7</b>	<b>11.6</b>	<b>924.6</b>	<b>11.4</b>
Taxes	-72.5	-71.9	-208.0	-190.2	-274.6	
<b>Net income</b>	<b>249.6</b>	<b>9.1</b>	<b>247.8</b>	<b>9.0</b>	<b>716.6</b>	<b>8.8</b>
<b>Net income attributable to:</b>						
Shareholders of the parent company	246.8	245.7	708.4	652.4	925.8	
Non-controlling interests	2.8	2.1	8.1	2.9	5.8	
<b>Total</b>	<b>249.6</b>	<b>247.8</b>	<b>716.6</b>	<b>655.3</b>	<b>931.6</b>	<b>8.5</b>
<b>Earnings per share for profit attributable to the shareholders of the parent company, EUR</b>						
Basic earnings per share, EUR	0.48	0.47	1.37	1.26	1.79	
Diluted earnings per share, EUR	0.48	0.47	1.37	1.26	1.79	

## Consolidated statement of comprehensive income

MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
<b>Net income</b>	<b>249.6</b>	<b>247.8</b>	<b>716.6</b>	<b>655.3</b>	<b>931.6</b>
<b>Other comprehensive income, net of tax:</b>					
Translation differences	-57.0	46.7	-29.3	-53.3	-96.2
Hedging of foreign subsidiaries	17.1	-10.2	6.2	1.7	15.9
Cash flow hedges	-1.3	-0.9	1.5	-15.9	-18.1
<b>Items that may be subsequently reclassified to statement of income</b>	<b>-41.2</b>	<b>35.7</b>	<b>-21.5</b>	<b>-67.5</b>	<b>-98.4</b>
Changes in fair value	10.3	-3.2	-1.1	-26.5	-23.8
Remeasurements of employee benefits	5.2	25.1	11.7	-4.1	-17.2
<b>Items that will not be reclassified to statement of income</b>	<b>15.5</b>	<b>21.9</b>	<b>10.6</b>	<b>-30.7</b>	<b>-41.0</b>
<b>Total other comprehensive income, net of tax</b>	<b>-25.6</b>	<b>57.5</b>	<b>-10.9</b>	<b>-98.1</b>	<b>-139.5</b>
<b>Total comprehensive income</b>	<b>224.0</b>	<b>305.3</b>	<b>705.7</b>	<b>557.1</b>	<b>792.1</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the parent company	221.2	303.2	697.5	554.3	786.3
Non-controlling interests	2.8	2.1	8.1	2.9	5.8
<b>Total</b>	<b>224.0</b>	<b>305.3</b>	<b>705.7</b>	<b>557.1</b>	<b>792.1</b>

# Condensed consolidated statement of financial position

## Assets

MEUR		Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
<b>Non-current assets</b>				
Goodwill		1,504.0	1,479.3	1,469.0
Other intangible assets		341.6	302.5	287.2
Tangible assets		821.7	743.9	779.7
Other non-current receivables	I/II	41.7	2.2	3.5
Shares and other non-current financial assets		96.7	95.2	97.9
Employee benefit assets	I	12.3	12.9	9.2
Deferred tax assets	II	311.7	297.3	320.2
<b>Total non-current assets</b>		<b>3,129.6</b>	<b>2,933.3</b>	<b>2,966.8</b>
<b>Current assets</b>				
Inventories	II	872.0	852.2	820.9
Accounts receivable	II	2,469.0	2,508.0	2,495.1
Deferred assets	II	742.8	752.9	641.0
Income tax receivables	II	137.0	163.4	118.7
Current deposits and loan receivables	I	834.3	1,012.1	1,263.9
Cash and cash equivalents	I	426.0	445.0	424.5
<b>Total current assets</b>		<b>5,481.2</b>	<b>5,733.6</b>	<b>5,764.0</b>
<b>Total assets</b>		<b>8,610.7</b>	<b>8,666.9</b>	<b>8,730.8</b>

## Equity and liabilities

MEUR		Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
<b>Equity</b>		<b>2,603.7</b>	<b>2,542.7</b>	<b>2,786.0</b>
<b>Non-current liabilities</b>				
Loans and other interest-bearing liabilities	I	471.5	430.0	438.7
Employee benefit liabilities	I	114.7	121.2	132.9
Deferred tax liabilities	II	94.9	99.0	86.3
<b>Total non-current liabilities</b>		<b>681.1</b>	<b>650.2</b>	<b>657.9</b>
<b>Provisions</b>	II	<b>168.4</b>	<b>213.5</b>	<b>196.9</b>
<b>Current liabilities</b>				
Loans and other interest-bearing liabilities	I	130.4	126.7	116.1
Advance payments received and deferred revenue	II	1,953.7	1,964.2	1,915.7
Accounts payable	II	945.1	919.4	927.0
Accruals	II	2,015.4	2,116.8	1,993.4
Income tax payables	II	112.9	133.5	137.7
<b>Total current liabilities</b>		<b>5,157.5</b>	<b>5,260.5</b>	<b>5,090.0</b>
<b>Total equity and liabilities</b>		<b>8,610.7</b>	<b>8,666.9</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									
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Treasury shares	Retained earnings	Non-controlling interests	Total equity
<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>-230.2</b>	<b>2,616.9</b>	<b>33.9</b>	<b>2,786.0</b>
Net income for the period								708.4	8.1	<b>716.6</b>
Other comprehensive income:										
Translation differences					-29.3					<b>-29.3</b>
Hedging of foreign subsidiaries					6.2					<b>6.2</b>
Cash flow hedges				1.5						<b>1.5</b>
Changes in fair value				-1.1						<b>-1.1</b>
Remeasurements of employee benefits						11.7				<b>11.7</b>
Transactions with shareholders and non-controlling interests:										
Profit distribution								-905.5		<b>-905.5</b>
Change in non-controlling interests								-1.5	-1.5	<b>-3.0</b>
Share-based compensation							12.7	7.8		<b>20.5</b>
<b>Sep 30, 2024</b>	<b>66.2</b>	<b>100.3</b>	<b>245.7</b>	<b>-19.5</b>	<b>46.6</b>	<b>-84.8</b>	<b>-217.5</b>	<b>2,426.2</b>	<b>40.5</b>	<b>2,603.7</b>

