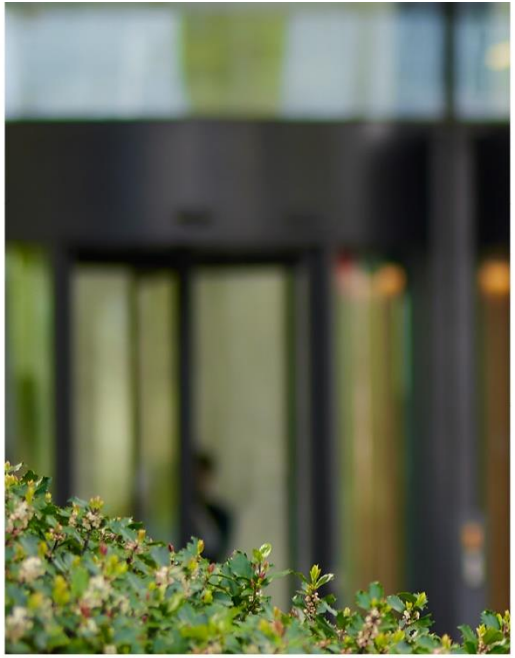
KONE



Annual Review 2024

Dedicated to
People Flow™

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KONE in brief

At KONE, our purpose is to shape the future of cities. As a global leader in the elevator and escalator industry, we move two billion people every day, making their journeys safe, convenient, and reliable with smart and sustainable People Flow®.

Sales approximately
EUR 11 billion in 2024

We move 2 billion
people every day

More than 1,700,000
equipment in KONE's service base

More than 60,000
employees

Close to 600,000 customers

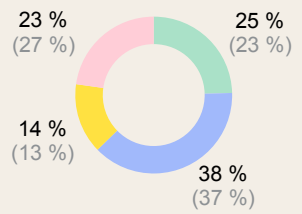
Operations in close to 70 countries, and authorized distributors and agents in close to 100 countries

Key figures

		1–12/2024	1–12/2023	Change	Change at comparable exchange rates
Orders received	MEUR	8,758.9	8,577.7	2.1%	3.3%
Order book	MEUR	9,058.6	8,715.7	3.9%	1.4%
Sales	MEUR	11,098.4	10,952.3	1.3%	2.2%
Operating income	MEUR	1,249.0	1,200.1	4.1%	
Operating income margin	%	11.3	11.0		
Adjusted EBIT [1]	MEUR	1,303.0	1,248.4	4.4%	
Adjusted EBIT margin [1]	%	11.7	11.4		
Income before tax	MEUR	1,254.1	1,206.1	4.0%	
Net income	MEUR	961.0	931.6	3.2%	
Basic earnings per share	EUR	1.84	1.79	2.7%	
Cash flow from operations (before financing items and taxes)	MEUR	1,589.3	1,485.2		
Interest-bearing net debt	MEUR	-831.2	-1,013.4		
Equity ratio	%	39.8	40.9		
Return on equity	%	33.8	33.0		
Net working capital (including financing items and taxes)	MEUR	-827.2	-861.2		
Gearing	%	-28.7	-36.4		

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

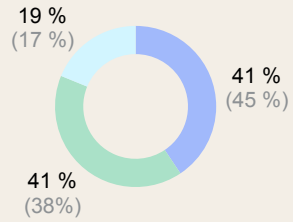
Sales by Area



Americas Europe APMEA Greater China

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

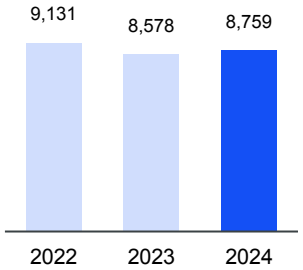
Sales by business



New Building Solutions Service Modernization

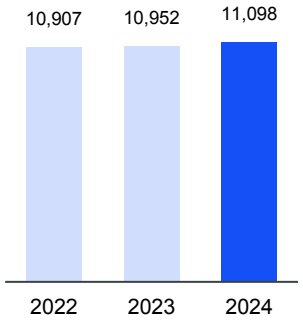
1-12/2024 (1-12/2023)

Orders received [2] (MEUR)

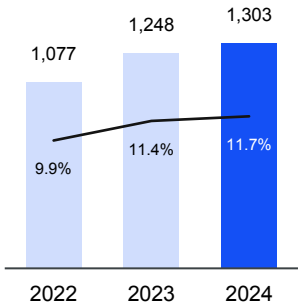


[2] Orders received do not include Service contracts

Sales (MEUR)

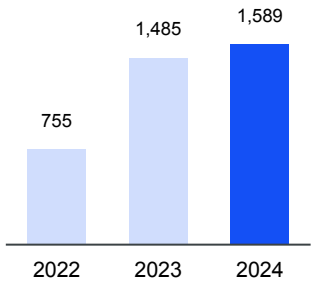


Adjusted EBIT (MEUR) and adjusted EBIT margin (%)



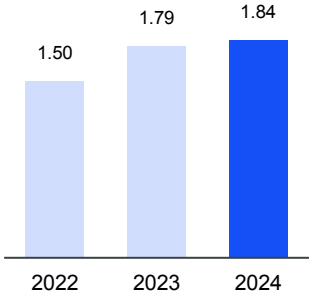
Adjusted EBIT
Adjusted EBIT margin

Cash flow [3] (MEUR)

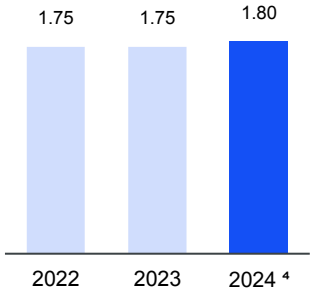


[3] Cash flow from operations before financing items and taxes

Earnings per share (EUR)



Dividend per class B share (EUR)



[4] Board's proposal

KONE's strategy

At KONE, our purpose is to shape the future of cities. We make urban life more vibrant and livable. And we do it by enabling safe, sustainable, and effortless people flow for all. We help cities leave a positive mark on the planet – for the next century and beyond. We shape the future of cities.

KONE's strategy 2021–2024

KONE's strategy for 2021–2024 'Sustainable success with customers' focused on increasing the value KONE creates for its customers with new intelligent solutions and on embedding sustainability even deeper across all of its operations.

KONE had defined four Where to Win areas representing the biggest opportunities for profitable growth: Core products and services; New solutions for customer value; Smart and sustainable cities, as well as Service and Modernization business in China.

In addition, KONE had defined four Ways to Win: Empowered people; Marketing and sales renewal; Lean KONE and Digital + physical enterprise.

KONE made good progress on several fronts during the strategy period. Highlights included successfully leveraging our connected core products and services in offering development, introducing new solutions to support customers in achieving their eco-efficiency goals and reaching carbon neutrality in our manufacturing units.

KONE's new strategy for 2025–2030: 'Rise'

KONE's ambition is to lead the industry. This means we want to be the #1 choice for our employees and customers, lead in innovation and sustainability, and lead in growth and profitability.

To reach this ambition, KONE will focus on four strategic shifts:

Accelerate Digital

We will fundamentally transform how we do service. With this, we will provide our customers the best experience with real-time information, immediate responses, and full transparency leading to less call-outs, less entrapments and better uptime.

Drive Modernization

With close to 10 million aging elevators and escalators globally, we will drive modernization to help customers update and upgrade their equipment for better sustainability, user experience, safety and accessibility.

Win Residential

We will win in residential, the industry's largest segment, by developing affordable, fit-for-purpose offering with the right service capability to meet the specific needs of residential customers, and by selling and delivering efficiently.

Cut Carbon

We will radically cut carbon to make a difference in the world and help our customers decarbonize with our sustainable solutions.

In addition to these four strategic shifts, we are strengthening our core - how we work and how we serve and deliver to our customers. With improved processes and further simplicity, we want to be the easiest company to work with. KONE continues to be guided by its values of courage, care, customer and collaboration.

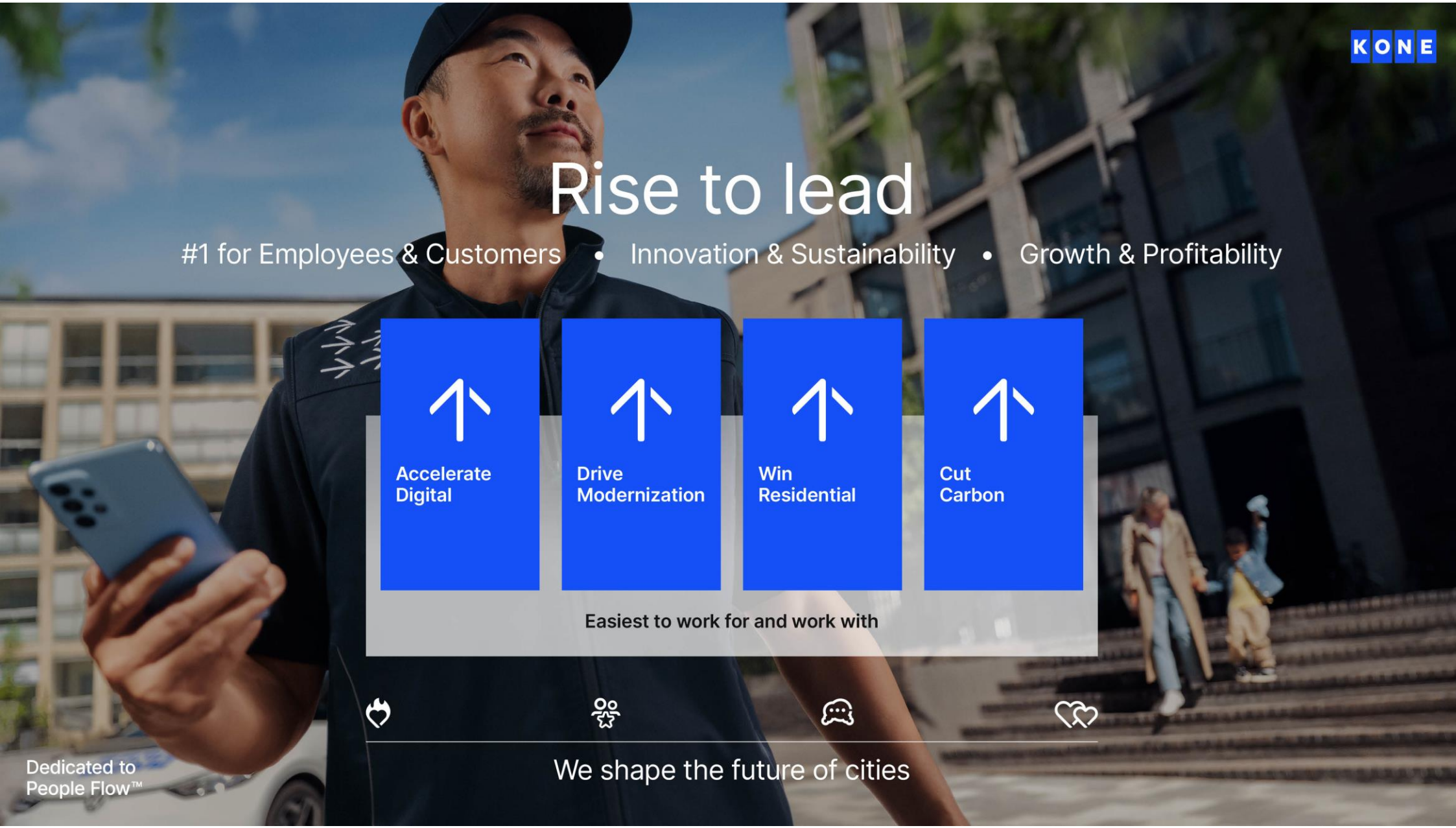
Financial targets

KONE has set the following mid-term financial targets to be achieved by the end of 2027:

- Growth: Mid-single-digit annual sales growth
- Profitability: Adjusted EBIT margin of 13–14%

KONE's long-term financial targets are:

- Growth: Faster than the market
- Profitability: To reach an EBIT margin of 16%
- Cash flow: Improved working capital rotation


KONE
Rise to lead
#1 for Employees & Customers • Innovation & Sustainability • Growth & Profitability
Accelerate Digital
Drive Modernization
Win Residential
Cut Carbon
Easiest to work for and work with
We shape the future of cities
Dedicated to People Flow™

KONE's business model

KONE provides value for customers during the whole life cycle of the building. In New Building Solutions, KONE offers innovative, intelligent and sustainable elevators, escalators, automatic building doors and integrated access control solutions to deliver the best people flow experience. In Service, we ensure the safety and availability of the equipment in operation. In Modernization we offer solutions for aging equipment ranging from the replacement of components to full replacements.

The key growth drivers of New Building Solutions are urbanization and changing demographics. New Building Solutions deliveries are the main growth driver of Service business as the majority of units delivered will end up in KONE's service base. Digitalization also contributes to Service by increasing customer stickiness. In addition, KONE also maintains other manufacturers' equipment.

The main growth drivers for Modernization are the aging installed base and increased requirements for efficient people flow, safety and sustainability. Having a strong service base is crucial for the growth in Modernization, and modernizations outside the service base also contributes to the growth in Service.

KONE's business model is capital light in nature. Our working capital is negative and we operate with advance payments in all of our businesses and across all areas. We work extensively with component suppliers to complement our own manufacturing capacity. Service business is very stable due to high requirements for safety and reliability. Customer relationships are also typically long and stable (>90% annual retention rate). New Building Solutions follows construction cycles, while Modernization needs are stable by nature but decision-making can be influenced by sentiment.

Inputs

People and leadership
- >60,000 employees representing 154 different nationalities, ca. half of employees in the field
- Management systems and certificates (e.g. ISO 14001, ISO 9001, ISO 45001)

Partnering
- Co-creation with customers
- Partnering to co-develop new technologies and solutions
- Collaboration with educational institutes
- Distributors and agents

Innovations, processes and systems
- R&D spend 1.8% of sales
- ~1,600 technology professionals in R&D, Innovation and Codes and Standards, almost half in software development
- Global KONE Way processes and systems
- Safe and efficient maintenance and installation methods

Manufacturing and delivery chain
- 10 manufacturing units in seven countries
- ~2,000 material and component suppliers and ~8,000 installation suppliers
- Optimized logistics network

Brand and reputation
- One of the leading brands in the elevator and escalator industry

Natural resources
- Materials used 1,595,051 tonnes
- Heating and vehicle fleet fuels 427,357 MWh
- Electricity and district heat 110,670 MWh
- Water consumption 298,500 m3

Financial
- Equity EUR 2.9 billion
- Interest-bearing net debt EUR -831.2 million
- Net working capital EUR -827.2 million
- Capital expenditure 3.6 % of sales

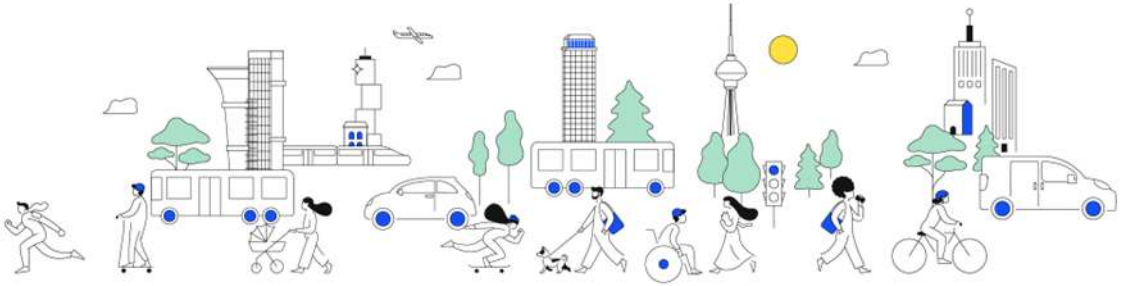
Business model [1]

Outputs

Moving around 2 billion people every day
- ~159,000 new elevators and escalators ordered in 2024
- Maintenance and modernization services, well over 1.7 million units in service base

The most sustainable offering
- Best in class energy efficiency, ISO 25745 A-class energy rating as the first elevator company
- Up to 70% energy savings through modernization of elevators
- Offering includes carbon neutral elevators and escalators and carbon neutral maintenance

Emissions and waste
- Carbon footprint from own operations 109,943 tCO2e
- Waste 35,277 tonnes
- Wastewater effluents 0.3 tonnes
- Carbon footprint from our products and value chain 11.6 MtCO2



Impact

Shareholders
- Operating income EUR 1,249.0 million
- Total amount of proposed dividends MEUR 931.4
- Return on equity 33.8%

Society
- Several external recognitions in sustainability ratings
- Wages, salaries, other employment expenses and pensions EUR 3.9 billion
- 27.4% of director level positions held by women
- Direct purchases EUR 3.9 billion
- Income taxes EUR 293.1 million with effective tax rate 23.4%

Environment
- 29% reduction in absolute GHG emissions from our own operations (Scope 1 and 2) compared to 2018
- 12.8% decrease in product-related GHG emissions (Scope 3) relative to ordered products compared to 2018
- Corporate units as well as all manufacturing and R&D units are ISO 9001 and ISO 14001 certified
- 100% of targeted strategic suppliers with ISO 14001 certification at the end of 2024
- Carbon neutral manufacturing units

[1] Sales split by business (%)

Board of Directors' Report

KONE's operating environment

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

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

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

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

The table represents the development of the operating environment compared to the corresponding period last year.

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

Terminology: slight <5%, clear 5–10%, significant >10%

Orders received and order book

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

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

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

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

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

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

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

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

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

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

MEUR	1–12/2024	1–12/2023	Change	Change at comparable exchange rates
Orders received	8,758.9	8,577.7	2.1%	3.3%
Order book	9,058.6	8,715.7	3.9%	1.4%

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.

	New Building Solutions orders	Modernization orders	Total orders
Americas	++	+++	+++
Europe	+	+++	++
Asia-Pacific, Middle East and Africa	+++	+++	+++
Greater China	---	+++	---

In monetary value at comparable exchange rates

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

Terminology: slight <5%, clear 5–10%, significant >10%

Sales

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

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

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

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

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

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

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

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

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

Sales by Area, MEUR	1–12/2024	1–12/2023	Change	Change at comparable exchange rates
Americas	2,727.1	2,469.4	10.4%	10.9%
Europe	4,233.8	4,000.7	5.8%	5.5%
APMEA	1,609.3	1,470.9	9.4%	13.5%
Greater China	2,528.2	3,011.3	-16.0%	-14.8%
Total	**11,098.4**	**10,952.3**	**1.3%**	**2.2%**

Sales by business, MEUR	1–12/2024	1–12/2023	Change	Change at comparable exchange rates
New Building Solutions	4,506.9	4,921.5	-8.4%	-7.1%
Service	4,503.6	4,127.0	9.1%	9.5%
Modernization	2,088.0	1,903.8	9.7%	10.1%
Total	**11,098.4**	**10,952.3**	**1.3%**	**2.2%**

	New Building Solutions sales	Service sales	Modernization sales
Americas	+++	++	+++
Europe	--	++	++
Asia-Pacific, Middle East and Africa	+++	+++	+++
Greater China	---	++	++

In monetary value at comparable exchange rates.

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

Terminology: slight <5%, clear 5–10%, significant >10%

declined significantly, Service sales grew clearly and Modernization sales grew clearly in the Area.

