

COMBINED MANAGEMENT REPORT

Preliminary remarks	29
Fundamentals of the KION Group	29
Organizational structure	29
Business model and organizational structure	30
Market and influencing factors	34
Strategy of the KION Group	36
Management system	38
Corporate governance statement	43
Corporate governance	43
Declaration of conformity pursuant to section 161 (1) AktG	44
Corporate governance practices	45
Working methods of the Executive Board and Supervisory Board	52
Remuneration of the Executive Board and Supervisory Board	62
Diversity	62
Report on the economic position	72
Macroeconomic and sector-specific conditions	72
Business performance in the Group	74
Financial position and financial performance of the KION Group	75
Employees	97
Group sustainability report	102
General information	102
Environmental information	132
Social information	178
Governance information	200
Notes to the Group sustainability report	205
Outlook, risk report, and opportunity report	220
Outlook	220
Risk report	224
Opportunity report	241
KION GROUP AG	245
Concluding declaration on the report on relationships with affiliated entities (dependency report)	250
Disclosures relevant to acquisitions	251

Preliminary remarks

The combined management report published in the 2025 annual report includes the group management report and the management report of KION GROUP AG. Sections that only contain information on KION GROUP AG are indicated as such. The combined management report includes a separate section containing disclosures for KION GROUP AG in accordance with the German Commercial Code (HGB).

The Group sustainability report is part of the combined management report and provides comprehensive information on the sustainable corporate governance of the KION Group. To comply with individual disclosure requirements, the Group sustainability report refers to other sections of the combined management report in accordance with [ESRS 1.119 \(a\)](#). Information incorporated by reference is labeled as such in the corresponding reporting sections and states the sources in accordance with the relevant ESRS. These disclosures are part of the Group sustainability report of KION GROUP AG for the financial year from January 1 to December 31, 2025.

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

Fundamentals of the KION Group

Organizational structure

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

The parent company of KION GROUP AG is Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg ('Weichai Power'), a subsidiary of Weichai Power Co. Ltd., Weifang, People's Republic of China, which, to the knowledge of the Company, held 46.5 percent of the shares at the end of 2025. This percentage was unchanged on the end of 2024. The free float accounted for 53.4 percent of the shares, while the remaining 0.1 percent were treasury shares. Details of treasury shares pursuant to section 160 (1) no. 2 of the German Stock Corporation Act (AktG) are disclosed in note 7 of the published separate financial statements of KION GROUP AG for the year ended December 31, 2025.

Business model and organizational structure

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

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

The KION Group's market activities were divided into four Operating Units in 2025: KION ITS EMEA, KION ITS APAC, KION ITS Americas, and KION SCS. The KION ITS EMEA Operating Unit focuses on the ITS business in Europe, the Middle East, and Africa and takes a cross-brand approach. KION ITS APAC and KION ITS Americas hold cross-brand responsibility for the ITS business in the Asia-Pacific region and the Americas respectively. KION SCS, featuring the Dematic brand, is the global warehouse automation solutions business. While KION GROUP AG is the strategic management holding company and is responsible for the groupwide strategy, the allocation of resources, and groupwide business standards, the Operating Units have full commercial responsibility for their business.

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

Industrial Trucks & Services segment

The KION Group's portfolio of industrial trucks and services makes it one of the world's leading providers of industrial trucks and the market leader in the EMEA region, based on the number of units sold in 2024 and backed by data from research institute Interact Analysis (Interact Analysis, December 2025). Based on its revenue in 2024, it is the world's second-largest supplier (Modern Material Handling, August 2025). In China, the KION Group is still the leading non-domestic manufacturer and number three overall in terms of revenue (China Forklift Network, April 2025). The segment also partners with customers on stand-alone automation solutions, offering autonomous mobile robots (AMRs), automated guided vehicle systems (AGVs), and other solutions.

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

- Linde is an international and technologically innovative premium brand that manufactures forklift and warehouse trucks and provides accompanying automation solutions, software for fleet management, driver assistance systems, and service options, meeting demanding customer requirements in terms of technology, efficiency, functionality, and design. In France, Linde products are sold under the Fenwick brand.

- STILL, a provider of forklift trucks, warehouse trucks, intralogistics systems, and automation solutions, drives innovation in its field and has a particular focus on the European market and Brazil.
- Baoli is the international brand for the lower end of the volume segment and the economy segment.
- OM is the local brand company for the Indian market, through which the KION India Pvt. Ltd. subsidiary manufactures and sells electric and IC industrial trucks and warehouse trucks.
- KION Financial Services is an internal funding partner for the Industrial Trucks & Services segment, providing finance solutions to support sales.