MEUR	Attributable to the equity holders of the parent									
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Treasury shares	Retained earnings	Non-controlling interests	Total equity
<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>-236.6</b>	<b>2,420.9</b>	<b>29.9</b>	<b>2,866.5</b>
Net income for the period								652.4	2.9	<b>655.3</b>
Other comprehensive income:										
Translation differences					-53.3					<b>-53.3</b>
Hedging of foreign subsidiaries					1.7					<b>1.7</b>
Cash flow hedges				-15.9						<b>-15.9</b>
Changes in fair value				-26.5						<b>-26.5</b>
Remeasurements of employee benefits						-4.1				<b>-4.1</b>
Transactions with shareholders and non-controlling interests:										
Profit distribution								-904.9		<b>-904.9</b>
Change in non-controlling interests									-0.5	<b>-0.5</b>
Share-based compensation <sup>1</sup>			-147.4				6.4	165.5		<b>24.5</b>
<b>Sep 30, 2023</b>	<b>66.2</b>	<b>100.3</b>	<b>245.7</b>	<b>-20.5</b>	<b>98.5</b>	<b>-83.4</b>	<b>-230.2</b>	<b>2,333.8</b>	<b>32.3</b>	<b>2,542.7</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.

MEUR	Attributable to the equity holders of the parent									
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Treasury shares	Retained earnings	Non-controlling interests	Total equity
<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>-236.6</b>	<b>2,420.9</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				6.4	175.7		<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>-230.2</b>	<b>2,616.9</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	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Operating income	319.4	316.5	916.5	837.9	1,200.1
Change in net working capital	-48.1	-42.8	-76.4	69.1	15.7
Depreciation and amortization	73.5	68.5	215.5	197.1	269.4
<b>Cash flow from operations before financing items and taxes</b>	<b>344.8</b>	<b>342.1</b>	<b>1,055.6</b>	<b>1,104.1</b>	<b>1,485.2</b>
Cash flow from financing items and taxes	-98.0	-107.2	-277.8	-324.1	-357.3
<b>Cash flow from operating activities</b>	<b>246.7</b>	<b>234.8</b>	<b>777.8</b>	<b>780.0</b>	<b>1,127.9</b>
Cash flow from investing activities	-64.5	-68.6	-188.7	-261.2	-319.4
<b>Cash flow after investing activities</b>	<b>182.3</b>	<b>166.3</b>	<b>589.1</b>	<b>518.8</b>	<b>808.5</b>
Profit distribution	-	-0.2	-905.5	-904.9	-904.9
Change in deposits and loans receivable, net	-75.3	14.6	446.6	459.7	210.5
Change in loans payable and other interest-bearing debt	-45.9	-47.1	-118.8	-110.1	-166.0
Changes in non-controlling interests	-1.2	-0.2	-2.4	-0.7	-0.8
<b>Cash flow from financing activities</b>	<b>-122.3</b>	<b>-32.8</b>	<b>-580.0</b>	<b>-556.0</b>	<b>-861.3</b>
<b>Change in cash and cash equivalents</b>	<b>59.9</b>	<b>133.4</b>	<b>9.1</b>	<b>-37.2</b>	<b>-52.8</b>
Cash and cash equivalents at beginning of period	370.3	309.1	424.5	495.5	495.5
Translation difference	-4.3	2.5	-7.6	-13.3	-18.2
<b>Cash and cash equivalents at end of period</b>	<b>426.0</b>	<b>445.0</b>	<b>426.0</b>	<b>445.0</b>	<b>424.5</b>

## Change in interest-bearing net debt

MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Interest-bearing net debt at beginning of period	-417.7	-640.9	-1,013.4	-1,309.0	-1,309.0
Interest-bearing net debt at end of period	-560.1	-794.4	-560.1	-794.4	-1,013.4
<b>Change in interest-bearing net debt</b>	<b>-142.4</b>	<b>-153.5</b>	<b>453.2</b>	<b>514.6</b>	<b>295.7</b>

In January–September 2024, payments of lease liabilities included in financing activities were EUR 101.5 (1-9/2023: 91.3) million and interest expense paid included in cash flow from financing items and taxes were EUR 16.9 (10.6) million.