Terminology: slight <5%, clear 5–10%, significant >10%

Financial result

KONE's operating income (EBIT) was EUR 1,249.0 million or 11.3% of sales. Adjusted EBIT was EUR 1,303.0 million or 11.7% of sales. Profitability improved thanks to favorable business mix and better margin in New Building Solutions and Modernization deliveries outside China. The decline in margin in China and broad-based inflation were the main headwinds.

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

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

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

Basic earnings per share was EUR 1.84.

		1–12/2024	1–12/2023
Operating income	MEUR	1,249.0	1,200.1
Operating income margin	%	11.3	11.0
Adjusted EBIT	MEUR	1,303.0	1,248.4
Adjusted EBIT margin	%	11.7	11.4
Income before taxes	MEUR	1,254.1	1,206.1
Net income	MEUR	961.0	931.6
Basic earnings per share	EUR	1.84	1.79

Cash flow and financial position

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

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

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

Interest-bearing net debt was EUR -831.2 million at the end of December 2024. KONE's cash and cash equivalents together with current deposits and loan receivables were EUR 1,799.0 (Dec 31, 2023: 1,688.4) million at the end of the reporting period. Interest-bearing liabilities were EUR 987.1 (Dec 31, 2023: 687.8) million, including a pension liability of EUR 141.4 (Dec 31, 2023: 132.9) million and lease liabilities of EUR 432.6 (Dec 31, 2023: 349.1) million. Additionally, KONE had an asset on employee benefits, EUR 15.0 (Dec 31, 2023: 9.2) million. Gearing was -28.7% and the equity ratio was 39.8% at the end of December 2024.

Equity per share was EUR 5.54.

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

Capital expenditure and acquisitions

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

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

MEUR	1–12/2024	1–12/2023
On fixed assets	164.3	161.2
On leasing agreements	232.7	161.1
On acquisitions	125.6	190.3
Total	**522.5**	**512.7**

Research and development

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

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

		1–12/2024	1–12/2023
R&D expenditure	MEUR	203.6	185.0
As percentage of sales	%	1.8	1.7

KONE brought several new products and enhancements to the market in 2024. KONE introduced a range of updates to its Modernization offering and portfolio to speed up installations in smaller machine rooms and to provide quieter operation and improved ride comfort. KONE also broadened the availability and improved the usability of ReSolve MRL DX for modernizing other brands' equipment. In September, the KONE High-Rise MiniSpace DX product family was launched as was a combination of a new elevator control system and KONE UltraRope to create more rentable space, and to significantly reduce energy consumption and carbon emissions. The cost-competitiveness of KONE's offering in the low-rise residential market was improved with KONE MonoSpace 100 DX in five European countries, and the roll out to other areas continues in 2025.

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

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

Sustainability recognitions

KONE has received external recognition for its efforts to conduct business in a sustainable way.

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

Personnel

Personnel total turnover rate was 11.5% (13.1%). Employee costs for the reporting period totaled EUR 3,907 (3,656) million. The geographical distribution of KONE employees was 12% (12%) in the Americas, 33% (32%) in Europe, 19% (19%) in Asia-Pacific, Middle East and Africa, and 36% (37%) in Greater China. The number of employees is presented as full-time equivalents.

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

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. This applies especially to China, where market activity remains under pressure. In 2024, KONE's New Building Solutions sales in China declined significantly.

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

Operational risks

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

The majority of components used in KONE's supply chain are sourced from external suppliers, a significant number of which are located in China. KONE also subcontracts a significant amount of installation activity, outsources certain business support processes and works with partners in e.g. digital services and logistics. This exposes KONE to supply chain and logistics constraints, risks related to component and subcontracted labor availability and cost as well as to continuity risk in partnerships. During 2024, the ongoing military conflicts also continued to impact global ocean freight. A failure to secure the needed materials, components or resources, or quality issues within these, could cause business disruptions, rescheduling of orders and cost increases. Labor availability constraints may also impact progress at construction sites and performance of maintenance and repair services.

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

Hazard, security and incidental risks

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

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

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

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

Financial risks

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

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 business.
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 2024.

Market outlook 2025

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

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

Market outlook 2025

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

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

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

Business outlook 2025

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

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

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

The Board's proposal for the distribution of profit

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

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.7975 be paid on the outstanding 76,208,712 class A shares and EUR 1.80 on the outstanding 441,319,396 class B shares, resulting in a total amount of proposed dividend of EUR 931,360,072.62. The Board of Directors further proposes that the distributable profits, EUR 2,283,821,178.51, be retained and carried forward.

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

Annual General Meeting 2025

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

Key figures and financial development

Consolidated statement of income		2024	2023	2022	2021	2020
Sales	MEUR	11,098	10,952	10,907	10,514	9,939
Sales outside Finland	MEUR	10,889	10,736	10,698	10,342	9,745
Operating income	MEUR	1,249	1,200	1,031	1,295	1,213
As percentage of sales	%	11.3	11.0	9.5	12.3	12.2
Adjusted EBIT [1]	MEUR	1,303	1,248	1,077	1,310	1,251
As percentage of sales [1]	%	11.7	11.4	9.9	12.5	12.6
Income before taxes	MEUR	1,254	1,206	1,028	1,321	1,224
As percentage of sales	%	11.3	11.0	9.4	12.6	12.3
Net income	MEUR	961	932	784	1,023	947

Consolidated statement of financial position, MEUR	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022	Dec 31, 2021	Dec 31, 2020
Non-current assets	3,321	2,967	2,781	2,798	2,666
Current assets	5,963	5,764	6,309	6,922	6,126
Total equity	2,893	2,786	2,867	3,199	3,197
Non-current liabilities	929	658	643	717	522
Provisions	186	197	177	152	155
Current liabilities	5,276	5,090	5,404	5,652	4,918
Total assets	9,284	8,731	9,090	9,720	8,792
Interest-bearing net debt	-831	-1,013	-1,309	-2,164	-1,954
Assets employed [2]	2,062	1,773	1,557	1,035	1,243
Net working capital [2]	-827	-861	-904	-1,468	-1,160

[1] KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of business performance between reporting periods. In 2024, items affecting comparability amounted to EUR 54 million including EUR 36 million restructuring costs and EUR 18 million expensed development costs as a result of redirecting development activities in alignment with KONE's new strategy. Majority of the items affecting comparability pertain to the restructuring of China operations. In 2023, items affecting comparability included restructuring costs and a positive effect recognized on completion of the sale of operations in Russia.
[2] Items included are presented on section Definitions and calculation of key figures.

Alternative performance measure

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

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

In 2023, items affecting comparability included restructuring costs and a positive effect recognized on completion of the sale of operations in Russia.

In 2022, the comparison period, items affecting comparability included a charge for the impairment of assets and recognition of provisions for commitments in Russia and Ukraine as well as restructuring costs. In 2021 and earlier periods, items affecting comparability related to restructuring measures.

Other information		2024	2023	2022	2021	2020
Orders received	MEUR	8,759	8,578	9,131	8,853	8,185
Order book	MEUR	9,059	8,716	9,026	8,564	7,729
Cash flow from operations before financing items and taxes	MEUR	1,589	1,485	755	1,829	1,908
Capital expenditure excl. acquisitions	MEUR	397	322	209	217	201
As percentage of sales	%	3.6	2.9	1.9	2.1	2.0
Expenditure on research and development	MEUR	204	185	188	189	180
As percentage of sales	%	1.8	1.7	1.7	1.8	1.8
Average number of employees		64,072	63,164	63,186	61,698	60,376
Number of employees at end of reporting period		64,663	63,536	63,277	62,720	61,380
Employee costs	MEUR	3,907	3,656	3,533	3,222	3,043

Key ratios, %	2024	2023	2022	2021	2020
Return on equity	33.8	33.0	25.9	32.0	29.7
Return on capital employed	27.2	27.8	22.4	26.8	25.0
Equity ratio	39.8	40.9	40.3	41.2	45.5
Gearing	-28.7	-36.4	-45.7	-67.6	-61.1

Alternative performance measure		2024	2023	2022	2021	2020
Operating income (EBIT)	MEUR	1,249	1,200	1,031	1,295	1,213
Operating income margin (EBIT margin)	%	11.3	11.0	9.5	12.3	12.2
Items impacting comparability	MEUR	54	48	45	15	38
Adjusted EBIT	MEUR	1,303	1,248	1,077	1,310	1,251
Adjusted EBIT margin	%	11.7	11.4	9.9	12.5	12.6

Definitions and calculation of key figures

Basic earnings/share	=	Net income attributable to the shareholders of the parent company / Share issue and conversion-adjusted weighted average number of outstanding shares
Equity/share	=	Total shareholders' equity / Number of outstanding shares (issue adjusted)
Dividend/share	=	Dividend payable for the reporting period / Share issue and conversion-adjusted weighted average number of outstanding shares
Dividend/earnings (%)	= 100 x	Dividend/share / Earnings/share
Effective dividend yield (%)	= 100 x	Dividend/share / Price of class B shares at end of reporting period
Price/earnings	=	Price of class B shares at end of reporting period / Earnings/share
Average price	=	Total EUR value of all class B shares traded / Average number of class B shares traded during the reporting period
Market value of all outstanding shares	=	The number of outstanding shares (A + B)[1] at end of reporting period x the price of class B share at end of reporting period

[1] Class A shares are valued at the closing price of the class B shares.

Shares traded	=	Number of class B shares traded during the reporting period
Shares traded (%)	= 100 x	Number of class B shares traded / Weighted average number of class B shares
Average number of employees	=	The average employee count at the end of each calendar month during the reporting period
Return on equity (%)	= 100 x	Net income / Total equity (average during the reporting period)
Return on capital employed (%)	= 100 x	Net income + financing expenses / Equity + interest-bearing-debt (average during the reporting period)
Equity ratio (%)	= 100 x	Total equity / Total assets – advance payments received and deferred revenue
Gearing (%)	= 100 x	Interest-bearing net debt / Total equity
Assets employed	=	Net working capital + goodwill + intangible assets + tangible assets + investments in associated companies + shares and other non-current financial assets

Changes in the Executive Board

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

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

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

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

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

Other events

In 2007, a decision was issued by the European Commission concerning alleged local anticompetitive practices before early 2004 in Germany, Luxembourg, Belgium and the Netherlands by leading elevator and escalator companies, including KONE's local subsidiaries. Also, the Austrian Cartel Court issued in 2007 a decision concerning anti-competitive practices that had taken place before mid-2004 in local Austrian markets by leading elevator and escalator companies, including KONE's local subsidiary. As previously announced by KONE, a number of civil damage claims by certain companies and public entities relating to the two 2007 decisions are pending in related countries. The claims have been made against various companies concerned by the decisions, including certain KONE companies. All claims are independent and are progressing procedurally at different stages. The total capital amount claimed jointly and severally from all of the defendants together was EUR 55 million at the end of December 2024 (December 31,2023: EUR 64 million). KONE's position is that the claims are without merit. No provision has been made.

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

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 Directors' 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, Iiris Herlin, Jussi Herlin, Ravi Kant and Krishna Mikkilineni. Timo Ihamuotila was elected as new Member to the Board of Directors.

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

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

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

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

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

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

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

Share-based incentive plans

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

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

The performance based long-term incentive plan is targeted to approximately 570 top leaders annually, including the President and CEO, members of the Executive Board and selected key employees of KONE Group. The performance criteria applied to the 2021, 2022, 2023 and 2024 performance years are based on annual growth in sales, adjusted EBIT margin (jointly 80%) and improvements in sustainability. The sustainability performance condition is a combination of reductions in carbon footprint, diversity and inclusion as well as safety related targets.

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

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

Shares and share capital

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

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

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

At the end of December 2024, the Group had 11,867,752 class B treasury shares. The treasury shares represent 2.6 % of the total number of class B shares. This corresponds to 1.0 % of the total voting rights.

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

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

The number of registered shareholders was 110,750 at the beginning of the review period and 106,659 at its end. The number of private households holding shares totaled 101,852 at the end of the period, which corresponds to approximately 12.0 % of the listed B shares. At the end of December 2024, a total of 51.9 % of the B shares were owned by nominee-registered and non-Finnish investors.

Flagging notifications

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

Shares and shareholders

KONE share

KONE has two classes of shares: A and B. Only B-class shares are listed on the Nasdaq Helsinki Ltd. Trading of the KONE class B shares started on January 2, 1967.

Voting rights

Each KONE class A share is assigned one vote, as is each block of 10 class B shares, with the provision that each shareholder is entitled to at least one vote.

Closing price (EUR)

December 31, 2024	47.00
December 31, 2023	45.16
Change	4.1%

Dividend policy

KONE has not adopted a specific dividend policy. In the case of a dividend distribution, the dividend paid on the class B share is higher than that on the class A share.
The difference between the dividends is at minimum one (1) percent and at maximum two-and-a-half (2.5) percent, calculated from the accounting par value of the share. The accounting par value of the share is EUR 0.125.

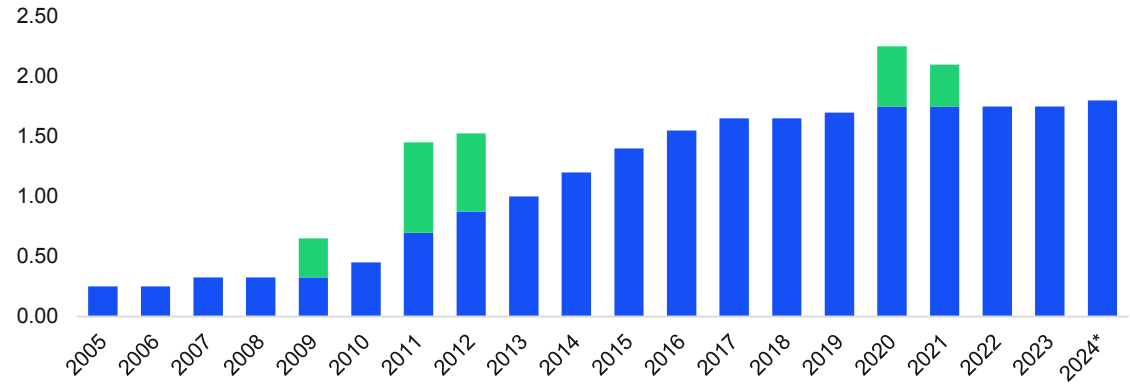
Share notations (EUR)

High	54.78
Low	41.33
Volume-weighted average price	47.16

KONE Corporation's share capital consists of the following:

	Number of shares	Par value, EUR
Class A	76,208,712	9,526,089
Class B	453,187,148	56,648,394
Total	529,395,860	66,174,483

KONE class B dividend per share, EUR



■ Dividend ■ Extraordinary dividend * Board's proposal for the 2024 dividend

	KONE class B shares
Trading code, Nasdaq Helsinki Ltd.	KNEBV
ISIN code	FI0009013403
Accounting par value	EUR 0.125

Market capitalization

on December 31, 2024

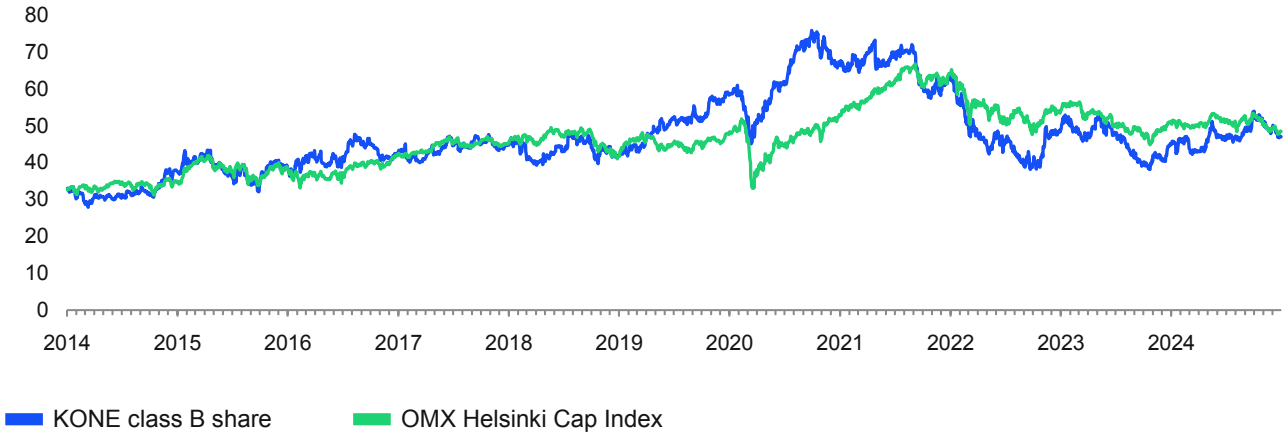
EUR 24,324 million

Dividend proposal

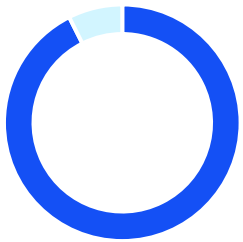
EUR 1.80

per class B share

KONE class B share price development, EUR

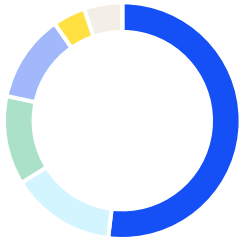


Class A shares, %



- 92.6% Companies
- 7.4% Non-profit organizations

Class B shares, %



- 51.4% Foreign / nominee registered shareholders *
- 14.5% Companies
- 13.3% Financial institutions and insurance companies
- 12.4% Individuals
- 4.4% Public institutions
- 4.0% Non-profit organizations

* Includes foreign-owned shares registered by Finnish nominees

Shareholders

Number of shares	Number of owners	Percentage of owners	Number of shares	Percentage of shares
1–10	23,617	22.1 %	126,822	0.0 %
11–100	47,433	44.5 %	2,111,098	0.4 %
101–1,000	28,688	26.9 %	9,734,911	1.8 %
1,001–10,000	6,206	5.8 %	16,642,137	3.1 %
10,001–100,000	625	0.6 %	15,573,008	2.9 %
100,001–	90	0.1 %	485,165,620	91.7 %
Total	**106,659**	**100.0 %**	**529,353,596**	**100.0 %**
Shares which have not been transferred to the paperless book entry system			42,264	0.0 %
Total			**529,395,860**	**100.0 %**

Major shareholders on December 31, 2024

		A-series	B-series	Total	% of shares	% of votes
1	**Herlin Antti**	70,561,608	53,062,160	123,623,768	23.4 %	62.4 %
	Holding Manutas Oy [1]	54,284,592	42,805,254	97,089,846	18.3 %	48.2 %
	Security Trading Oy [2]	16,277,016	8,560,303	24,837,319	4.7 %	14.1 %
	Herlin Antti	0	1,696,603	1,696,603	0.3 %	0.1 %
2	**Polttina Oy**	0	17,271,928	17,271,928	3.3 %	1.4 %
3	**Wipunen Varainhallinta Oy**	0	16,350,000	16,350,000	3.1 %	1.3 %
4	**KONE Foundation**	5,647,104	9,859,632	15,506,736	2.9 %	5.5 %
5	**Heikintorppa Oy**	0	10,000,000	10,000,000	1.9 %	0.8 %
6	**Varma Mutual Pension Insurance Company**	0	7,215,394	7,215,394	1.4 %	0.6 %
7	**Ilmarinen Mutual Pension Insurance Company**	0	6,839,091	6,839,091	1.3 %	0.6 %
8	**Blåberg Olli Edvard**	0	5,400,000	5,400,000	1.0 %	0.4 %
9	**Riikantorppa Oy**	0	4,900,000	4,900,000	0.9 %	0.4 %
10	**Elo Mutual Pension Insurance Company**	0	3,252,000	3,252,000	0.6 %	0.3 %
	10 largest shareholders total	**76,208,712**	**134,150,205**	**210,358,917**	**39.7 %**	**73.7 %**
	Foreign / nominee registered shareholders [3)]	0	235,228,602	235,228,602	44.4 %	19.4 %
	Repurchased own shares	0	11,867,752	11,867,752	2.2 %	1.0 %
	Others	0	71,940,589	71,940,589	13.6 %	5.9 %
Total		**76,208,712**	**453,187,148**	**529,395,860**	**100.0 %**	**100.0 %**

The list of ten major shareholders includes the major shareholders with a Finnish book-entry account.
[1] Antti Herlin's ownership of Holding Manutas represents 1.1% of the shares and 12.8% of the voting rights. Together with the ownership of Security Trading Oy in which he exercises controlling power, his ownership represents 51.0% of the shares and 62.7% of the voting rights.
[2] Antti Herlin's ownership of Security Trading Oy represents 56.4% of the shares and 57.5% of the voting rights. Together with the ownership of his children, Antti Herlin's ownership in Security Trading Oy represents 99.9% of the shares and 99.8% of the voting rights.
[3] Foreign ownership including foreign-owned shares registered by Finnish nominees.