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

The segment generated nearly half of its revenue in 2025 from sales of new industrial trucks, including stand-alone automation solutions. In this field, the KION Group operates 21 production facilities for industrial trucks and components in ten countries around the world. The segment's global research and development activities focus on automation solutions and sustainable, energy-efficient drive systems.

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

As at December 31, 2025, the segment had a sales and service network that comprised more than 2,000 outlets in over 100 countries and was staffed by some 9,400 service employees and a large number of external service engineers. The worldwide vehicle fleet, which consisted of more than 2.0 million industrial trucks at the end of 2025, provides a broad base for the service business. This helps to smooth out fluctuations in the segment's revenue and is aimed at reducing dependency on market cycles and supporting new truck sales by maintaining long-term customer relationships. The service business has a broad range of offerings that even extends to digital fleet management. It also handles individual orders for repairs and maintenance work as well as for spare parts. In addition, the Operating Units have a complementary used truck and rental truck business, allowing peaks in capacity requirements to be met and customers to be supported after their leases have expired.

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

Supply Chain Solutions segment

The Supply Chain Solutions segment, featuring the Dematic brand, remains the world's leading provider in the market for warehouse automation solutions, based on revenue figures for 2024 and data from Interact Analysis (Interact Analysis, December 2025). The data also shows that Dematic has achieved particularly strong market share in the general merchandise sector. In addition, the KION Group was ranked as one of the leading vendors in the fast-growing AMR segment in 2024 (Interact Analysis, December 2025).

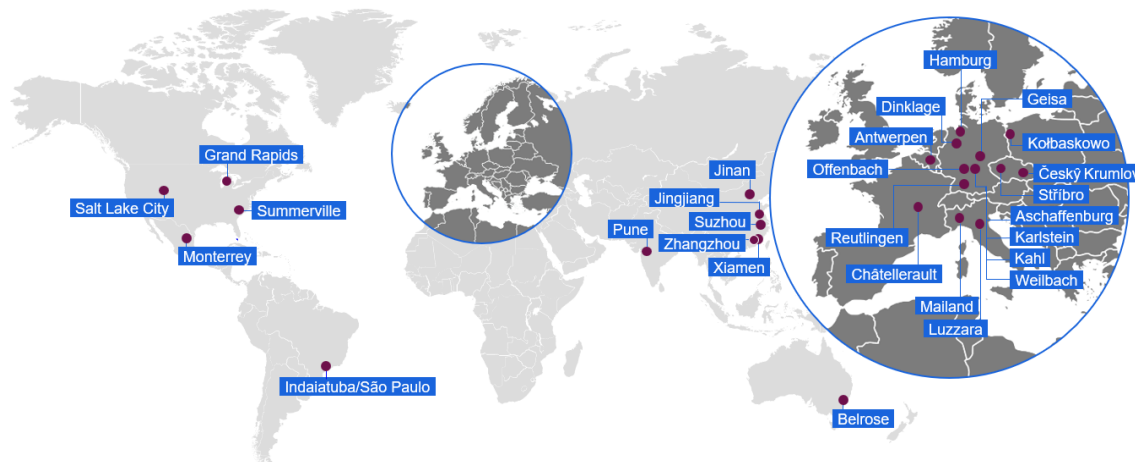
Dematic provides stand-alone solutions and end-to-end solutions for manual processes and for the automation of all operational processes, predominantly piece picking, storage and transportation of pallets, transportation, picking, and storage of cartons, and sorting and palletizing of goods.

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

Customers can use Dematic solutions to boost efficiency, scale up sustainably, and maintain a clear overview of their machinery and equipment. Dematic continually deploys innovative technologies and integrates software into operating solutions in order to help customers to achieve their growth targets.

The KION Group's SCS segment mainly caters for customer-specific, longer-term project business. The (new) project business (business solutions) covers every phase of a new installation. Automation solutions are planned and implemented worldwide by nine production sites in North America, Europe, China and Australia and by teams of experts at regional level. The system components, which are specified for each customer project, such as automated guided vehicle systems, palletizers, storage and picking equipment including automated storage and retrieval systems, sorters, and conveyors, are manufactured mainly inhouse or, in some cases, by third parties. As at the end of 2025, modernization work and services (customer services) were being provided to customers at their sites by around 2,500 employees and other external staff in 25 countries.

Production sites of the KION Group



Industrial Trucks & Services

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

Supply Chain Solutions

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

Market and influencing factors

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

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

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

Influencing factors in the Industrial Trucks & Services segment

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

The KION Group believes that sustainability and electrification are among the main driving factors in the market for industrial trucks and services. Customers are increasingly demanding solutions, primarily in the form of electric trucks, for environmentally friendly supply chains.