# Notes to the interim report

## Accounting principles

KONE Corporation's interim report for January–September 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 interim report as in its financial statements for 2023. The information presented in this interim report has not been audited.

## Key figures

		1–9/2024	1–9/2023	1–12/2023
Basic earnings per share	EUR	1.37	1.26	1.79
Diluted earnings per share	EUR	1.37	1.26	1.79
Equity per share	EUR	4.95	4.85	5.32
Interest-bearing net debt	MEUR	-560.1	-794.4	-1,013.4
Equity ratio	%	39.1	37.9	40.9
Gearing	%	-21.5	-31.2	-36.4
Return on equity	%	35.5	32.3	33.0
Return on capital employed	%	29.2	27.0	27.8
Total assets	MEUR	8,610.7	8,666.9	8,730.8
Assets employed	MEUR	2,043.6	1,748.3	1,772.6
Net working capital (including financing and tax items)	MEUR	-720.4	-872.6	-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 significant items affecting comparability such as restructuring costs and income and expenses incurred outside normal course of business of KONE.

In January–September 2024, there were no items affecting comparability. In the comparison period, items affecting comparability included restructuring costs and a positive effect arising from the revaluation of operations in Russia classified as held for sale.

Alternative performance measure		7–9/2024	7–9/2023	1–9/2024	1–9/2023	1–12/2023
Operating income	MEUR	319.4	316.5	916.5	837.9	1,200.1
Operating income margin	%	11.6	11.5	11.3	10.3	11.0
Items affecting comparability	MEUR	-	-0.5	-	51.9	48.3
Adjusted EBIT	MEUR	319.4	315.9	916.5	889.8	1,248.4
Adjusted EBIT margin	%	11.6	11.5	11.3	10.9	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.

		Q3/2024	Q2/2024	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Orders received	MEUR	2,076.6	2,327.6	2,235.7	2,049.2	1,989.9	2,275.5	2,263.1
Order book	MEUR	9,001.2	9,326.6	9,133.0	8,715.7	8,839.5	9,041.9	9,176.2
Sales	MEUR	2,753.6	2,801.0	2,568.2	2,809.9	2,749.9	2,835.9	2,556.6
Operating income	MEUR	319.4	334.7	262.4	362.1	316.5	283.2	238.3
Operating income margin	%	11.6	11.9	10.2	12.9	11.5	10.0	9.3
Adjusted EBIT <sup>1</sup>	MEUR	319.4	334.7	262.4	358.6	315.9	332.0	241.9
Adjusted EBIT margin <sup>1</sup>	%	11.6	11.9	10.2	12.8	11.5	11.7	9.5
Items affecting comparability	MEUR	-	-	-	-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	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Inventories	872.0	852.2	820.9
Advance payments received and deferred revenue	-1,953.7	-1,964.2	-1,915.7
Accounts receivable	2,469.0	2,508.0	2,495.1
Deferred assets and income tax receivables	879.8	916.3	759.7
Accruals and income tax payables	-2,128.3	-2,250.3	-2,131.1
Provisions	-168.4	-213.5	-196.9
Accounts payable	-945.1	-919.4	-927.0
Other non-current receivables	37.5	-	-
Net deferred tax assets/liabilities	216.7	198.3	233.9
<b>Total net working capital</b>	<b>-720.4</b>	<b>-872.6</b>	<b>-861.2</b>

Depreciation and amortization, MEUR	7-9/2024	7-9/2023	1-9/2024	1-9/2023	1-12/2023
Depreciation and amortization of fixed assets	61.5	55.0	180.2	162.7	222.4
Amortization of acquisition-related intangible assets	12.0	13.5	35.3	34.4	47.0
<b>Total</b>	<b>73.5</b>	<b>68.5</b>	<b>215.5</b>	<b>197.1</b>	<b>269.4</b>

Key exchange rates		1-9/2024		1-9/2023	
		Average rate	End rate	Average rate	End rate
Chinese Yuan	EUR/CNY	7.8155	7.8511	7.6145	7.7352
US Dollar	EUR/USD	1.0891	1.1196	1.0801	1.0594
British Pound	EUR/GBP	0.8510	0.8354	0.8706	0.8646
Indian Rupee	EUR/INR	90.8365	93.8130	88.9944	88.0165
Australian Dollar	EUR/AUD	1.6394	1.6166	1.6232	1.6339

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	Sep 30, 2024			Sep 30, 2023	Dec 31, 2023
	Derivative assets	Derivative liabilities	Fair value, net	Fair value, net	Fair value, net
Foreign exchange forward contracts and swaps	24.9	-30.4	-5.5	2.6	-17.0

Nominal values of derivative financial instruments, MEUR	Sep 30, 2024	Sep 30, 2023	Dec 31, 2023
Foreign exchange forward contracts and swaps	2,798.2	3,043.7	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 1,864.1 (December 31, 2023: 1,983.7) million as of September 30, 2024.



## KONE Corporation

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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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