More information on the shareholdings of KONE's Board of Directors and Executive Board on Dec 31, 2024 and changes in shareholding during January 1–December 31, 2024 are available in the Corporate Governance Statement.

Key figures per share

Share-related key figures		2024	2023	2022	2021
Basic earnings per share	EUR	1.84	1.79	1.50	1.96
Diluted earnings per share	EUR	1.84	1.79	1.49	1.96
Equity per share	EUR	5.54	5.32	5.49	6.13
Dividend per class B share [1]	EUR	1.80	1.75	1.75	2.10
Dividend per class A share [1]	EUR	1.7975	1.7475	1.7475	2.0950
Dividend per earnings, class B share	%	97.9	97.8	117.0	107.3
Dividend per earnings, class A share	%	97.8	97.6	116.8	107.0
Effective dividend yield, class B share	%	3.83	3.9	3.6	3.3
Price per earnings, class B share	EUR	25.57	25.23	32.29	32.20
Market value of class B share, average	EUR	47.16	45.79	46.56	65.44
Market value of class B share at end of period	EUR	47.00	45.16	48.30	63.04
Market capitalization at the end of period [2]	MEUR	24,324	23,358	24,975	32,652
Number of class A shares at the end of period, (1,000s)		76,209	76,209	76,209	76,209
Weighted average number of class A shares, (1,000s)		76,209	76,209	76,209	76,209
Number of class B shares at the end of period, (1,000s) [2]		441,319	441,028	440,881	441,754
Weighted average number of class B shares, (1,000s) [3]		441,292	441,008	441,632	441,847
Weighted average number of shares, (1,000s) [3]		518,014	517,595	517,841	518,055

[1] Board's proposal.
[2] Reduced by the number of repurchased own shares. Class A shares are valued at the closing price of the class B shares.
[3] Adjusted for share issue and share option and share-based incentive plan dilution, and reduced by the number of repurchased own shares

Sustainability Statement

General information

Sustainability reporting principles

Basis of preparation

This Sustainability Statement forms the core of KONE's annual sustainability reporting. The Statement has been prepared pursuant to the Corporate Sustainability Reporting Directive (CSRD) and structured around European Sustainability Reporting Standards (ESRS) with the objective of providing transparent and harmonized information on the material sustainability topics relevant for KONE. The reporting scope is aligned with KONE's consolidated financial statements unless otherwise indicated in connection with the disclosed information. In addition to this Sustainability Statement, KONE publishes a separate Sustainability Supplement that includes complementary information about specific sustainability matters.

The sustainability information included in this Statement is based on the double materiality assessment (DMA), conducted under the CSRD framework. KONE has identified sustainability-related risks and opportunities most relevant to KONE's business and stakeholders, and KONE's broader societal impacts on people and environment. In this Sustainability Statement, KONE's value chain is defined to cover upstream activities related to component and raw material production, and downstream activities related to the use of KONE's products and to the disposal and recycling of equipment at the end of the building's life cycle. KONE has also mapped its activities according to Sustainability Accounting Standard Board's (SASB) sustainability accounting standards for Electrical and Electronic Equipment. Read more about the SASB disclosure and information regarding KONE's climate-related risks and opportunities in accordance with the Task Force on Climate Related Financial Disclosures (TCFD) requirements on kone.com.

This is KONE's first year of reporting under CSRD, and consequently certain sustainability information is not presented for the comparison period. For those parts of the report where comparative information has been included, the reporting framework has remained the same. There have been no material restatements to the previously disclosed sustainability information. The environmental data includes both net and gross emissions for Scope 1 data. KONE reports net emissions for renewable natural gas, to show the total emissions reductions achieved during the reporting year. This approach aligns with the evolving reporting guidelines, concerning the purchase of biomethane certificates, which currently cannot be calculated into gross Scope 1 emissions.

Sustainability data, management judgment and uncertainty

The sustainability data used as the basis for the Sustainability Statement is sourced from various KONE's internal information systems. All financial data has been collected through KONE's enterprise resource planning and financial reporting systems. All financial information presented in this report are based on KONE Corporation's consolidated and audited financial statements, unless otherwise indicated.

Sustainability data is collected from KONE's subsidiaries and operative units, and controls are in place to ensure that the information is complete and accurate. In the absence of accurate datapoints, sustainability reporting requires the use of assumptions, estimates, projections, and management judgment which inherently include uncertainties. Further information on these uncertainties is presented in connection with the disclosed information.

Sustainability governance

Sustainability governance structure and roles

KONE's governance model for sustainability and corporate responsibility within the organization is designed to ensure that sustainability is embedded into all levels of decision-making, from strategic oversight to operational execution. The key governance bodies for sustainability at KONE include the Board of Directors, the President and CEO and the Executive Board, Sustainability Disclosure Board, Safety, Quality and Sustainability Board, and Global Sustainability Forum.

The Board of Directors holds the overall responsibility for overseeing the company's sustainability strategy. The Board regularly reviews sustainability performance, addresses potential risks, impacts and opportunities, and ensures that the company complies with all relevant regulations and standards. The Board members' strong conviction in the strategic importance of sustainability for KONE's business places significant weight on it in KONE's overall strategy. The board is well-versed in key sustainability matters relevant to the industry and products, such as carbon neutrality. The Board of Directors consists of non-executive members with a gender ratio of 67% male and 33% female. The Vice Chair of the Board, Jussi Herlin has a separate employment contract for his role as Executive Vice Chair of the Board at KONE. There are no other separate employment contracts for the members of the Board of Directors. Of the Board members, 78% are independent of the Corporation and 67% are independent from significant shareholders.

The President and CEO is responsible for integrating the sustainability strategy approved by the Board of Directors into the company's daily operations.The Executive Board implements the sustainability strategy across all business units. Each executive member is responsible for embedding sustainability within their respective areas, ensuring that initiatives are effectively executed and aligned with the company's overall objectives.

Specific sustainability-related executive boards have been established to focus on critical areas such as environment, safety, quality, global compliance and sustainability governance. Various sustainability related forums act as platforms that bring together representatives from various areas, business lines and global funcions to share best practices, discuss challenges, and align on global sustainability priorities.

KONE's Global Compliance Committee, which comprises four Executive Board members, the Corporate Controller and VP, Global Compliance, assists the Executive Board in ensuring that KONE has an effective program to conduct business in an ethical and compliant manner. The Global Compliance Committee has expertise in topics critical to compliance, and provides advice to the Executive Board, management and audit committee in meetings and through reports. The Audit Committee monitors compliance matters

which are reviewed by the Board of Directors at least annually.

The Board members are experienced in addressing sustainability-related impacts, risks, and opportunities, for instance related to carbon neutrality and health and safety topics, within the company's industry, products and operating environment. The Board's annual review cycle and governance structure are established to ensure continuous monitoring of progress towards sustainability targets, associated risks and opportunities as well as development of relevant skills. These reviews are conducted by KONE's or external subject matter experts.

Risk management and internal controls

KONE's sustainability reporting is based on the group-level principles of risk management and internal control. The aim of risk management is to identify risks and opportunities in relation to the achievement of sustainability objectives and assess the likelihood and magnitude of the impacts these may have, as well as to identify actions to manage the impacts. The identified risks and opportunities are managed through KONE's sustainability, risk management and internal control governance models.

KONE's internal control framework is built and based on corporate values, the KONE Code of Conduct, a culture of honesty and high ethical standards. The framework is supported by a dedicated leadership, training programs, a positive and diligent corporate culture and working environment as well as by attracting and promoting dedicated and competent employees. Global and local policies and principles are a key part of the internal control framework.

KONE's internal controls are designed to manage relevant sustainability reporting risks, as part of KONE's processes and employee job roles. Internal controls over sustainability reporting are supported by global and local policies and principles that are continuously maintained by incorporating changes and developments from the business operations and information systems.

KONE's Global Risk Management function facilitates risk assessments which includes the assessment of risks and opportunities in relation to sustainability reporting. Dedicated sustainability risk and impact or materiality assessments are conducted to ensure systematical identification, assessment, and treatment of risks, impacts and opportunities. Risks and opportunities are prioritized according to KONE's Risk Management Policy which applies to sustainability reporting.

The Executive Board reviews and evaluates the risk assessment results minimum twice a year and agrees on risk management priorities. The Executive Board members for Areas and global functions are owners of the key risks and opportunities relevant to the objectives of their organization. They are ultimately accountable that the risks are managed appropriately and shall allocate resources and delegate responsibility to efficiently manage the risks. The Board of Directors and the President and CEO are jointly responsible for overseeing impacts, risks, and opportunities, with this responsibility further delegated to committees focused on safety, quality, sustainability, and global compliance, along with their respective members.

KONE's Global Risk Management function facilitates sustainability risk assessments, including double materiality analysis (DMA) and the assessment of impacts, risks and opportunities (IROs), which are reviewed and managed jointly with relevant functions. The Executive Board and the President and CEO receive updates on material IROs or other relevant risk assessments bi-annually by the global risk management function. The Board of Directors are informed on the material risks and opportunities on an annual basis by the General Counsel.

KONE integrates the findings of its risk assessment and internal controls to business practices and processes through management systems and considers those in the sustainability related processes and reporting. This is done by appointing identified risks, opportunities, actions and controls with relevant risk owners and responsible stakeholders. These actions and controls vary from corporate business risks and climate change related mitigation strategies to operational and location specific environmental mitigation actions. Internal control activities to manage the identified material risks related to the accuracy and timeliness of sustainability reporting are adopted as part of KONE's processes that produce sustainability information.

The Board of Directors monitors and evaluates the effectiveness of KONE's risk management systems according to their role defined in KONE Risk Management Policy, in addition to the review of key risks and action plans. The Board's Audit Committee monitors the efficiency and functioning of the internal control environment, including internal controls over sustainability reporting. The management is responsible for establishing and maintaining adequate internal controls and for monitoring their effectiveness as part of operative management. The Board's Audit Committee is informed on internal control findings on an annual basis.

Sustainability-related performance in incentive plans

KONE drives sustainability performance also through compensation. KONE's long-term incentive plan, approved and updated by the Board of Directors, emphasizes sustainability alongside profitable growth to ensure a strong focus in driving transformation towards the achievement of KONE's sustainability ambitions. KONE's Sustainability KPIs have a total 20% weight in the long-term incentive plan and are related to KONE's targets to reduce its Scope 1, 2 and 3 carbon emissions (10% weight), as well as diversity and safety related targets (10% weight).

Sustainability due diligence

KONE integrates due diligence into its governance and strategy by adhering to the Finnish Corporate Governance Code and embedding sustainability into its operations. The company's due diligence and its integration to key processes are supported by KONE Global Management System, Health and Safety Policy Statement, Environmental Policy Statement, Human Rights Policy, Code of Conduct, and Supplier and Distributor Codes of Conduct, which are detailed in the policy sections of the material sustainability topics. KONE emphasizes engagement with stakeholders, including employees, suppliers, and communities. Refer to ESRS 2, Interests and views of stakeholders for more information on engaging with the affected stakeholders.

Supporting KONE's sustainability due diligence, the continuous assessment and identification of impacts, risks, and opportunities is embedded into its processes and policies. More information is presented in the corresponding material topics throughout this Sustainability Statement in the following sections: Material impacts, risks and opportunities, Policies, Engaging with the affected stakeholders, Remediating negative impacts, Actions, and Metrics. In addition to complying with applicable laws, rules, and regulations, KONE has established internal requirements to uphold high environmental and social standards in global activities, as well as for its suppliers and partners. Refer to S2, Respect for

Human Rights, and Supplier Due Diligence for detailed descriptions of KONE's human rights and supplier due diligence processes.

Sustainability in operations

Strategy

In 2024, KONE launched a new strategy 'Rise' for years 2025–2030 where leading in sustainability is part of the strategic ambition and 'Cut Carbon' is one of the four strategic shifts. In this strategic shift, the focus is both on reducing KONE's own emissions as well as on helping KONE's customers to decarbonize with sustainable solutions. Sustainability continues to also be one of KONE's core principles together with safety and quality.

Progress toward the sustainability-related strategic ambition is measured using an internal sustainability index. Under the 'Cut Carbon' strategic shift, KONE measures emission reductions in the value chain, revenue from sustainable solutions, and market share in sustainable opportunities. More concretely, KONE aims to radically cut down emissions from its products and solutions by adopting and developing energy efficient technologies, exploring new low-carbon materials and innovating together with its suppliers and partners. In services, sustainability advancements are achieved through leveraging digitalization to reduce unnecessary callouts and for smart planning of the service operations.

With the new strategy, KONE remains committed to provide the most sustainable solutions to its customers and help them decarbonize throughout the buildings' life cycle with the following key objectives:

- Overall reduction of product related Scope 3 emissions: Reducing emissions related to the materials used and lifetime energy consumption per product ordered
- Smart use of materials and circularity: Optimizing material use and reducing the materials, energy, and other resources used in KONE's solutions and operations
- Extending product lifetime: Extending lifetime of equipment through service and modernization including intelligent KONE 24/7 Connected Services and predictive maintenance
- End-user safety: Having safety as KONE's top priority in all operations
- Accessibility: Providing accessible, safe, and convenient solutions for all groups of End-users

Business model and value chain

KONE has a lifecycle business model where it provides elevators, escalators, building doors and related smart solutions for buildings and urban mobility. KONE maintains and modernizes the equipment to ensure the longevity, safety, and efficient operation of equipment, thereby contributing to sustainability by extending the product life cycle. By offering energy-efficient and sustainable products, KONE aims to reduce environmental impact throughout the entire product life cycle, from raw material sourcing to end-of-life. Furthermore, KONE requires that its supply chain partners adhere to sustainability requirements, including ethical sourcing and minimizing environmental impact.

A significant part of the value KONE creates is the result of collaboration with the large network of customers, partners, and suppliers, as well as through the use of elevators and escalators manufactured and/or maintained by KONE. Key customer groups include construction companies, building owners, facility managers, developers, and housing associations. Architects, authorities, and consultants are also key influencers in the decision-making process regarding elevators and escalators. Refer to Notes to the consolidated financial statements - Sales for a description of KONE's key products and most significant markets. No new bans on products or services were implemented during 2024.

KONE creates value to its customers by providing innovative, safe, and energy-efficient solutions that enhance the flow of people in urban environments. The company's digital solutions, such as predictive maintenance and smart elevators, offer improved user experience, safety and uptime. KONE strives to ensure health and safety for employees through high safety standards and practices. For its employees, KONE promotes diversity, inclusion, and continuous learning within its workforce. For its shareholders, KONE creates value through its resilient, sustainable and capital light business model, which creates strong and stable cash flow.

KONE has identified the following strategic inputs that are crucial in creating value for customers, shareholders and society:

- Competent and engaged people and strong leadership
- Innovative sustainable offering and global processes and systems
- Best partners
- Efficient manufacturing and delivery chain
- A solid financial position
- Environmentally sustainable operations
- High safety record, strong brand, solid reputation and commitment to safety
- Life cycle business model and the existing maintenance base

KONE ensures the availability of key inputs in its value chain through a combination of strategic sourcing, supplier management, and risk mitigation. To secure key talent, KONE invests in continuous employee development, diversity and inclusion, and retention through a supportive and innovative culture.

Interests and views of stakeholders

Sustainability is embedded into KONE's strategy and business model. The table Stakeholder engagement summarizes KONE's key stakeholders, their interests, and KONE's engagement with them. KONE collaborates and maintains an active dialogue with its stakeholders to understand their needs and expectations, also related to human rights matters, and to provide input for KONE's planning processes as well as to the continuous improvement of KONE management system, thus creating a predictable business environment for everyone. Applicable administrative, management and supervisory bodies are informed about the outcomes by the responsible topic owners and subject matter experts through various channels, and appropriate actions are taken to address the material impacts.

Stakeholder views have been considered as part of the strategy setting process. To enable employee's participation and to ensure employee consultation in health and safety matters, KONE runs and participates in local safety forums and councils with employees and their representatives. To represent the interests of employees and actively involve them in shaping the company, an employee engagement survey 'Pulse' is conducted annually. Refer to S1, Metrics for KONE's headcount of employees per geographical area. The learnings from the various stakeholder engagement activities including the employee engagement and customer surveys

were taken into account in strategy development by lifting the key findings to the relevant Executive Board discussions.

The views of employees, value chain workers and equipment users are also collected through KONE management system which harmonizes safety management practices across KONE and sets minimum requirements to protect the health and address the safety of KONE equipment users, employees and anyone else KONE works with. KONE considers the interests, views, and rights of its value chain workers in KONE's strategy and business model as feasible, mainly through management level discussions.