Consequently, the strongest market growth in the new truck business in recent years, including in the first nine months of 2025 (2020 to September 2025), has been for forklift trucks and warehouse trucks powered by an electric drive (World Industrial Truck Statistics, January 2026). Alongside the growth in electric forklift trucks, much of the additional volume in the market for new industrial trucks is attributable to the electrification of hand pallet trucks, which are being replaced by entry-level electric trucks in the lower weight categories.

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

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

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

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

Influencing factors in the Supply Chain Solutions segment

According to the KION Group's estimates and backed by data from research institute Interact Analysis (Interact Analysis, December 2025), the market for warehouse automation solutions generated growth (measured in terms of order intake) in recent years (2020 to 2025) owing to increasing demand in the main customer industries. These primarily included general merchandise, durable goods, grocery retail, and the food and beverage industry. Both the project business (business solutions) and downstream services (customer services) have contributed to this expansion. The service business benefits from the growing number and the rising complexity of installed systems.

According to Interact Analysis, the significant customer industries for the warehouse automation solutions market are general merchandise, durable goods, grocery retail, and the food and beverage industry (Interact Analysis, December 2025).

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

The growth of e-commerce in recent years has had a major influence on demand for warehouse automation solutions. Global online trade (B2C) has expanded at an average rate of 12 percent per annum in recent years (2020 to 2025) according to estimates by research institute eMarketer

(eMarketer, February 2025). The KION Group believes that expectations around rapid delivery times coupled with the growing shortage of skilled workers has made companies more willing to invest in warehouse automation and digital solutions (Gartner, 2025).

The combination of smaller order volumes and large numbers of orders requires efficient and automated solutions. This is driving demand for decentralized and smaller warehouse and logistics facilities in urban areas that speed up delivery times and, due to automated processes, reduce personnel expenses and floor space costs. Consequently, the research institute Interact Analysis is predicting above-average growth of the market for micro-fulfillment automation in the years ahead (Interact Analysis, August 2024). At the same time, the focus of technological progress is increasingly shifting toward software and robotics solutions. Interact Analysis anticipates that this will lead to disproportionately strong growth in the market for AMRs and AGVs (Interact Analysis, December 2025).

Strategy of the KION Group*

In the reporting year 2025, the KION Group started implementing the new 'Playing to Win' strategy. With 'Playing to Win', the KION Group is strategically positioned to address the increasing global demand for speed in delivery and full traceability throughout the supply chain. The KION Group's integrated and orchestrated supply chain solutions, ranging from intelligent industrial trucks and automation solutions to innovative software and comprehensive services, address a broad market of automation – from partial to full. The KION Group empowers customers in optimizing their supply chains by providing efficient, reliable, adaptable, and sustainable solutions that deliver enhanced speed and operational performance. The new strategy translates into the vision pursued by the Company: The KION Group is 'The Supply Chain Solutions Company'.

Objectives of the 'Playing to Win' strategy

By pursuing its new strategy, the KION Group aims to benefit from global megatrends that are fueling demand for supply chain solutions such as artificial intelligence (AI), automation, digitalization, urbanization, and skilled worker shortages. With a focus on strategic investments in strategic action fields, 'Playing to Win' aims to capitalize on growth opportunities and drive greater value for all stakeholders.

The key strategic goals include targeting significant revenue growth, aiming for a double-digit profitability margin (based on adjusted EBIT) by the end of 2027, increasing customer and employee satisfaction, and improving occupational health and safety. As part of the new strategy, the Supply Chain Solutions (SCS) segment is to be renamed Intelligent Automation Solutions (IAS) at the start of 2026.

'Playing to Win' is intended to enable the Industrial Trucks & Services (ITS) and Intelligent Automation Solutions (IAS) segments to complement each other more effectively, thereby addressing greater market potential based on the degree of automation and customer requirements.

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

Strategic action fields and measures in 2025

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

Innovation and Growth

Through its commitment to 'Innovation and Growth', the KION Group is focused on strengthening its global and regional presence in the growing automation market by focusing on innovative technologies and solutions and delivering increasingly tailored solutions to its customers. This approach helps both segments to position themselves in the growing market for automation solutions, supports sustainability strategies with targeted products and solutions, and underpins the expansion of the portfolio.

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

A key priority is the implementation and deployment of innovative technologies and solutions. In 2025, for example, the KION Group made significant progress in developing AI-based networks to control complex processes, coordinate the interaction of individual systems, and manage the use of resources. The KION Group's AI and software strategy is aimed at delivering customer-facing solutions – from managing manual fleets to controlling multiple lights-out warehouses – based on one common software architecture. It is designed to support an efficient flow of goods and a seamless flow of information that provides the necessary data in real time.