Stakeholder engagement

Stakeholder	Interest	Channels of dialogue	Assessment method
Customers, consumers and end-users	• Reliable and safe solutions, as well as service and modernization • Competitive pricing, value	• Meetings, events, seminars and conferences • Dialogue through solution support • Information shared through company reports, marketing materials, website, and social media channels • Continuous dialogue through daily interactions, digital solutions, user feedback, social media channels	• Net promoter score • Customer surveys • KONE Compliance Line • Monitoring feedback
Own workforce (Employees and non-employees)	• Safe working environment • Well-being • Career development • Fair compensation	• Daily interactions • Regular employee performance discussions • Internal channels and forums for company-wide discussions • Training opportunities and innovation tools	• Pulse employee engagement survey • Annual employee performance discussions • Idea management system, innovation tool • KONE Compliance Line
Investors and analysts	• Sustainable financial performance and growth • Transparency	• Financial and other company reports, stock exchange releases, company website • Events, such as annual general meetings and capital markets days • Investor and analyst meetings	• Direct feedback from financial market representatives • Feedback from the financial community also through surveys
Suppliers and subcontractors (Workers in the value chain)	• Long-term partnerships • Fair business practices • Safe working environment	• Continuous one-to-one dialogue with suppliers • Trade fairs, steering group meetings, supplier workshops and an annual supplier day for selected strategic suppliers • Supplier assessments including audit and an annual supplier excellence certification program	• Annual supplier survey • Supplier quality audit and performance assessment with the Supplier Maturity Certification Program • Monitoring of high-risk suppliers • KONE Compliance Line
Distributors and agents (Workers in the value chain)	• Market reach • Efficiency • Logistical expertise • Risk mitigation	• Daily interactions, account planning, regular country visits and distributors' meetings • KONE tools • Reward programs and business development initiatives	• Monitoring of sales-related activities and direct feedback from distributors • KONE Compliance Line
Partners	• Collaboration • Resource sharing • Innovation	• Continuous one-to-one dialogue • Developer portal for application programming and interface building • Engaging in co-innovation programs • Industry and innovation events and competitions, such as hackathons	• Bi-annual partner information review • Annual partner feedback survey • Feedback from 1-to-1 partner discussions
Media	• Content • Engagement • Transparency	• Press releases and events, interviews, background briefings and visits • Publications, as well as the company website and social media channels • Monitoring and analyzing media coverage about KONE	• Surveys and media analysis
Educational and research institutions	• Research opportunities • Internships • Knowledge sharing • Partnerships	• KONE's apprentice programs and summer traineeships • KONE is a member of the CEMS global alliance of academic and corporate institutions • Collaborations to provide information about KONE in schools, universities, and other relevant institutions • Thesis opportunities, recruitment fairs, projects, guest lectures, and research programs	• Most attractive workplace surveys, online tracking • School collaboration and social media visibility in order to enhance KONE's brand as an employer and to attract talent
Countries KONE operates in	• Environmental impact • Contribution to local development	• Company website and social media channels • Sustainability surveys and reputation studies • Volunteer work through the KONE Centennial Foundation	• Sustainability surveys and reputation studies • KONE Compliance Line

Sustainability-related impacts, risks and opportunities

Identification and assessment

KONE's double materiality assessment (DMA) approach consisted of four phases to determine material topics and provide input for the strategy development. These phases included value chain mapping, impact assessment, financial assessment, and final materiality determination. The DMA was completed in 2024. The DMA results will be reviewed annually and updated when necessary. KONE's earlier materiality assessment, human rights impact assessment and third-party due diligence process, non-financial risk assessment, and climate change scenario analysis, which have been integrated into KONE's risk management processes, were used as a starting point for the DMA. Refer to E1, Scenario analysis for a description of the scenario analysis and related assumptions.

The results of the DMA including the material impacts, risks and opportunities (IROs) were reviewed by a management steering group consisting of KONE Executive Board members and other management members. These members were selected based on their ownership, roles and responsibilities in the area of sustainability and reporting. The results of the DMA were reported to the Audit Committee of the KONE Board of Directors. Internal control over the DMA process was ensured through the reviews of the results and the adopted systematic assessment methodology.

In the initial phase of the DMA, KONE mapped its value chain and listed the main business activities across upstream, own operations, downstream, and cross-cutting activities through interviews with key internal stakeholders. The geographical locations and key external stakeholders affected by these activities were identified for each, in line with the reporting principles. Specific geographies, high-risk areas, and at-risk functions were taken into account.

The impacts, risks, and opportunities were evaluated by KONE's subject matter expert teams on a scale from 1 to 5, aligning with the ESRS criteria. These results can be easily compared with KONE's risk management process and tool, allowing for the consideration of sustainability risks alongside other business risks in terms of relative position and priorities. The views of KONE's stakeholders were provided through summarized input by the involved subject matter experts

ESRS Topics		Sub-topic	Material to KONE
E-Environment	E1 Climate change	E1 Climate change adaption	Yes
		E1 Climate change mitigation	Yes
		E1 Energy	Yes
	E2 Pollution	E2 Pollution of air	No
		E2 Pollution of water	No
		E2 Pollution of soil	No
		E2 Pollution of living organisms and food resources	No
		E2 Substances of concern	No
		E2 Substances of very high concern	No
		E2 Microplastics	No
	E3 Water and marine resources	E3 Water	No
		E3 Marine resources	No
	E4 Bio-diversity and eco-systems	E4 Direct impact drivers of biodiversity loss	No
		E4 Impacts on the state of species	No
		E4 Impacts on the extent and condition of ecosystems	No
		E4 Impacts and dependencies on eco-system services	No
	E5 Resource use and circular economy	E5 Resources inflows, including resource use	No
		E5 Resource outflows related to products and services	No
		E5 Waste	No
S-Social	S1 Own workforce	S1 Working conditions	Yes
		S1 Equal treatment and opportunities for all	No
		S1 Other work-related rights	No
	S2 Workers in the value chain	S2 Working conditions	Yes
		S2 Equal treatment and opportunities for all	No
		S2 Other work-related rights	No
	S3 Affected communities	S3 Communities' economic, social and cultural rights	No
		S3 Communities' civil and political rights	No
		S3 Rights of indigenous peoples	No
	S4 Consumers and end-users	S4 Information-related impacts for consumers and/or end-users	No
		S4 Personal safety of consumers and/or end-users	Yes
		S4 Social inclusion of consumers and/or end-users	No
G-Governance	G1 Business conduct	G1 Corporate culture	Yes
		G1 Protection of whistle-blowers	Yes
		G1 Animal welfare	No
		G1 Political engagement and lobbying activities	No
		G1 Management of relationships with suppliers including payment practices	No
		G1 Corruption and bribery	Yes

through their interaction with affected stakeholders and engagement with the users of KONE's Sustainability Statement.

During the impact assessment phase, KONE evaluated, scored, and prioritized the various impacts (positive or negative) and activities within its value chain that could affect people or the environment based on their scale, scope, likelihood, and irremediability, which was considered for negative impacts. In case of a potential negative human rights impact, the severity of the impact was prioritized over its likelihood.

The financial assessment phase included identification of key risks and opportunities posing financial implications, together with an assessment of their magnitude and likelihood, as well as the timeframe. The following scales were applied:

Likelihood of occurrence:

1. Highly unlikely to occur: >0–1%
2. Unlikely to occur: >1–10%
3. Possible to occur: >10–30%
4. Likely to occur: >30–60%
5. Highly likely to occur: >60–100%

Magnitude of financial impacts:

1. Nominal financial impact
2. Moderate financial impact
3. High financial impact
4. Significant financial impact
5. Critical financial impact

Timeframe:

Short	<1 year
Medium	1–5 years
Long	>5 years

The connections between impacts, and dependencies with the risks and opportunities, were considered as part of the identification of IROs, mainly in relation to geographical locations and IRO contents in the subtopics, however not systematically cross-referencing all connections and dependencies. Each prioritized risk, opportunity or impact is assigned to a risk owner. The risk owner appoints a person in a relevant role to be responsible for the specific IRO. The responsible person implements the necessary IRO treatment actions, and reports regarding progress to the risk owner.

As a result of the DMA, a comprehensive overview of KONE's IROs relating to each sustainability topic was formed. When an impact and/or risk or opportunity score of any topic exceeded a certain threshold, the topic was identified as material to KONE. The treatment of such IROs were prioritized to meet KONE's strategic sustainability objectives and ensure alignment with stakeholder expectations. In principle, all mandatory data points have been included and disclosed following the materiality principle of the ESRS standard. No material entity specific IROs were identified.

Material ESRS topics

KONE's material ESRS topics based on the DMA process are presented in the table on the previous page.

KONE has identified material risks and negative and positive impacts related to climate change and energy, negative health and safety impacts related to own employees, value chain workers and end-users, and positive impacts related to corporate culture, protection of whistle-blowers and corruption and bribery. IROs, relevant for each ESRS topic, are described in summary tables in the beginning of topical sustainability sections accompanied by the relevant information on time-horizon, value chain information and the management actions taken to address the IROs.

Current financial effects of KONE's material risks and opportunities do not expose KONE's financial position, financial performance or cash flows to significant risks for material adjustments to the carrying amounts of assets and liabilities. During 2024, KONE's strategy and business models showed resilience in harnessing the material opportunities and addressing material impacts and risks stated in this report, mainly driven by healthy geographic and business line mix, supported by robust supply chain. The conclusion was supported by a qualitative assessment based on KONE reaching the set strategic targets and KPIs during the reporting period. Refer to E1, Scenario analysis for a description of KONE's resilience regarding material climate change topics.

Refer to ESRS 2, Sustainability in operations for a description of KONE's new strategy 'Rise'. Progress in strategy execution and performance in strategic sustainability KPI's is monitored and as part of quarterly reporting in line with KONE's governance structure. KONE Risk Management Policy defines the roles and responsibilities for The Executive Board and the Board of Directors. These roles and responsibilities apply when they oversee and monitor the material impacts, risks and opportunities related to KONE's strategy implementation and targets. KONE's material impacts, risks and opportunities have been considered thoroughly in the planning of the new strategy and during strategy implementation in 2024.

Standard-specific considerations

Climate change

KONE has assessed and screened its major greenhouse gas (GHG) emission sources in its own operations, products, and value chain for all relevant business activities. The majority of the emissions stem from KONE's value chain due to the long lifetime of KONE's products with the expectation of the future emission profile remaining similar. To deepen the understanding of climate-related physical and transition risks and opportunities, KONE has conducted a climate change scenario analysis based on TCFD recommendations. Refer to E1, Scenario analysis for definitions of the climate scenarios.

Climate-related physical hazards were screened under the high emission scenario considering the geospatial mapping of KONE's own and key suppliers' manufacturing locations and logistics hubs and the projected climate change related physical exposures on these locations. The hazards were assessed taking into account their likelihood, magnitude and duration.

The climate-related risks and opportunities were identified and assessed in the short (<1 year), medium (2-5 years) and long terms (>5 years). The short-term horizon is aligned with KONE's short term target setting and budgeting, whereas the medium-term links to mid-term financial planning, and the long-term horizon to the strategic planning period and beyond.

Based on the assessment, KONE recognizes that severe weather events may expose the operations of KONE's own or suppliers' manufacturing sites and logistics routes to physical damage and consequent business interruption. However, the likelihood and magnitude of the events are relatively low and non-material in the short-term, increase over the medium term, and divert in the long term, when the frequency and severity of disruptive events continue to increase in the high emission scenario.

Climate-related transition risks and opportunities and their drivers were identified and assessed in KONE's subject matter expert interviews considering likelihood, impacts and duration of the transition events in a range of scenarios

including a Paris-aligned scenario of limiting climate change to 1.5°C.

KONE supports its customers by offering them sustainable solutions that are energy efficient, durable, and easy to disassemble and recycle. Customer demand is driven by policy and regulatory changes as well as technological advancements in renewable energy, energy efficiency and materials. KONE's reputation and brand image as a sustainability leader in the industry is at risk if KONE is not able to offer customers solutions that meet their needs to mitigate climate change.

Environmental risk assessments

Based on the DMA, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy are not among the most material sustainability topics for KONE.

KONE continuously screens and manages environmental-related impacts through the ISO14001 certified management system, which sets common requirements for KONE units to assess and mitigate any material environmental risks identified considering their activities, products, and services in their control and the associated life-time impacts. Risk identification and management are further ensured through regular audits. In addition, KONE constantly monitors risks arising from the supply and value chain for environmental matters. These risks are tracked in real time through automation with geolocation information provided.

KONE has not organized separate consultations with affected communities, but regularly co-operates with the relevant parties, such as local authorities to identify any material impacts, risks, and opportunities arising from the environmental topics. In addition, consultations are conducted as part of the environmental risks assessments.

KONE's management system is complemented with more detailed environmental assessments that are described in the following sections.

Pollution

Due to KONE's automated manufacturing systems and assembly lines, the amount of NOx, SOx and VOC emissions KONE produces is minuscule. These emissions are monitored as required by the local environmental permits and applicable regulatory frameworks.

Water and marine resources

Based on conducted water risk assessments, only a few of KONE's manufacturing units are located in areas recognized with high levels of water stress. Manufacturing units' water stress impact is rated minor because KONE's processes do not require significant water usage.

Biodiversity and ecosystems

Based on conducted assessments, KONE's manufacturing units are not located in or near United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage sites, Nature 2000 sites or other conservation parks, or biodiversity-sensitive areas. Biodiversity mitigation measures have not been concluded to be necessary. However, KONE continues to assess and monitor its impacts on biodiversity to better plan for future actions by conducting a more detailed assessment of the impacts and dependencies of the value chain on biodiversity in the future.

Resource use and circular economy

KONE constantly tracks all waste consumption in its manufacturing units as part of regular facility monitoring. The waste generated by the manufacturing processes are negligible, and most of the waste is recycled or incinerated. The key material flows and raw materials are systematically monitored on a component or module basis through automated warehousing systems. Still, KONE's most significant environmental impacts emerge from the energy use and the associated emissions of the products over their long lifetime.

Business conduct

KONE's third-party due diligence process, supplier screenings and audits, internal assessments and surveys, and local compliance risk assessments, as well as the Compliance Line reports support the identification of impacts, risks and opportunities related to corporate culture and governance. In addition, specific functions and areas, particularly Asia-Pacific, the Middle East and Africa, and Greater China, have been considered in terms of bribery and corruption risk in the global anti-bribery and corruption risk assessments.

Appendices

Data points that derive from other EU legislation

The following table illustrates the data points in ESRS 2 and topical ESRS that derive from other European Union (EU) legislation as listed in ESRS 2 Appendix B. The table indicates where the data points can be found within the Sustainability Statement, which data points are not material, and whether a phase-in has been used.

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section
ESRS 2 GOV-1	21 (d)	Board's gender diversity	x		x		Sustainability governance
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			x		Sustainability governance
ESRS 2 GOV-4	30	Statement on due diligence	x				Sustainability governance
ESRS 2 SBM-1	40 (d) i	Involvement in activities related to fossil fuel activities	x	x	x		Not material
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	x		x		Not material
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	x		x		Not material
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			x		Not material
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				x	Scenario analysis, Actions and targets, Reporting principles
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		x	x		Reporting principles
ESRS E1-4	34	GHG emission reduction targets	x	x	x		Scenario analysis, Actions and Targets
ESRS E1-5	37	Energy consumption and mix	x				Metrics
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	x				Metrics
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	x				Metrics
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	x	x	x		Metrics
ESRS E1-6	53-55	Gross GHG emissions intensity	x	x	x		Metrics
ESRS E1-7	56	GHG removals and carbon credits				x	Metrics
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			x		Phase-in used
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk		x			Phase-in used
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		x			Phase-in used
ESRS E1-9	69	Degree of exposure of the portfolio to climate-related opportunities			x		Phase-in used

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil	x				Not material
ESRS E3-1	9	Water and marine resources	x				Not material
ESRS E3-1	13	Dedicated policy	x				Not material
ESRS E3-1	14	Sustainable oceans and seas	x				Not material
ESRS E3-4	28 (c)	Total water recycled and reused	x				Not material
ESRS E3-4	29	Total water consumption in m^3 per net revenue on own operations	x				Not material
ESRS 2- SBM 3 - E4	16 (a) i	Activities negatively affecting biodiversity sensitive areas	x				Not material
ESRS 2- SBM 3 - E4	16 (b)	Material negative impacts with regards to land degradation, desertification or soil sealing	x				Not material
ESRS 2- SBM 3 - E4	16 (c)	Operations that affect threatened species	x				Not material
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	x				Not material
ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	x				Not material
ESRS E4-2	24 (d)	Policies to address deforestation	x				Not material
ESRS E5-5	37 (d)	Non-recycled waste	x				Not material
ESRS E5-5	39	Hazardous waste and radioactive waste	x				Not material
ESRS 2- SBM3 - S1	14 (f)	Risk of incidents of forced labour	x				Not material
ESRS 2- SBM3 - S1	14 (g)	Risk of incidents of child labour	x				Not material
ESRS S1-1	20	Human rights policy commitments	x				Policies
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Policies
ESRS S1-1	22	Processes and measures for preventing trafficking in human beings	x				Policies
ESRS S1-1	23	Workplace accident prevention policy or management system	x				Policies
ESRS S1-3	32 (c)	Grievance/complaints handling mechanisms	x				Remediating negative impacts on own workforce
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	x		x		Metrics
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities or illness	x				Phase-in used
ESRS S1-16	97 (a)	Unadjusted gender pay gap	x		x		Not material
ESRS S1-16	97 (b)	Excessive CEO pay ratio	x				Not material
ESRS S1-17	103 (a)	Incidents of discrimination	x				Remediating negative impacts on own workforce
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	x		x		Remediating negative impacts on own workforce

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Section
ESRS 2- SBM3 – S2	11 (b)	Significant risk of child labour or forced labour in the value chain	x				Material impacts, risks and opportunities
ESRS S2-1	17	Human rights policy commitments	x				Policies
ESRS S2-1	18	Policies related to value chain workers	x				Policies
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	x		x		Policies
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			x		Policies
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	x				Actions
ESRS S3-1	16	Human rights policy commitments	x				Not material
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	x		x		Not material
ESRS S3-4	36	Human rights issues and incidents	x				Not material
ESRS S4-1	16	Policies related to consumers and end-users	x				Policies
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	x		x		Policies
ESRS S4-4	35	Human rights issues and incidents	x				Actions
ESRS G1-1	10 (b)	United Nations Convention against Corruption	x				Policies, Prevention and detection of corruption and bribery
ESRS G1-1	10 (d)	Protection of whistle-blowers	x				Not material
ESRS G1-4	24 (a)	Fines for violation of anti-corruption and anti-bribery laws	x		x		Not material
ESRS G1-4	24 (b)	Standards of anti- corruption and anti-bribery	x				Not material

Disclosure requirements incorporated by reference

Disclosure requirement	Description	Reference
DP 40 a ii	Information on KONE's significant markets and customer groups	Annual Review: Financial Statements: Sales
DP 40 f	Information on the significant products and services	Annual Review: Financial Statements: Sales
DP 29 c i	Information on KONE's total research and development costs	Annual Review: Financial Statements: Costs and Expenses

Content index

ESRS 2 General disclosures		Section name
BP-1	General basis for preparation of sustainability statements	Sustainability reporting principles
BP-2	Disclosures in relation to specific circumstances	Sustainability reporting principles, Sustainability-related impacts, risks and opportunities, Appendices
GOV-1	The role of the administrative, management and supervisory bodies	Sustainability governance, Sustainability-related impacts, risks and opportunities
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Sustainability governance, Sustainability-related impacts, risks and opportunities
GOV-3	Integration of sustainability-related performance in incentive schemes	Sustainability governance
GOV-4	Statement on due diligence	Sustainability governance
GOV-5	Risk management and internal controls over sustainability reporting	Sustainability governance
SBM-1	Strategy, business model and value chain	Sustainability in operations
SBM-2	Interests and views of stakeholders	Sustainability in operations
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Sustainability reporting principles, Sustainability-related impacts, risks and opportunities
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Sustainability reporting principles, Sustainability-related impacts, risks and opportunities
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Sustainability-related impacts, risks and opportunities, Appendices
E1 Climate change		**Section name**
E1-1	Transition plan for climate change mitigation	Material impacts, risks and opportunities, Scenario analysis, Actions and Targets, Reporting principles
E1-2	Policies related to climate change mitigation and adaptation	Policies
E1-3	Actions and resources in relation to climate change policies	Actions and Targets
E1-4	Targets related to climate change mitigation and adaptation	Scenario analysis, Actions and Targets, Metrics
E1-5	Energy consumption and mix	Metrics
E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	Metrics
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	Metrics
E1-8	Internal carbon pricing	Metrics
GOV-3	Integration of sustainability-related performance in incentive schemes	ESRS 2, Sustainability governance
IRO-1	Description of the processes to identify and address material IROs	ESRS 2, Sustainability-related impacts, risks and opportunities
SBM-3	Material IRO and their interaction with strategy and business model(s)	Scenario analysis
S1 Own Workforce		**Section name**
S1-1	Policies related to own workforce	Policies
S1-2	Processes for engaging with own workers and workers' representatives about impacts	Engaging with own workforce
S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Remediating negative impacts on own workforce
S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Actions
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets
S1-6	Characteristics of the undertaking's employees	Metrics
S1-14	Health and safety metrics	Metrics
S1-17	Incidents, complaints and severe human rights impacts	Remediating negative impacts on own workforce
SBM-2	Interests and views of stakeholders	ESRS 2, Sustainability in operations
SBM-3	Material impacts, risks and opportunities and their interaction of with strategy and business model	Material impacts, risks and opportunities

S2 Workers in the value chain		Section name
S2-1	Policies related to value chain workers	Policies, Respect for human rights
S2-2	Processes for engaging with value chain workers about impacts	Engaging with value chain workers
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	Remediating negative impacts on value chain workers
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	Actions, Respect for human rights
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets
SBM-2	Interests and views of stakeholders	ESRS 2, Sustainability in operations
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities
S4 Consumers and end-users		**Section name**
S4-1	Policies related to consumers and end-users	Policies
S4-2	Processes for engaging with consumers and end-users about impacts	Engaging with consumers and end-users
S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Remediating negative impacts on consumers and end-users
S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions	Actions
S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets
SBM-2	Interests and views of stakeholders	ESRS 2, Sustainability in operations
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material impacts, risks and opportunities
G1 Business conduct		**Section name**
G1-1	Business conduct policies and corporate culture	KONE culture, Policies, Mechanisms for identifying, reporting and investigating concerns, Prevention and detection of corruption and bribery
G1-3	Prevention and detection of corruption and bribery	Mechanisms for identifying, reporting and investigating concerns, Prevention and detectic of corruption and bribery
GOV-1	The role of the administrative, supervisory and management bodies	ESRS 2, Sustainability governance
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	ESRS 2, Sustainability-related impacts, risks and opportunities

Environmental information

EU Taxonomy disclosure

EU Taxonomy is a classification system for environmentally sustainable activities that was established to translate the EU's climate and environmental objectives into criteria for specific economic activities. It recognizes environmentally sustainable economic activities that make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of the other objectives and meeting minimum social safeguards. The purpose is to help investors to make environmentally sustainable investments by identifying businesses that contribute to the transformation to an economy that supports the EU's environmental objectives and to steer investments for the realization of the Paris Agreement.

The elevator and escalator industry is currently not directly in the scope of the Taxonomy because it is not among the most high-emitting industries. Nonetheless, KONE has identified certain taxonomy-eligible and aligned activities within its business. As the Taxonomy Regulation continues to be developed over time and is subject to interpretation, KONE continuously re-assesses its activities' contribution to the environmental objectives of the Taxonomy.

Assessment of taxonomy-eligible activities

An eligible activity is an economic activity that is described and has technical screening criteria set out in Annex I of the Climate Delegated Act of the Taxonomy Regulation. In 2024, KONE identified the following taxonomy-eligible activities under climate change mitigation and circular economy.

Activity 5.2 'Sale of spare parts' relates to products and spare parts that are used in products manufactured by economic activities classified under the NACE code C28.22 'Manufacture of lifting and handling equipment' and is therefore applicable to KONE's business. As part of KONE's Service business, KONE sells spare parts to maintenance companies that are maintaining products manufactured by KONE. This activity fits into the description of activity 5.2.

KONE's DX Class elevators are manufactured with built-in 24/7 Connected Services connectivity, and maintenance of these elevators fits into the description of the activity 4.1 'Provision of IT/OT data-driven solutions'.

In addition to elevators and escalators, KONE's offering includes automatic building doors. The description of the economic activity 3.5 'Manufacture of energy efficiency equipment for buildings' includes NACE code C25.12, comprising manufacture of metal doors, windows and their frames, shutters and gates as well as metal room partitions for floor attachment. KONE's revenue related to manufacture of different types of doors and gates falls within this scope. The installation, service, and repair of these door and gate solutions is also considered Taxonomy-eligible based on the description of activity 7.3 'Installation, maintenance and repair of energy efficiency equipment'.

KONE's vehicle fleet consists of about 19,000 vehicles. Based on the description of activity 6.5 'Transport by motorbikes, passenger cars and commercial vehicles', KONE has concluded that the capital expenditure on leasing costs of KONE's entire vehicle fleet are Taxonomy-eligible as related to category C 'Purchase of output from other companies' Taxonomy-eligible economic activities'. KONE did not identify any capital expenditure related to categories A or B.

Taxonomy-alignment has not been pursued at this stage for the above-mentioned activities.

Assessment of taxonomy-aligned activities

An eligible activity is considered to be aligned if it is making a substantial contribution to at least one of the six environmental objectives, while also doing no significant harm to the other environmental objectives as well as meeting the minimum standards on human rights and labor standards. In 2024, KONE identified taxonomy-aligned activities under climate change mitigation and circular economy and is reporting alignment for the following activities.

One of KONE's pioneering eco-efficient solutions is the regenerative drive. When descending with a heavily loaded car or ascending with a lightly loaded car, elevators equipped with a regenerative drive can recover energy by converting the stored mechanical energy into electrical energy in the motor, which acts as a generator. Energy is pushed back into the electrical grid of the building, where it can be used by other building appliances, such as HVAC. From EU Taxonomy, the economic activity 3.6 'Manufacture of other low carbon technologies' was found to be best suited for manufacturing elevators with regenerative drive.

KONE 24/7 Connected Services offers intelligent predictive maintenance through a cloud connection, enabling the connected equipment to provide a constant stream of data that helps to make intelligent, predictive decisions on how to solve potential problems before they cause disruption. Advanced analytics determines if an issue is critical and needs to be addressed immediately or if it can be solved during the next scheduled maintenance visit, resulting in more efficient maintenance. Any elevator or escalator can be connected to 24/7 Connected Services by installing a connectivity device. KONE's DX Class elevators are manufactured with built-in 24/7 connectivity. These activities fit into the description of economic activity 4.1 'Provision of IT/OT data-driven solutions'.

The lifetime of elevators and escalators is typically long and can be further extended with regular maintenance and modernization of the equipment. KONE's Modernization business offers solutions for prolonging the product life cycle with upgrades in terms of energy efficiency, safety, and visual appearance. The description of the economic activity 5.1 'Repair, refurbishment and remanufacturing' entails repair and refurbishment of goods that have been used for their intended purpose before by a customer, and KONE's partial modernization business for elevators and escalators fits into the activity description. As well as activity 5.2, activity 5.1 relates to products that are manufactured by economic activities classified under the NACE code C28.22 'Manufacture of lifting and handling equipment' and is thus applicable to KONE's business.

Activity 4.1 includes revenue from manufacturing DX Class elevators without regenerative drive; other elevators and DX Class elevators equipped with a regenerative drive are included in activity 3.6.

Substantial contribution criteria

KONE has reviewed the substantial contribution criteria for economic activities 3.6, 4.1 and 5.1 and assessed its activities to be aligned.

Per the substantial contribution criteria set out in Annex I to regulation 2020/852 for activity 3.6, elevators equipped with regenerative drive demonstrate substantial life cycle GHG emission savings compared to the best performing alternative solutions available on the market, such as a modern elevator drive technology without the ability to feed electricity back to the building network. The amount of regenerated energy of

the regenerative drive varies according to the building type; the saving can potentially amount up to 20-40% of the elevator consumption in mid-rise buildings and up to 35-45% in high-rise buildings. By meeting the criteria, elevators manufactured with regenerative drive make a substantial contribution to climate change mitigation.

With regards to substantial contribution to circular economy, remote monitoring and predictive maintenance through KONE 24/7 Connected Services meets the criteria of activity 4.1. The service provides information on upcoming maintenance needs and identifies any potential issues before they cause problems. Round-the-clock monitoring increases safety and improves accessibility of the equipment, and fact-based maintenance recommendations help prolong the equipment lifetime. As for the activity 5.1, partial Modernization extends the products' lifetime by repairing and refurbishing them, thereby also substantially contributing to the transition to circular economy.

Do No Significant Harm assessment

A Do No Significant Harm (DNSH) assessment was conducted for the activities for which KONE meets the substantial contribution criteria, as listed above. KONE has a total of seven global R&D units and 10 manufacturing units in the US, Mexico, EU, China, and India, with 200 most strategic material suppliers located near KONE's supply units. Elevators with regenerative drive, DX Class elevators, the connectivity devices for 24/7 Connected Services as well as partial modernization components are manufactured or assembled at KONE's factories, thus the same manufacturing operations-related DNSH assessments apply for all the taxonomy-aligned activities.

Climate change adaptation

KONE has performed physical climate risk and vulnerability assessment as part of KONE's annual risk assessment process. KONE's risk and opportunity assessment includes a Climate Change Scenario Analysis based on International Panel for Climate Change RCP scenarios to help to ensure that KONE's strategy is resilient to climate change in a range of possible future states. The risk assessment focused on the qualitative implications of climate-related risks and opportunities in key strategic performance areas of KONE's operations: direct material purchases, manufacturing operations, logistics and product and service design.

Based on the assessment, physical climate risks are not considered material. KONE has taken mitigating actions to ensure continued operations globally and actively develops business continuity management capabilities to reduce the impact and likelihood of disruptions within its supply chain.

Sustainable use and protection of water resources

Throughout KONE's global manufacturing operations, water is mainly used for sanitary purposes. Water consumption in KONE's Service and Modernization activities is minimal. KONE sources water mainly from municipal water supplies, and wastewater is released into municipal wastewater treatment systems that abide by local regulations. Some of KONE's manufacturing units use minor quantities of water in their industrial processes, for example, in painting and coating processes with closed loop water circulation, and for cooling purposes. Those manufacturing units monitor their water consumption and wastewater discharge parameters, perform the necessary sampling, and report to the local authorities according to the local regulation. Two out of KONE's ten manufacturing units have their own wastewater treatment systems, with regular third-party monitoring and permits in place.

Based on water risk assessment, some of KONE's manufacturing units are located in areas recognized with high levels of water stress. However, manufacturing units' water stress impact is rated minor in the 2023 environmental assessment.

Environmental impact assessments as part of ISO 14001 certification including water impact assessment have been performed for all of KONE's manufacturing units.

Pollution prevention and control

Pollution prevention and control criteria require that the activity does not lead to the manufacture, placing on the market or use of substances listed in a number of EU's regulations addressing the production and use of chemical substances. KONE has assessed its aligned activities against the criteria for the DNSH to pollution prevention and control and found to meet the criteria.

KONE has systematic practices and code of conducts with environmental annex requiring that the substances, materials, components, parts, sub-assemblies, assemblies, products, labels affixed to products or used in the manufacturing of the products and their components comply with the regulation laid out by the EU. KONE is constantly striving to limit the amount of restricted substances in its products and aims to use only articles which are sustainable from environmental, technical and economical perspective.

Certain components used in KONE's products contain substances addressed in the DSNH pollution prevention and control criteria. As lead is the most significant substance, KONE has done an assessment by analyzing if the components containing lead have suitable alternatives on the market and whether using these alternatives is technically and economically feasible. The assessment was conducted by KONE's subject matter experts from product design and R&D Sustainability teams. Based on the analysis, KONE is not aware of suitable alternative technologies on the market that would be technically and/or economically feasible.

Transition to a circular economy

KONE's contribution to circular economy focuses on reducing the materials, energy and other resources used in solutions and operations. KONE strives to optimize material use, for example, through robotics and automation, product design, recycling waste wherever possible, and reusing packaging materials. KONE aims to maximize the positive environmental impacts and minimize the adverse ones throughout the life cycle of our solutions. This extends from raw material extraction to end-of-life treatment such as recycling the materials. Up to 90% of the materials in KONE's solutions can be recovered. Modernization solutions contribute to the renovation and repurposing of buildings. KONE's products are fit for disassembly and can be reused and recycled.

The current share of recycled content in KONE's products is relatively low, and KONE works closely with its suppliers to increase the recycled content in metals, without compromising the safety or quality of the equipment.

Protection and restoration of biodiversity

Environmental impact assessments as part of ISO 14001 certification have been performed for all of KONE's manufacturing units. All required mitigation and compensation measures for protecting the environment are implemented based on the local regulatory requirements and included in KONE's ISO 14001 certification and auditing processes.

KONE conducted a screening in 2024 and found that none of its manufacturing units are in or near biodiversity-sensitive areas. KONE has a long-term (2030) and annual biodiversity target, which states that KONE's manufacturing units must not be located in or near UNESCO World Heritage sites, Nature

2000 sites or other conservation parks, or biodiversity-sensitive areas.

Minimum social safeguards

Based on the assessment of the Minimum safeguards criteria on human rights, bribery and corruption, taxation and fair competition, which are laid out by the EU Platform on Sustainable Finance, KONE has found its activities to be aligned.

KONE's Code of Conduct, Human Rights Policy, Anti-Bribery and Corruption Policy, Competition Compliance Policy and other related policies set out the principles and standards expected from KONE employees, KONE companies, suppliers, distributors and other business partners. KONE is committed to respecting and endorsing internationally recognized labor and human rights standards in its operations and across the value chain. KONE has a human rights due diligence process, consisting of impact assessments, third party due diligence, supplier screenings and internal assessments and surveys. To prevent bribery and corruption, KONE has developed a comprehensive anti-bribery and corruption program which includes thorough risk assessments, clear policies, mandatory training, and proactive measures.

OpEx

For OpEx, KONE has defined the total operational expenditure (denominator), EUR 282 million, based on the methodology specified in the Taxonomy Regulation. It includes research and development costs of KONE, in addition to cost related to maintenance and repair of the facilities and buildings, as well as short-term lease expenses.

KONE did not identify any turnover-related or standalone Taxonomy-eligible or aligned operational expenditure.

Changes in KONE's Taxonomy reporting after 2023

KONE has re-categorized the revenue from sales of DX Class elevators equipped with regenerative drive from economic activity 4.1 to 3.6. This has resulted in a slightly higher taxonomy-alignment for the activity 3.6 and vice versa a slightly lower alignment for 4.1 compared to the 2023 disclosure.

As for activity 4.1, the 2024 reported revenue includes the total value of the service contracts which include 24/7 Connected Services. The 2023 disclosure included only the extra value of 24/7 Connected Services, which was charged on top of a regular service contract. Since 2023, KONE has significantly developed its service strategy to fully leverage benefits from connectivity. Today, 24/7 Connected Services is integrated into KONE's overall way of doing service and is no longer considered a separate value-add service.

Nuclear and fossil gas related activities

	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

	2024			Substantial contribution criteria						DNSH criteria									
Economic activities	**Code**	**Turnover**	**Proportion of turnover, year N**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of taxonomy aligned (A.1) or eligible (A.2) turnover, year N-1**	**Category enabling activity**	**Category transitional activity**
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of other low carbon technologies	3.6	1,850	16.7 %	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	16.8 %	E	
Provision of IT/OT data-driven solutions	4.1	1,976	17.8 %	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	18.3 %	E	
Repair, refurbishment and remanufacturing	5.1	1,101	9.9 %	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	8.6 %		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**4,927**	**44.4 %**	**37.6 %**	**0.0 %**	**0.0 %**	**0.0 %**	**62.4 %**	**0.0 %**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**43.7 %**		
Of which Enabling		3,827	34.5 %	16.7 %	0.0 %	0.0 %	0.0 %	17.8 %	0.0 %	Y	Y	Y	Y	Y	Y	Y	35.1 %	E	
Of which Transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Manufacture of energy efficiency equipment for buildings	3.5	17	0.1 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2 %		
Provision of IT/OT data-driven solutions	4.1	52	0.5 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.4 %		
Sale of spare parts	5.2	10	0.1 %	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1 %		
Installation, maintenance and repair of energy efficiency equipment	7.3	77	0.7 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.6 %		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**155**	**1.4 %**	**60.2 %**	**0.0 %**	**0.0 %**	**0.0 %**	**39.8 %**	**0.0 %**								**1.2 %**		
A. Turnover of Taxonomy eligible activities (A.1 + A.2)		**5,082**	**45.8 %**	**38.2 %**	**0.0 %**	**0.0 %**	**0.0 %**	**61.8 %**	**0.0 %**								**44.9 %**		
B. TAXONOMY-NON ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		6,016	54.2 %																
TOTAL		**11,098**	**100.0 %**																

EL = Eligible; N/EL = Non-eligible

Total turnover as per KONE group reported figures. KONE's principles for defining turnover and capital expenditure can be found in notes 2.1. and 4 in the financial statements.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

	2024			Substantial contribution criteria						DNSH criteria									
Economic activities	**Code**	**CapEx**	**Proportion of CapEx, year N**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1**	**Category enabling activity**	**Category transitional activity**
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Transport by motorbikes, passenger cars and commercial vehicles	6.5	160	30.6 %	EL	N/EL	N/EL	N/EL	N/EL	N/EL								17.4 %		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**160**	**30.6 %**	**100.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**17.4 %**		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		**160**	**30.6 %**	**100.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**	**0.0 %**								**17.4 %**		
B. TAXONOMY-NON ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		363	69.4 %																
TOTAL		**523**	**100.0 %**																

EL = Eligible; N/EL = Non-eligible

Total CapEx as per KONE group reported figures. KONE's principles for defining turnover and capital expenditure can be found in sections 2.1., 4.3 and 4.4. in the financial statements.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

	2024			Substantial contribution criteria						DNSH									
Economic activities	**Code**	**OpEx**	**Proportion of OpEx, year N**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx, year N-1**	**Category enabling activity**	**Category transitional activity**
		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which Enabling																			
Of which Transitional																			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0**	**0.0 %**																
A. OpEx of Taxonomy eligible activities (A.1+ A.2)		**0**	**0.0 %**																
B. TAXONOMY-NON ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		282	100.0 %																
TOTAL		**282**	**100.0 %**																

EL = Eligible; N/EL = Non-eligible

E1 Climate Change

Material impacts, risks and opportunities

Environmental and climate change related risks and opportunities were identified as part of the DMA process, building on previous climate-related assessments and understanding of KONE's main climate impacts. Climate change adaptation and mitigation and energy were identified as material topics for KONE. Refer to ESRS 2, Sustainability-related impacts, risks and opportunities for a description of the materiality assessment methodology. Material IROs are described in the table Material impacts, risks and opportunities related to climate change.

KONE has screened all its major emission sources. The emissions arising from the use of KONE's products, i.e. locked-in emissions, are relevant where non-renewable energy sources are used in KONE's solutions over their lifetime. Product and value chain (Scope 3) emissions involve activities outside of KONE's direct control and decarbonization speed in related industries might affect the ability to reduce Scope 3 emissions. Therefore, KONE engages systematically with its main suppliers and customers to reduce material-related emissions and find new innovative energy solutions in countries where its solutions are used. Refer to the table Greenhouse gas emissions for more information on the direct use-phase GHG emissions calculations (Scope 3 category 11) and E1, Reporting principles for the calculation methodology.