Driving forward its innovation agenda, the KION Group forged a strategic partnership with NVIDIA and Accenture in January 2025 to develop cutting-edge AI-powered solutions. A key outcome of this collaboration is the advanced physical AI-powered Omniverse solution. This technology is expected to enhance customer-facing applications like AI-driven industrial trucks and digital twins, thereby contributing to improved warehouse flow, enhanced safety, and optimized space utilization.

Sustainable Performance

'Sustainable Performance' highlights KION Group's commitment to continuously improving profitability and competitiveness, setting the stage for future investments. In 2025, significant cost reductions were achieved in both direct and indirect purchasing, supported by ongoing product cost optimization initiatives designed to further enhance competitiveness across various customer segments. The ongoing Business Transformation project, which harmonizes processes, data, and systems across the Group, will further enhance cross-functional cooperation, achieve efficiency gains, and create economies of scale.

The KION Group further improved its development processes to accelerate time-to-market and leveraged strategic partnerships to drive innovation and competitiveness. It also advanced its holistic approach to risk and capacity management, strengthening its ability to respond proactively to changing market conditions.

'Sustainable Performance' also reflects the KION Group's ongoing refinement of its sustainability strategy and the identification of key levers within both operating segments to support customers and suppliers on their sustainability journey. The KION Group continues to pursue its goal of

achieving net-zero emissions across the entire value chain by 2050 at the latest, as formally validated by the Science Based Targets initiative (SBTi) in 2024. In 2025, the KION Group received the highest award from EcoVadis, the Platinum rating, highlighting the Company's steadfast commitment to its sustainability strategy.

Organizational Development

'Organizational Development' is dedicated to the further activation of groupwide management principles in the KION Group. It focuses on refining and applying groupwide leadership principles and behaviors embedded in business and HR processes to support the 'Playing to Win' strategy.

The HR agenda was enhanced and adapted to the 'Playing to Win' objectives in 2025 in order to fully support implementation of the strategy and achievement of the underlying long-term business goals. One of the key action fields refers to effective operational and strategic workforce planning, including taking account of external workforce trends and anticipating future skills requirements. This is complemented by the launch of a new employer branding campaign, designed to attract and retain top talent, and by the building of new capabilities in the business around the KION Group's defined 'winning behaviors'.

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

Management system

Core key performance indicators

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

Core key performance indicators

in € million	2025	2024
Revenue	11,297.2	11,503.2
Adjusted EBIT ¹	788.6	917.2
Free cash flow	709.5	702.0
ROCE	7.7%	8.7%

1 Adjusted for PPA items and non-recurring items

To increase transparency, the definition of the ROCE KPI was adjusted with effect from the 2025 financial year (see the information under '[Capital employed](#)' and '[ROCE \(return on capital employed\)](#)' in this section). Since 2025, the ROCE KPI has been measured at the end of each quarter and made available to the Executive Board as part of the internal reporting process. The corresponding adjustments to the prior-year figures did not have a material impact on the ROCE KPI.

In addition, the definition of the free cash flow KPI has been broadened with effect from the 2026 financial year (see the information under '[Free cash flow](#)' in this section). This adjustment would not have had an impact on the free cash flow KPI reported for the 2025 financial year.

Alternative performance measures

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

Order book

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

Order intake

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

EBIT (earnings before interest and tax)

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

Adjusted EBIT

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

Adjusted EBIT margin

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

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

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

Adjusted EBITDA

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

Adjusted EBITDA margin

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

Earnings before tax

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

Net financial debt

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

Leverage on net financial debt

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

Industrial net operating debt (INOD)

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

Leverage on industrial net operating debt

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

Industrial net debt (IND)

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

Leverage on industrial net debt

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

Capital employed

Capital employed comprises net working capital and the following line items in the statement of financial position: ‘goodwill’, ‘other intangible assets’, ‘leased assets’, ‘rental assets’, ‘other property, plant and equipment’, and ‘equity-accounted investments’ less ‘other provisions’ and ‘other liabilities’. Capital employed is the capital that is required for operations.

ROCE (return on capital employed)

Return on capital employed (ROCE) is the ratio of adjusted EBIT on an annualized basis to the average capital employed for the past five quarters. ROCE is a measure of the profitability and efficiency of the capital employed. The > table [‘Return on capital employed \(ROCE\)’](#) (in the section [‘Financial position and financial performance of the KION Group’](#)) shows how the figure for ROCE is calculated.

Free cash flow

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

The definition of free cash flow has been broadened with effect from the 2026 financial year. It now also includes cash flows resulting from additions to, and repayments of, financial liabilities relating to instruments used for the Company's general funding, including the associated interest and borrowing costs, to the extent that they are used solely for the financing of the lease and short-term rental business.

Capital expenditure

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

Net working capital

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

R&D spending

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

R&D spending as a percentage of revenue

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

Currency-adjusted changes

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

Projected KPIs

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