Material impacts, risks and opportunities related to climate change

Material topic (time horizon)	Material impacts, risks and opportunities[1]	Management response
Climate change adaptation in own operations and up- and downstream value chain (long-term)	↓ **Physical risk** Severe weather events may interrupt operations and increase the cost of doing business in KONE's factories or in the upstream supply chain or downstream delivery chain, including logistics routes.	• KONE develops business continuity management capabilities and harmonizes its products to increase resilience in case of disruptive events • KONE develops services helping customers with prior weather event loss prevention, stand-by maintenance during events and post-event status check and repairs
Climate change mitigation in up- and downstream value chain (long-term/ continuous)	↑ **Positive impact** KONE's solutions are designed for life cycle use with a long lifetime aiming for circularity, with professional maintenance and modernization, enabling lower lifetime energy consumption and GHG emissions. ↓ **Negative impact** Product-related emissions – lifetime energy consumption and materials – account for the majority of KONE's emissions ↓ **Transition risk** Reputational damage if KONE fails to meet its promised sustainability/climate-related targets in time	• KONE continues to develop low carbon offering to meet customer expectations and support them to meet their climate targets • KONE actively engages with its suppliers on climate topics
Energy in downstream value chain (long-term/ continuous)	↓ **Negative impact** KONE solutions are designed to last long (25 years for the elevators and 15 years for escalators). During their lifetime KONE solutions consume electricity.	• KONE continues to develop its energy efficient low carbon offering

[1] Please note that the table includes impacts, risks and opportunities with the further division of climate-related risks into physical or transition.

Scenario analysis

The identification and assessment of climate-related risks and opportunities

KONE's first climate change scenario analysis was kicked off in 2022 and finalized in early 2023. Resilience assessment of KONE's critical-to-continuity activities with respect to climate-related risks was part of the analysis. The analysis continues to be reviewed annually as part of KONE's overall risk assessment process and assessed and updated regularly. Refer to ESRS 2, Standard specific considerations for a description of the applied time horizons. Critical assumptions, inputs and key drivers to the scenarios, including those driving the transition to a lower-carbon economy, are presented in the table Scenario comparison.

In the first phase of the scenario analysis, KONE focused on the qualitative implications of climate-related risks and opportunities in key strategic performance areas of its operations considering the inherent and residual risk after existing treatment actions. KONE aims to quantify the anticipated financial impacts of material physical and transition climate risks upon a future analysis update.

Climate-related risks and opportunities were considered in terms of key strategic performance areas, which covered direct material purchases (representing KONE's upstream value chain), logistics (value chain cross-cutting activity), manufacturing operations and product and service design (representing KONE's own operations). Although KONE's downstream value chain was not directly in the scope, product and service design is closely linked to the downstream value chain. KONE's analysis included how KONE can advise and help customers in preventing damage when their facilities, together with KONE equipment, are exposed to severe weather events, such as hurricanes and floods.

Climate scenarios

The climate scenario assessment utilized several information sources, including the 6th Assessment Report of The Intergovernmental Panel on Climate Change (IPCC) Working Group I, Swiss Re CatNet, and combined SSP-RCP scenarios, i.e. Shared Socioeconomic Pathways (SSPs) informed by the Representative Concentration Pathways (RCPs).

Real world political and societal dynamics may deviate from the assumptions of the SSP-RCP scenarios, such as the

level of global cooperation, affecting the feasibility of mitigation and adaptation measures. Other constraints relate to assumptions on the availability and use of natural resources, the feasibility of technological advancements and their implementation and the effectiveness and implementation of policies.

The selected scenarios are considered representative of KONE's risks and uncertainties, as they combine a range of plausible warming pathways and related socio-economic developments, which may influence the global megatrends that support KONE's strategy, and which will have a direct impact in KONE's day-to-day operating environment.

KONE's resilience under the scenarios

KONE has a climate pledge with science-based targets for significant GHG emissions reductions in line with limiting global warming to 1.5°C, which is currently the most ambitious criteria for setting science-based targets. Refer to E1, Actions and targets to read more about KONE's targets.

In the '1.5°C low carbon' scenario, KONE's business strategy is resilient, as demand for energy efficient, sustainable and climate resilient solutions increases already in the short term, and in the medium term there is full transformation to renewable energy and electrification that creates opportunities for KONE. Physical changes may cause occasional disruptions to KONE factories and supply chain. However, KONE's efforts to enhance its ability to anticipate, prepare for, respond to, and adapt to disruptions will keep business interruptions limited and mainly recoverable without material losses.

In the '2.7°C, middle of the road' scenario, in the short to medium term, tighter policies promote demand for KONE's energy efficient product offering, but only in selected markets and countries committed to the Paris Agreement. KONE's business strategy faces some resilience challenges, as with less policy incentive to innovate, the advancement in material efficiency, recycling infrastructure and new materials is slower in the short to medium term, but may accelerate in the long term, when regulators recognize the need to take actions. Global supply chains and logistic routes may face notable disruptions, affecting KONE's business.

In the '4°C high carbon' scenario, emissions continue to rise, the transition to a low-carbon economy is disorganized, economic growth is preferred over climate action and overconsumption of resources continues over the medium to long term. In this scenario, KONE's business strategy faces the most resilience challenges, as the demand for sustainable and climate resilient solutions grows only in advanced economies or among select customer groups. Even so, most of KONE's strategic choices will still be relevant. Particularly in the long term, extreme weather conditions increase disruptions in supply chains and logistic routes, which may lead to significant logistic cost increases. In the medium term, changes may be required in KONE's product design for the equipment to bear extreme heat and humidity in order to operate under such conditions.

KONE considers the current and future projected exposures to acute and chronic physical climate change impacts when investing into and selecting new manufacturing or distribution center locations or expanding existing ones. However, KONE's ability to influence suppliers or customers in the selection of their operating locations is limited. Due to KONE's global footprint, KONE is able to diversify its supply and delivery chain, making KONE less dependent on particularly exposed locations from time to time. Furthermore, KONE utilizes special, location-based software tools to regularly monitor its supply chain locations, including supplier manufacturing locations and-physical risks relevant to climate change. This increases KONE 's speed to switch to predefined alternative supply chains, if needed.

KONE's new strategy, 'Rise', emphasizes actions to cut carbon emissions in alignment with the Paris Agreement and the '1.5°C low carbon' scenario. Sustainability is integrated into the strategy as a key driver of profitable growth and differentiation. Refer to ESRS 2, Sustainability in operations

Scenario comparison

	SSP1	SSP2	SSP4
Reference temperature scenario from IPCC	1.5°C warming pathway	2.7°C warming pathway	4°C warming pathway
Key inputs	Tightening regulation	Tightening regulation, supply chain interruptions, extreme weather events	Projected temperature and precipitation changes, expected severity of climate related weather events
Key drivers	Policies/regulations, technological change	Policies/regulations, technological change, resource use, extreme weather events	Extreme weather events, demographic changes, social and economic development, resource use
Scenario description	• Ambitious, globally consistent regulations aiming at low-carbon economy • Increased demand for sustainable and climate resilient solutions creating opportunities for KONE • Full transformation to renewable energy and electrification and focus on energy efficiency • GHG emissions significantly reduced by 2050	• Current socio-economic development patterns continue • Disruptions in the availability of certain raw materials and increased price volatility in the long term • Global supply chains and logistic routes may face notable changes, affecting KONE's business • GHG emissions moderately increase until stabilizing around 2035 and turning to decrease around 2050	• Disorganized transition to low-carbon economy, economic growth preferred over climate action • Non-integrated carbon markets, and increased carbon leakage due to differences in carbon regulations between countries • The demand for sustainable and climate resilient solutions grows in advanced economies, whereas in developing markets customers are not willing to pay for such solutions • Disruptions in supply chains and logistic routes due to extreme weather leading to significant logistic cost increase for KONE • GHG emissions continue to rise but at a slightly reduced rate

for a description of driving down GHG emissions, one of KONE's strategic shifts.

When conducting the scenario assessment, KONE has not identified any assets or business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy. There are no critical climate-related assumptions in KONE's financial statements.

Policies

Climate change adaptation

Key policies related to climate change adaptation and mitigation are introduced in the table Key policies related to climate change. KONE Business Continuity Management Standard sets company-wide minimum requirements on crisis and disruption preparedness and business recovery and supports KONE's resilience and adaptation to climate change. It guides to identify critical activities, impacts, risks, and mitigation actions to prevent the disruptions or recover within the set time objectives.

The impactful business disruption scenarios including physical climate change are documented in business continuity plans, which include roles and responsibilities relevant to the prevention and preparedness, emergency and crisis response and business recovery of each scenario. The plans and the sufficiency and effectiveness of risk mitigations are reviewed annually at minimum, in connection with crisis and business continuity management exercises and audits.

Climate change mitigation and energy

KONE's commitment to the ten principles of the United Nations (UN) Global Compact initiative are embedded in its strategy, policies, and procedures, including KONE Environmental Policy Statement which emphasizes KONE's pledge to reduce GHG emissions and minimizing the environmental impacts of its solutions through durable, energy-efficient products and maintenance offerings. KONE Executive Board reviews quarterly and Board of Directors reviews annually the progression against the environmental targets.

KONE's business processes are set under the ISO standards. Of these standards, ISO 14001 Environmental management system and ISO 50001 Energy management system specifically relate to enhancing KONE's sustainability performance in climate change mitigation in its own and partners' daily operations and culture in alignment with the UN sustainable development agenda, Paris Pledge for Action climate initiative and KONE's science-based targets.

Although KONE's material topics focus on the impacts of GHG emissions and energy in the value chain, KONE is also committed to reduce emissions and energy consumption in its own operations. KONE Global Facilities Policy demonstrates KONE's dedication to increasing the usage of renewable electricity at its facilities worldwide to 100% by 2030. All KONE units report renewable electricity as part of their quarterly reporting. Refer to E1, Reporting principles to read more about KONE's data collection and monitoring process.

KONE's everyday work is guided by KONE Code of Conduct alongside other company policies and guidelines. KONE's Code of Conduct requires compliance with applicable laws and regulations to maintain high environmental standards across KONE's operations, suppliers, and customers. KONE Supplier and Distributor Codes of Conduct mandate KONE's suppliers to comply with all relevant environmental laws and KONE requirements, secure necessary permits, and manage materials, energy, and emissions effectively. Refer to G1, Policies and S2, Policies to read more about KONE's Codes of Conduct and their implementation.

All policies are available on KONE's internal systems, such as intranet, or publicly.

Key policies related to climate change

Management system	Material topics addressed	Scope	Management bodies
Business Continuity Management Standard	Climate change adaptation	All KONE units	Supply Chain leadership team
Business continuity plans	Climate change adaptation	All KONE units	Head of unit/function
Environmental Policy Statement	Climate change mitigation, energy efficiency	All KONE units and global operations	President and CEO
ISO 14001 integrated in KONE Management System	Climate change mitigation, energy efficiency	All KONE units and key suppliers	EVP Supply Chain
ISO 50001 Energy Management System	Climate change mitigation, energy efficiency	4 (2023: 3) local units	Local leadership teams and assigned function
Global Facilities Policy	Renewable energy	All KONE units	Executive Board, CFO

Actions and targets

Climate change adaptation

KONE aims to adapt to the physical impacts of climate change by harmonizing the engineering, delivery and manufacturing structures of its existing and new products. This helps KONE to maintain and improve its resilience when the delivery chain or logistics routes may be disrupted and material or component suppliers, KONE factories, distribution centers or logistics routes for shipments need to be quickly replaced with feasible alternatives. In 2024, KONE conducted the first phase release of product harmonization which will be followed with selected component harmonization implementations in Europe and Americas in 2025.

In 2024, KONE conducted simulated crisis and business continuity management exercises at some of its manufacturing facilities to ensure business continuity and to reduce the impact and likelihood of disruptions within its full delivery chain. While KONE's 10 manufacturing facilities in seven countries, multiple distribution centers and a large supplier network across the globe help to mitigate the impacts from potential disruptions in individual locations or countries, KONE aims to secure the availability of supply by implementing alternative sourcing channels, long-term agreements, and last-buy options for critical components and services. KONE also has a global property damage and business interruption insurance program in place.

In terms of downstream adaptation, KONE continuously develops services, which help its customers with weather event loss prevention, stand-by maintenance during events and post-event status check and repairs.

Climate change mitigation and energy

KONE is committed to a 50% cut in the Scope 1 and 2 emissions from its own operations by 2030, compared to a 2018 baseline, and has pledged to have carbon neutral operations by 2030. This target is in line with limiting global warming to 1.5°C, which is currently the most ambitious criteria for setting science-based targets. Additionally, KONE targets a 40% reduction in the emissions related to its products' materials and lifetime energy use (Scope 3 emissions) over the same period, relative to orders received.

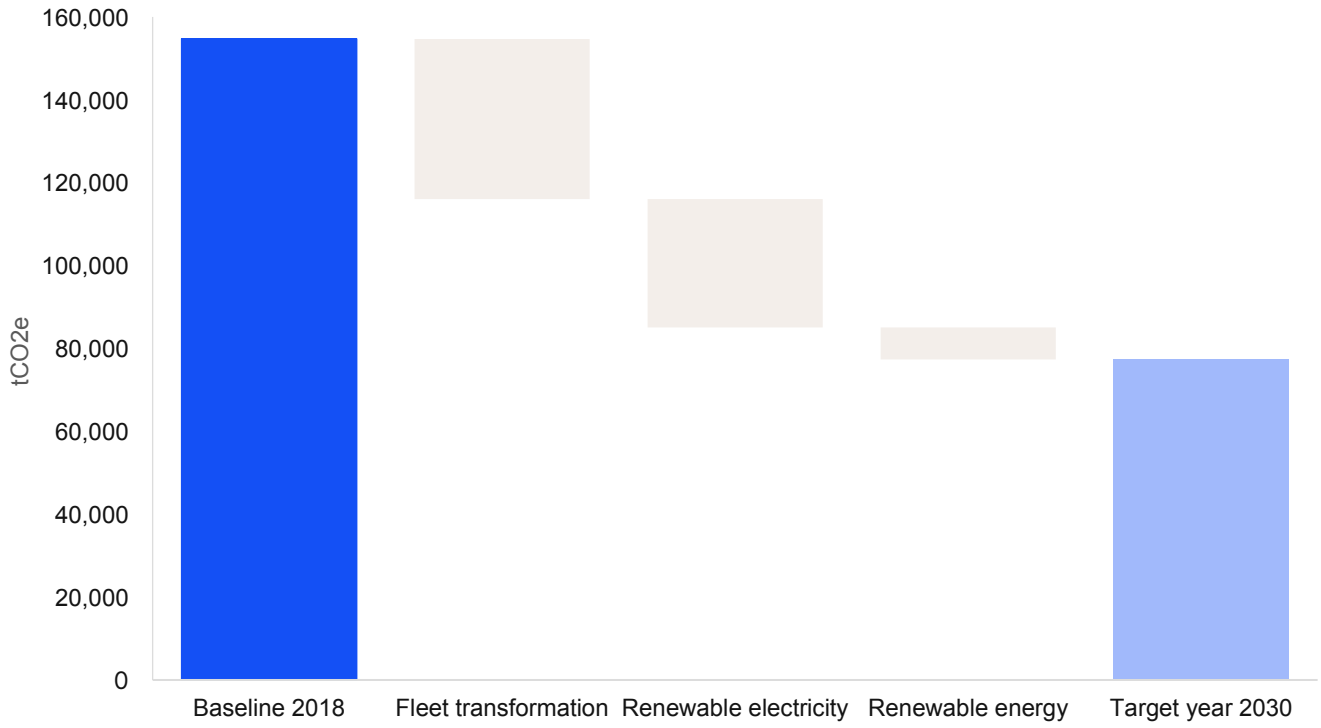
In addition, KONE is committed to reduce electricity consumption in its own operations and has set a target to increase the share of renewable electricity to more than 90% by the end of 2023 and to 100% by 2030. KONE has also increased the share of renewable electricity faster than originally planned by reaching 97% already in 2023. Due to this progress and systematic work in 2024, KONE set the target to increase the share of renewable electricity to 98% during 2024. In 2024, KONE reached a 99% share of renewable electricity.

KONE's new strategy has a strong emphasis on emission reduction targets as one of the core strategic shifts. Refer to ESRS 2, Strategy for details about KONE's new strategy. To support the ongoing green transformation, KONE has a Climate and Environmental Excellence Program which is centered around four focus areas: partner with customer, offering, operations, and mindset and behavior.

Internally, KONE promotes environmental and climate actions, for example, during dedicated theme days. During 2024, KONE continued to grow awareness and ownership of its environmental targets and progress. The company organized for example sustainability and climate-related information sharing and training sessions for various employee groups. KONE also responds to customers' increasing demand for sustainable products and services.

During the reporting year 2024, KONE has successfully implemented emission reduction activities by investing into the energy efficiency of KONE's solutions, increasing, and expanding the low carbon offering and engaging with suppliers to improve material efficiency in its solutions. The emissions reduction activities will be continued in 2025 and beyond to ensure KONE meets its 2030 targets. All of KONE's emissions reduction activities in 2024 are aligned with its climate change scenario analysis work to ensure long-term success in line with the 1.5°C pathway of the Paris Agreement. Refer to E1, Scenario analysis for further information. KONE's constant focus is on actual emission reductions both in its own operations and in products and value chain. However, to reach carbon neutral operations by 2030, KONE is planning to compensate the remaining emissions.

Levers to reach Scope 1 & 2 emission reduction target by 2030



KONE has identified the following key decarbonization levers to reach its science-based targets by 2030 in its own operations (Scope 1 and 2) and value chain (Scope 3):

- Scope 1: fleet transformation to electrical vehicles (EVs) and increasing use of renewable energy
- Scope 2: increase use of renewable electricity and other renewable energy sources
- Scope 3: increase share of energy-efficient electrification systems and regenerative drives, increase material efficiency, systematically engaging with suppliers, product innovations and partnerships

Scope 1 and 2 emissions

During the reporting year 2024, KONE reached net Scope 1 and 2 emission reduction of 29% (2023: 25%) compared to its 2018 emissions of 154,700 tCO2e, exceeding the emission reduction target of -25% (2023: -21%). As described in the general information section, the environmental data includes both net and gross emissions for Scope 1 data. KONE reports net emissions for renewable natural gas, to show the total emissions reductions achieved during the reporting year.

Gross emissions are visible in the table 'GHG Emissions', footnote [6].

KONE focuses on decreasing Scope 1 emissions by primarily transitioning to zero and low emission vehicle fleet or no fleet. KONE's vehicle fleet accounts for approximately 95% (2023: 92%) of its Scope 1 and 2 GHG emissions. The total carbon footprint of KONE's vehicle fleet decreased by 2% compared to 2023 and decreased by 4% compared to its 2018 emissions (109,000 tCO2e).

During 2024, KONE developed a comprehensive plan to reduce vehicle emissions in collaboration with its partners by for example identifying the technicians who could utilize electrical vehicles (EVs), incorporating EVs in subsidiaries local car policies, encouraging KONE employees to select low-emission vehicles and providing EV charging points. Accelerating the transition to electric vehicles is imperative to achieve KONE's 2030 reduction targets.

Renewable energy and energy efficiency

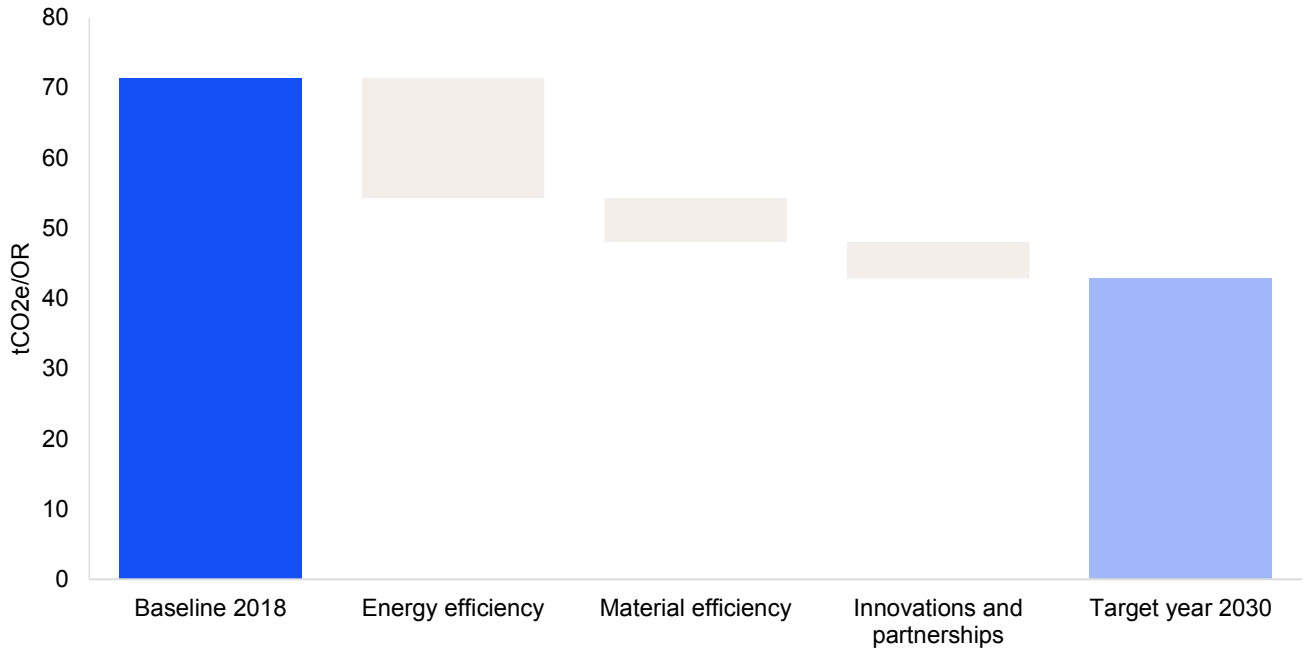
KONE's ten global manufacturing units have reduced their net Scope 1 and 2 emissions by 83% (2023: 81%) at the end of 2024 compared to the 2018 baseline. In 2024, solar panels were used in six out of ten manufacturing units and green district heating in one manufacturing unit. All units have been purchasing 100% renewable electricity since the beginning of 2023. In 2024, KONE also increased the use of biofuels in its facilities in North America and continued to optimize energy usage in heating, ventilation, air conditioning and lighting systems in KONE's manufacturing units. KONE has also invested in manufacturing line robotics and automation to further improve both the material and energy efficiency of its manufacturing process.

In addition, KONE has taken significant actions to reduce market-based Scope 2 emissions by systematically improving energy efficiency and increasing the use of renewable electricity across its facilities. KONE's total energy consumption remained stable in 2024 compared to 2023 and increased by 6% compared to 2018.

Product and value chain (Scope 3) emissions: energy and material efficiency

In 2024, KONE's Scope 3 (product and value chain) emissions per product ordered (62.2 tCO2e/order) decreased by 8.7% compared to 2023 (68.2 tCO2e/order) and by 12.8% compared to 2018 (71.4 tCO2e/order). KONE's absolute product and value chain emissions decreased by 8.8%

Levers to reach Scope 3 emission reduction target by 2030



compared to 2023 and 9.8% compared to 2018. KONE's Scope 3 GHG absolute emissions from its products' annual energy consumption decreased by 9.8% compared to 2023 (364,000 tCO2e) and by 15.3% compared to 2018 (387,600 tCO2e).

During 2024 and onward, one of the major contributing emissions reduction factors is further improved energy efficiency of KONE's products. This was achieved, for instance, through an increased share of energy-efficient electrification systems and regenerative drives in ordered elevators and systematically engaging with suppliers to increase the material efficiency of KONE's solutions. KONE also collaborates with its suppliers to increase the recycled content in the materials used for KONE's products. KONE actively looks for new partners and ways of working to find alternative materials with lower embodied carbon emissions and to develop processes to reuse and recycle materials more effectively.

In 2024, KONE launched KONE Energy Management feature which optimizes energy consumption of elevator groups over passenger waiting time and time to destination in off-peak hours while minimizing the waiting time and time to destination during peak hours. This results in annual energy savings in elevator groups due to optimized energy use during low-traffic periods. Additionally, KONE Service Business introduced KONE Remote Services which enables resolving issues remotely. This lowers the need for service site visits and KONE technicians driving between the sites, resulting in GHG emission reductions.

KONE's offering also holds the widest range of externally assured product information in the industry, such as Environmental Product Declarations (EPD) in compliance with the EN 15804 standard, and energy efficiency documentation according to ISO 25745. In 2024, KONE published six (2023: four) EPDs and had in total 27 (2023: 21) third-party verified EPDs. Through Health Product Declarations (HPDs), KONE

also provides information about the material content and associated health effects of its products, responding to a growing need for healthier living environments. By 2024, KONE holds a total of six HPDs.

KONE was the first in the industry to launch a carbon neutral service offering, the KONE Care DX, in 2021. By 2024, KONE has introduced a carbon-neutral elevator and escalator and continued to expand its carbon neutral offering to further markets. In the future, KONE aims to increase the number of elevators with regenerative drive-in line with the company's ambitious emission reduction targets, thus also increasing the Taxonomy-aligned share of revenue. Refer to E1, EU Taxonomy to read more.

Product and value chain (Scope 3) emissions: supplier engagement, innovations and partnerships

In 2024, KONE identified its suppliers accounting for the majority of KONE's Scope 3 emissions from purchased goods, and actively collaborates with them to reduce these emissions. This collaboration entails actions such as continuous dialogue with suppliers, emissions reporting development, emission reduction targets setting and supplier trainings. From 2025 onwards, KONE will start to measure the commitment of its suppliers in reducing their CO2 emissions.

Requirements for smart and sustainable materials, solutions and buildings are increasing, presenting KONE with sustainable growth opportunities. To understand the emerging needs and technologies in sustainable, resilient urban environments and people's behavior in them, KONE actively participates in large-scale research projects and consortiums, such as Veturi, which is a four-year innovation program, co-funded with Business Finland. In this program, KONE collaborates with customers and partners to tackle climate change and urbanization challenges to create smart and sustainable cities.

KONE's R&D expenditure includes the development of new sustainable solutions as well as the further development of existing solutions and services. In 2024, sustainability-linked R&D expenditure was EUR 43.1 million, including the development of KONE's new generation regenerative drives. In addition, KONE constantly invests in systems and tools driving operational efficiency, improving the sustainability of its operations and manufacturing. Refer to KONE Annual Review, Costs and Expenses for further information on the R&D costs.

Target setting

KONE's science-based targets for Scope 1 and 2 as well as Scope 3 were set in 2020, validated by the Executive Board and approved by the Board of Directors. The aim was to align KONE's emission reduction activities with the overall business strategy and financial planning.

The science-based targets cover 100% of KONE's Scope 1 and market-based Scope 2 emissions and almost 99% of KONE's Scope 3 emissions (category 1: purchased goods and services and category 11: use of sold products).

The science-based targets coupled with annual renewable electricity and carbon neutral operation targets form KONE's emission reduction plan and its global Climate Pledge to drive the needed emission reduction activities in both KONE's own operations and related to its products and value chain. KONE's strategy and business model are compatible with the transition to a sustainable economy, and with the limiting of global warming to 1.5 °C in line with the Paris Agreement.

The science-based targets were set in collaboration with relevant internal stakeholders and global business units including R&D, Innovation and procurement. In addition, Science Based Target initiative (SBTi) standards and criteria were followed at the time in line with a cross-sector emission pathway compatible with limiting global warming to 1.5°C accounting for business growth in different geographical areas and business lines. The 2018 baseline was chosen in line with SBTi guidelines and criteria for a representative year which covered the most recent period for which the data was available at the time. SBTi has assessed and approved the targets, and the progress against the targets is externally assured annually. The emission reduction roadmap and business growth estimations are also reviewed annually to align with KONE's overall business outlook.

All of KONE's emission reduction targets (Scope 1,2 and 3), renewable energy target, and action plans are in line with its global environmental policies and standards. As part of KONE's annual budgeting process, all emission reduction targets are reviewed by the global sustainability team and validated by top management. Through this process KONE ensures that both annual progress and long-term 2030 goals are met.

KONE's annual and long-term (2030) emission reduction targets and base year information are further detailed in the table Greenhouse gas emissions. KONE's GHG intensity per net revenue is introduced in the table Greenhouse gas emissions intensity. Please also see KONE's energy consumption and mix in the tables Energy consumption by energy sources and Energy consumption. The energy intensity of KONE's own operations is introduced in table Energy intensity.

Carbon credits

KONE compensates for direct and indirect CO2 emissions of service activities related to KONE Care DX service contracts. KONE also offers its customers the option to compensate the embodied CO2 emissions until handover of selected KONE DX elevators. In addition, after active emission reduction at all manufacturing units, KONE compensates the remaining CO2 emissions to achieve carbon neutral manufacturing units globally.

KONE compensates for its emissions through a third-party partner via carbon credits. KONE has chosen projects from different continents and representing different climate benefits: reforestation in Colombia, solar power in Thailand, hydro power in China and Laos, clean cookstoves that avoid deforestation in Mali. All projects are conducted outside of the EU and are Gold Standard® certified. In addition to having a positive climate effect, the projects support other United Nations Sustainable Development Goals (UNSDG) providing social and environmental benefits to local communities.

A total of 28 tCO2 equivalent outside of KONE's value chain was cancelled in the reporting period covering emissions in 2024 and 2025. KONE does not consider compensation in its science-based GHG emission reduction targets. Compensation is used only as a last measure to support KONE's customers to reach carbon neutrality.

Internal carbon pricing

KONE rolled out a pilot program for an internal carbon cost over the period 2021-2024 to facilitate the change and to encourage all units to reduce their carbon footprint. The internal carbon cost is a shadow cost in KONE's operative profit and loss statement, i.e. it is used in KONE's internal reporting and does not trigger actual cash flows inside or outside the company. The internal carbon cost covers KONE's total Scope 1 (108,600 tCO2e in 2024) and market-based Scope 2 emissions (1,400 tCO2e in 2024), which contribute approximately 1% and 0.01% to KONE's total GHG emissions, respectively. The actual price used is EUR 100 per metric ton CO2e, which is reviewed annually. It is based on

the price of emissions allowances (EUA) traded on the EU Emissions Trading Scheme (ETS) which is widely used in the industry as a shadow price. KONE's carbon pricing scheme is not aligned with the screening criteria in EU Taxonomy.

Metrics

Energy consumption and mix

Energy consumption

MWh	2024	2023
Fuel from coal and coal products	0	0
Fuel from crude oil and petroleum products (of which 99% from vehicle fuels) [1]	419,900	421,700
Fuel from natural gas	11,900	28,700
Fuel from other fossil sources	0	0
Purchased or acquired electricity, heat, steam, and cooling from fossil sources	8,600	14,700
Total fossil energy consumption	440,400	465,100
Consumption from nuclear sources	0	0
Fuel consumption from renewable sources, including biomass	500	700
Renewable natural gas [2]	19,600	0
Purchased or acquired electricity, heat, steam, and cooling from renewable sources	70,600	65,100
The consumption of self-generated non-fuel renewable energy	8,900	6,200
Total renewable energy consumption	99,600	72,000
Total energy consumption	**540,000**	**537,100**

[1] Majority of crude oil and petroleum products comprise of vehicle fuels (414,000 MWh)
[2] Natural gas RECs/GOs

Energy consumption by energy sources

%	2024	2023
Fossil	82%	87%
Nuclear	0%	0%
Renewable	18%	13%

Energy intensity

Energy intensity [1]	2024	2023
Energy intensity in KONE's own operations (MWh/MEUR)	49	49

[1] Energy intensity in our own operations is not an operation target for KONE, but an ESRS reporting requirement. However, KONE constantly improves the energy efficiency of its products. Pursuant to EU regulation (EC) No 1893/2006, all KONE's revenue stems from operations in high climate impact sector including the manufacture of elevators, escalators and doors (NACE code C28.22 'Manufacture of lifting and handling equipment'). However, a substantial share (59%) of the total revenue can be attributed to the non-high climate impact sectors, such as our Service and Modernization business. The energy intensity is calculated based on total energy consumption per the net sales from the consolidated activities. Refer to Section 2.1 of the consolidated financial statement for information on the net sales.

GHG emissions

Greenhouse gas emissions

	Retrospective [2]				Milestones and targets [3,4,5]		
	Base year 2018	2023	2024	% change between 2023 and 2024	2025, %	2030, %	Annual % target/base year
Scope 1 GHG emissions							
Net Scope 1 GHG emissions (tCO2eq)	119,600	114,000	108,600 [6]	-5%	-32%	-50%	-9%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%) [1]	0	0	0	0	0	0	0
Scope 2 GHG emissions							
Gross location-based Scope 2 GHG emissions (tCO2eq)	36,900	32,000	32,600	2%			
Gross market-based Scope 2 GHG emissions (tCO2eq)	35,100	2,500	1,400	-44%	-32%	-50%	-96%
Significant Scope 3 emissions							
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)		12,652,900	11,555,700				
1. Purchased goods and services	4,285,300	4,410,400	4,125,400			-40% (per product order)	
4. Upstream transportation and distribution		108,600	107,400				
5. Waste generated in operations		2,600	1,900	-27%			
6. Business traveling		18,000	20,200	12%			
11. Use of sold products							
Lifetime (included in total Scope 3)	8,308,800	8,113,300	7,300,800			-40% (per product order)	
Annual (excluded from total Scope 3)	387,600	364,000	328,500				
Total GHG emissions							
Total GHG emissions (location-based) (tCO2eq)		12,798,400	11,696,900				
Total GHG emissions (market-based) (tCO2eq)		12,769,400	11,665,700				

[1] KONE is not regulated under emission trading schemes.
[2] Biogenic emissions, not accounted for in the table, totaled 2,800 tons of CO2e.
[3] KONE has a combined target for Scope 1 and 2 emissions and an intensity target for the significant Scope 3 categories (1 & 11).
[4] KONE's Scope 3 intensity target (set in 2020) results in absolute emission reductions by 2030 based on Science-Based Target initiative's guidelines.
[5] In addition to KONE's official science-based targets, KONE measures its comparable operational carbon footprint (Scope 1&2) annually. KONE set to reduce its comparable operational carbon footprint by 28% in 2024 and achieved 30% reduction compared to baseline 2019 (144,400 metric tons CO2).
[6] Net Scope 1 emissions 108,600 tCO2 includes natural gas RECs/GOs certificates, gross emissions without certificates 112,500 tCO2. Total gross GHG emissions (location-based) were 11,700,800 tCO2eq and total gross GHG emissions (market-based) were 11,669,600 tCO2eq.

Greenhouse gas emissions intensity

GHG intensity per net revenue [1]	2024	2023
Total GHG emissions (location-based) per net sales (tCO2eq/MEUR)	1,054.3	1,168.6
Total GHG emissions (market-based) per net sales (tCO2eq/MEUR)	1,051.5	1,165.9

[1] The GHG emission intensity is calculated based on gross total location-based or market-based GHG emissions divided by the net sales from the consolidated activities. Refer to Section 2.1 of the consolidated financial statements for information on net sales.

Reporting principles

KONE applies an operational control approach for consolidating the energy and GHG emission metrics. Data is first consolidated at the subsidiary or manufacturing unit level and entered into the environmental performance system. The data is further consolidated globally. Manual data collection and the use of estimations and emission factors introduces a level of uncertainty into the environmental data. To reduce uncertainty, KONE has established consistent emission reporting practices over the years including reporting guidelines, training and internal reviews and validations.

KONE follows the three standards provided by the Greenhouse Gas Protocol of the World Resource Institute and the World Business Council for Sustainable Development in its GHG accounting: the GHG Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance, and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The collected energy data covers 99% of KONE's Scope 1 and 2 emissions. Reporting principles and scope cover countries globally, including all KONE manufacturing sites.

Calculation principles for Scope 1 and 2 emissions

Energy consumption covers indirect and direct energy usage of non-renewable and renewable electricity, liquefied petroleum gas (LPG), natural gas, district heating and self-generated electricity (e.g. solar). The data sources include invoices and third-party service provider reports. Activity data is collected on a quarterly basis from the manufacturing units.

Scope 1 emissions have been calculated using the energy consumption data and national emission factors from the UK Department for Environment, Food and Rural Affairs (DEFRA) and some supplier-specific emission factors, such as biofuels in Finland. Scope 1 net emissions presented in this document include renewable natural gas RECs/GOs. Gross emissions (in the table 'GHG emissions', footnote [6]) are calculated without them. This approach aligns with the evolving reporting guidelines, concerning the purchase of biomethane certificates, which currently cannot be calculated into gross Scope 1 emissions. KONE purchases renewable natural gas in USA and Canada through biomethane RECs and in France through Biomethane Guarantees of Origin.

Scope 2 emissions have been calculated following market- and location-based methods. Renewable energy guarantees of origin subject to European Energy Certificate System (EECS) and Energy Attribute certificates (e.g. Renewable Energy Certificates (RECs), International Renewable Energy Certificates (I-RECs), Tradable Instruments for Global Renewables (TiGRs)) have been acquired for the purchased renewable electricity. In 2024, KONE's purchased renewable electricity consumption consisted close to 100% of contractual instruments, approximately 30% of contractual instruments used for sale and purchase of energy bundled with attributes about energy generation, and about 70% of contractual instruments used for sale and purchase of unbundled energy attribute claims. Over 99% of KONE's Scope 2 energy comes from renewable electricity. In 2024, market-based Scope 2 emissions were 1,400 tCO2, with half from non-renewable electricity and half from district heating.

For the market-based method, supplier-specific emission factors are used for Finland and the Czech Republic supplemented with the Association of Issuing Bodies (AIB) European Residual Mix Report and Reporting principles and scope International Energy Agency (IEA) Emission Factors for untracked purchased electricity. For the location-based method, emissions factors from AIB and IEA are used.

The direct biogenic carbon emissions are calculated by multiplying the energy in TJ (2024: 51TJ) of used biofuels with emission factors from Statistics Finland.

Calculation principles for Scope 3 emissions

KONE has reported all significant and relevant Scope 3 categories based on GHG Protocol Scope 3 Inventory guidelines. Annually, KONE assesses the relevance and magnitude of all Scope 3 categories and updates the inventory when needed.

Emissions from purchased goods and services are calculated for KONE's two main product types, elevators and escalators, for new construction, and for those modernization projects where new elevator units are delivered to the customer. The total emissions are based on the most sold products in each region multiplied by the number of all products ordered during the reporting year. The emission factors are from the Ecoinvent V3.4 database or EPDs from the material manufacturers.

Logistics data covers the transportation of products from KONE's manufacturing units to distribution centers. Transportation to local warehouses or installation sites is included for cases where KONE's manufacturing units are responsible for transportation. Spare part deliveries are also within the reporting scope, while inbound logistics of materials to KONE's manufacturing sites is excluded. Product and spare parts logistics data has been calculated using an in-house logistics emission calculation tool and emission factors from DEFRA.

Emissions for waste in own operations is calculated by multiplying the collected waste data with the emission factors retrieved from DEFRA for each waste type and treatment method. The calculation does not cover waste from KONE's installation sites, which is normally treated according to KONE customers' waste management processes and applicable laws and requirements.

Business air travel data has been collected from KONE's biggest travel agency and few local travel agencies. The emission calculations are aligned with DEFRA's methodology.

The operational carbon emissions of sold equipment are calculated based on lifetime energy consumptions and emission factors from the latest publication of the IEA. The average annual energy consumption is calculated from KONE's delivered products according to the ISO 25745 standards for the most sold configurations and expected usage profiles in each geographical region. The average annual energy consumption of the products is multiplied by the expected lifetimes of 25 and 15 years for elevators and escalators, respectively, to obtain the lifetime energy consumption values. The emission factors represent the order quantity-weighted average emission factor for each region. The total global operational carbon emissions are calculated by multiplying the average operational carbon emissions of each region with the region-specific order quantities and then aggregating the results. KONE's product-related Scope 3 emissions calculations are in line with its third-party verified EPDs, and KONE is constantly improving them by working with suppliers and partners for more transparent and efficient data collection.

Data estimation methods

Energy consumption and waste data may not in all cases be available in real time or immediately after quarter close. For this reason, energy and waste consumption and Scope 1 and 2 and Scope 3 (category 6) data are projected for the fourth quarter, extrapolated from the previously known data in the third quarter in the reporting year. For consistency, Scope 3 (categories 4 and 5) are extrapolated in a similar manner.

Similarly, KONE estimates the yearly order quantities required for Scope 3 category 1 and 11 calculations for the fourth quarter based on previously known data.

EU Paris-aligned Benchmarks

Considering the exclusion criteria stated in the Article 12 of the Commission Delegated Regulation (EU) 2020/1818, KONE is not excluded from the EU Paris-aligned Benchmarks.

Social information

S1 Own Workforce – Health and Safety

KONE's own workforce consists of three groups: KONE employees, agency workers and self-employed contractors. The KONE employee group includes permanent employees, fixed-term employees and trainees. The majority of KONE's own workforce are KONE employees. KONE's own workforce spreads across close to 70 countries globally, working in KONE offices, factories and client sites.

Material impacts, risks and opportunities

Working conditions in own operations, particularly health and safety, was identified as a material topic for KONE in connection with the 2024 DMA. Refer to ESRS 2, Sustainability-related impacts, risks and opportunities for a description of the materiality assessment methodology. Material IROs are described in the table Material impacts, risks and opportunities related to own workforce.

Given that KONE undertakes installation and service activities globally, KONE has recognized various potential health and safety impacts and risks for its own workforce and acknowledged that inadequate safety precautions can lead to higher incident rates, severe accidents, and even fatalities.

By embedding the core principles – safety, quality and sustainability – into KONE's operations and strategy, KONE ensures that it addresses material impacts on its workforce effectively. KONE's integrated management system, and the establishment of specialized boards and committees support this by providing comprehensive oversight and development of integrated management practices.

KONE Risk Management Policy, aligned with its strategy and business model, states that all KONE processes, procedures, facilities and premises shall be safe without compromising the health of employees, and are designed and maintained in accordance with established safety standards.

Due to the nature of the work at construction sites, certain groups of workers may be exposed to hazards especially in the installation and maintenance sites. Findings in KONE Safety Solution (KSS) confirm that workers on New Building Solution projects and maintenance sites face the greatest safety risks at KONE.

Material impacts, risks and opportunities related to own workforce

Material topic (time horizon)	Material impacts, risks and opportunities	Management response
Health and safety in own operations (medium-long-term)	↓ **Negative impact** KONE operates in an industry that poses multiple safety risks. With installation and service operations conducted worldwide, we have identified several potential health and safety impacts on our workforce, particularly those involved in tasks on the mentioned sectors. A failure in safety measures can result in increased incident rates, serious accidents, and even fatalities.	• Integrated management system, including health and safety, as well as risk management framework, applicable to the full scope of own workforce • Inclusive approach to health and safety practices, involving non-employees into company safety initiatives such as safety campaigns, and setting requirements for their competency, methods and tools

KONE has defined core safety principles to guide in controlling the most significant health and safety risks and avert serious incidents in its operations. The main scenarios causing serious injuries at KONE are contact with moving objects and falling from heights, whilst the identified main types of work-related injuries are cuts, strains, bruises, and contusions.

Policies

Managing workplace safety

KONE Global Management System integrates Quality, Environmental, Health and Safety management to drive strategic initiatives, and to improve and standardize practices. It includes all activities, offerings, and services globally to add value to customers and ensure business success in a safe and sustainable way. KONE Global Management System also provides directives for occupational health and safety in addition to local laws. Safety management adheres to the ISO 45001 standard, covering KONE's entire own workforce (100%), including contractors. The key health and safety indicators are detailed in the table S1, Global key performance indicators for health and safety – Own workforce. KONE also certifies its units to reinforce its safety commitment. Refer to S4, Policies for more information on ISO certifications.

Possible tensions between the prevention or mitigation of material negative health and safety impacts and other business pressures are tackled with KONE's cross-functional safety governance model. The Safety Core Team, KONE's global safety leadership body, collaborates to ensure community support through open dialogue, and the effectiveness and alignment of safety initiatives with KONE's strategic direction. The team reviews the monthly safety performance, achievements, and plans for the next month, focusing on opportunities and risks, and agreeing on short- and long-term actions and cross-functional support needs within the team.

Policies are introduced in the table Key policies related to own workforce. Adherence to KONE policies, rules, and established working methods are evaluated with KONE management system audit scheme covering 100% of its units. KONE uses the results from the audit scheme to improve safety systematically through corrective action planning and implementation follow-up meetings.

KONE Health and Safety Policy Statement demonstrates KONE's commitment to the applicable safety requirements and provides a framework for safety objectives and responsibilities.

KONE Risk Management Policy, an integral part of KONE Global Management System, sets KONE's risk management objectives and defines roles, responsibilities, and risk tolerance. It is guided by the principles, framework and risk management process outlined in ISO 31000 Risk Management.

KONE Global Facilities Policy creates a harmonized selection and management for KONE facilities. One of the key objectives is to provide a safe and secure workplace for every user of the facility.

KONE Premises Security Policy outlines physical security measures for KONE-operated premises, whether owned or leased. Each facility must have documented, executed, and

tested emergency procedures, including annual evacuation and rescue drills with recorded outcomes.

KONE Installation Policy explains the requirements applicable to KONE's installation works and sets the expectations to ensure correct and safe installation. Adherence to the policy is verified with regular frontline audits. KONE products must be installed using methods and tools that are KONE approved. If KONE method does not exist, site or delivery specific risk assessment needs to be conducted.

KONE Travel Policy gives guidance on how to plan and execute work-related travel. In addition, the country or region-specific risk assessment and security advice must be reviewed to ensure that the trip is safe. To maintain a healthy work-life balance and employee well-being, there are strict recovery periods that are also emphasized during travel.

Respect for human rights

Health and safety is a salient human right and as such, one of KONE's core principles. KONE is committed to respecting and endorsing human rights including those set out in the:

- International Bill of Human Rights
- United Nations Guiding Principles on Business and Human Rights
- Basic labor rights as defined by the International Labour Organization (ILO) including the ILO Declaration on Fundamental Principles and Rights at Work
- The Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises

The KONE Human Rights Policy details KONE's role, objectives, and responsibilities with respect to its human rights commitment. Read more about the KONE Human Rights Policy, which is reviewed annually and is publicly available, on kone.com.

KONE recognizes that it operates in countries where child and forced labor exist. Regarding KONE's own operations, facility service companies (e.g., cleaning, catering, security) have been assessed to pose an elevated risk of forced labor. In South-East Asia, the risk concerning child labor is also heightened. KONE's highest risks lie in its supply and delivery chains, especially in Africa, Asia, South-East Asia and Greater China. In the Human Rights Policy, KONE strictly prohibits any form of child labor and, in line with ILO standards, does not hire workers under the age of 15 or under local mandatory schooling age, whichever is higher. KONE's policy mandates that the minimum age for hazardous work is always 18 years. The Human Rights policy outlines prohibition of any form of modern slavery, in KONE's operations and supply chains. KONE ensures timely compensation for employees, including contractors, temporary, and part-time staff, with no unlawful deductions or withdrawals.

KONE adheres to all applicable local laws, relevant ILO conventions and industry standards with respect to working hours, wages, benefits, and overtime. Situations in which local laws conflict with ILO or other relevant standards are addressed by the Global Compliance Committee, which is accountable for human rights at KONE. As a committed participant in the UN Global Compact, KONE has embedded its principles, including those related to human rights, into the company's policies and procedures.

The human rights working group, consisting of members from all areas of KONE, monitors national and international policy developments to ensure compliance with regulatory requirements and The United Nations Guiding Principles on Business and Human Rights (UNGPs) standards. Health and safety, along with other human rights matters, are regularly discussed. In 2024, KONE diligently followed up on safety outcomes from the 2023 human rights impact assessment, aligning with the action plan to mitigate identified risks. KONE identifies, assesses, and prioritizes human rights impacts throughout its business, aiming to prevent and mitigate these impacts continuously. For its own workforce, KONE conducts regular human rights impact assessments and internal surveys to ensure compliance within its operations. Anonymous surveys are also used to identify issues of discrimination, bullying, and harassment within KONE units. Refer to S2, Respect for human rights for more information on KONE's human rights due diligence process.

In cases where a compliance incident investigation establishes that a Code of Conduct violation has occurred, relevant functions and stakeholders agree on remedial steps based on the facts of the case and local law, following a standardized process.

Key policies related to own workforce

Management system	Material topics addressed	Scope	Management bodies
Global Management System	Health and safety	All activities, offerings, and services; own workforce as well as contractors and partners	Executive Board
Health and Safety Policy Statement	Health and safety	Own workforce, partners and users of KONE equipment	President and CEO
Risk Management Policy	Health and safety	All KONE entities	Executive Board
Global Facilities Policy	Health and safety	All KONE units, covering offices and warehouse spaces for KONE operations; own workforce and value chain workers	EVP Supply Chain, The Global Category Manager Facilities, Local Owners
Premises Security Policy	Health and safety	All new or significantly renovated KONE facilities	Executive Board
Installation Policy	Health and safety	All KONE entities and units; own workforce	Head of Delivery Operations Development
Travel Policy	Health and safety	Own workforce	Executive Board
Human Rights Policy	Health and safety	All KONE entities; own workforce and value chain workers	Executive Board

Engaging with own workforce

KONE is committed to positioning itself as a great place to work, empowering its people and involving them in shaping their employee experience. KONE's annual global employee engagement survey, Pulse, is a key tool in enhancing

transparency and understanding its employees' journey at KONE. The results are shared yearly through an online dashboard with people leaders and Unit people partners.

Clear responsibilities and roles are established to ensure the collection and effective utilization of relevant data. Leaders are held accountable for creating action plans as part of their role and communicating results to their teams, with a focus on translating the survey outcomes into tangible actions to enhance the working environment and drive lasting improvements.

The 2024 results show a positive development in the Engagement index and a high survey response rate. The responsibility of enabling and delivering the survey sits with the global Talent and Culture Center of Expertise, reporting to the Senior Vice President (SVP) Talent and Culture.

Considering the perspectives of employees who may be particularly vulnerable, KONE incorporates inclusion and well-being indexes in the Pulse survey. Another engagement mechanism for involving particularly vulnerable employees in dialogue are KONE's three Employee resource groups (ERGs), independently led by voluntary employees. Each of these ERGs has a sponsor from the organization at the executive board level and receives corresponding organizational support and budget.

KONE's people leaders are in continuous dialogue with their respective team members and host performance discussions with them regularly. KONE's internal communication channels offer everyone, also non-employees who have access to KONE systems, the opportunity to participate in company-wide discussions, like the quarterly live CEO Q&A event.

To enable worker participation and ensure employee consultation in health and safety matters, KONE conducts local safety forums involving mainly employees and their representatives. Management teams actively contribute to these safety committees' activities, with agendas, agreements, and action plans currently managed at a local level. KONE collaborates with Workers' Councils, tailored to local setups in accordance with country-specific regulations.

The annual European Employee Forum, overseen by the People and Communications Executive Vice President (EVP), brings together employee representatives and top management to discuss various issues, including safety, business development, and strategy. The primary objective is to foster dialogue between council representatives and KONE, contributing to the company's goal of becoming an exemplary workplace.

Remediating negative impacts on own workforce

Safety incident management process and reporting

KONE Safety Solution (KSS) is used globally for reporting and managing all own workforce, subcontractor, third-party, and user-related (including consumers and end-users) near-misses and incidents. Access to KSS is provided to all KONE employees and to non-employees within KONE's workforce with a few exceptions. Independent contractors and agency workers without a KONE account are required to report to KONE supervisors. For units with restrictions on providing direct access due to regulations, KONE offers an option to report through local channels. Furthermore, with some exceptions due to local laws, the KSS app was installed in 2024 on all KONE phones globally, ensuring straightforward access to KSS.

KONE's incident management process follows a standard workflow. For every accident, root causes are identified and resolved with corrective actions. High or moderate risk incidents and near misses are investigated and analyzed by local safety personnel with the support from global. Remedial actions address root causes with plans specifying timeframes and responsibilities. Actions might encompass, for instance, tool redesign or the implementation of training programs. In case of injuries, KONE offers health services to its own workforce to facilitate speedy and complete recovery.

The success of corrective measures is regularly evaluated within the context of safety performance review processes and routine meetings, where safety managers address issues and share best practices. Should any corrective action prove ineffective, it will undergo reassessment for additional measures until the risk level is proved acceptable. Lessons learned are disseminated worldwide, and incidents are reported monthly to global functions.

KONE's own workforce can report any concerns through internal reporting channels, which include reporting to management, Human Resources, Legal, or Compliance. Refer to G1, Mechanisms for identifying, reporting and investigating concerns for details on KONE's confidential reporting channel, the KONE Compliance Line.

Voice of the employee

There are multiple forums and channels in place to address employee concerns. Qualitative inputs are collected in the Pulse survey and passed on to managers. Refer to S1, Engaging with own workforce for further information on the Pulse process and forums for employee engagement. Refer to G1, Mechanisms for identifying, reporting and investigating concerns for methods by which KONE assesses that its own workforce is aware of and trusts these channels. Pulse survey results also help to identify trust issues or needs related to KONE's reporting channels.

KONE encourages employees to report near-misses and incidents to improve safety, using various communication methods like global campaigns, internal articles, and safety network meetings. KONE provides 'Incident and Near Miss Reporting' training that is translated into most languages. To gain an understanding of the awareness level related to KSS, KONE monitors the number of reports and completed eLearning on incident reporting, and tracks safety passport training completions locally.

KONE's Supplier and Distributor Codes of Conduct, complementing the KONE Code of Conduct, highlight KONE's non-retaliation policy against anyone who reports a concern in good faith. Refer to G1, Policies to read more.

Incidents and complaints

In 2024, KONE received a total of 261 compliance reports, of which 33% were received through the Compliance Line. Of the total number of reports, 84 were cases related to harassment and discrimination. 63 were fraud or corruption-related, 31 related to conflicts of interest, and the remaining 83 fell under various other categories. 239 cases were closed in 2024. Some of these were reported in previous years. Of the cases closed in 2024, 98 were either substantiated or partially substantiated, and disciplinary actions in those cases ranged from coaching discussions to termination of employment. 92 employees were dismissed or resigned as a result of the investigations.

In 2024, there were two unfortunate work-related fatalities within KONE's own employees. KONE was not subject to any material fines, penalties or compensation associated with these accidents.

In 2024, KONE encountered one report that was human rights related. Similarly to 2023, KONE had zero incidents of child or forced labor reported through its compliance reporting channels in 2024. KONE's target is to maintain zero incidents going forward. KONE also had zero incidents that resulted in court proceedings or fines or concerned the use of child or forced labor or other severe human rights incidents.

Actions

Actions to mitigate negative impacts

Annually, KONE establishes a detailed health and safety priority action plan with global objectives, while allowing some flexibility for areas and business units to specify their particular needs. Based on 2023 safety performance and lessons learned, as well as its ambitions, KONE's 2024 Safety Budget Instructions for units addressed the following priorities:

- Fundamentals – Actions related to monthly progress review, subcontractor safety engagement, near miss incident reporting, and fall prevention plan
- Data and Innovation – Actions related to KSS, including full use of the solution for injury and near miss reporting, improving data quality, and focusing on minor injury reporting
- People and Communications – Actions related to practicing and improving open culture, utilizing pre-work risk assessment tools, sharing end-user incidents, organizing campaigns, and participation in global safety team meetings

Determining the actions involves a collaborative, cross-functional effort, following KONE's health and safety governance model. Refer to S1, Policies for an outline of the governance model. KONE's global safety development function initiates and coordinates company level actions to address actual and potential impacts. A summary of key company level actions to mitigate negative health and safety impacts on KONE's own workforce are introduced in the table KONE's global actions, outcomes and contributions.

KONE is dedicated to addressing and remedying situations where its actions have negatively impacted its workforce by refining KONE's processes, services, and products, and boosting safety awareness. Despite KONE's efforts, its workforce still occasionally faces negative work-related health and safety impacts. If an accident occurs,

KONE's global actions, outcomes and contributions

Summary of global actions in 2024 to improve H&S	Expected global outcomes	Contribution to the achievement of policy objectives and targets
Subcontractor safety development program 2024–2025	• Improved subcontractor safety performance in the 13 countries currently participating • Global standardized approach on subcontractor management	Improvement in partner safety performance – objective 1
Incident investigation development program 2024–2026	• Improved incident investigation methods to better understand root causes and how incidents can be prevented, aimed at all employees involved in incident investigations • Investigation competency development program	Improvement in employee and partner safety performance – objective 1
Two global safety awareness campaigns – Safety Week and Year-end safety campaign	• Enhanced safety awareness and competencies – own workforce and workers in the value chain, customers and partners • Local and global activities covering all KONE businesses and areas	Continually improve our health and safety performance – objective 2
Global training implementation in local languages	• Raised employee risk awareness, safety reporting competency and electrical safety method awareness e-learnings	Continually improve our health and safety performance – objective 2
Data and innovation development	• KSS improvements and piloting AI to enhance data analysis internally • Intelex app pushed to all KONE mobiles	Be the benchmark for health and safety in our industry – objective 3
Reforming global Health and Safety management practices	• Alignment with the new strategy • To pursue identified opportunities emerging from the ESRS requirements, work to continue in 2025	Be the benchmark for health and safety in our industry – objective 3
Global KONE Installation Safety and Method Passport update	• Improved installer competency in applying KONE methods and safety requirements, own workforce (S1) and installer workers in the value chain (S2) • 2024 pilot phase to be followed by planning of global expansion	Be the benchmark for health and safety in our industry – objective 3

KONE's priority is to offer immediate crisis support and ensure the safety of everyone involved, followed by an internal investigation to determine root causes and implement remedial actions to prevent similar accidents. Refer to S1, Remediating negative impacts on own workforce to learn how KONE's incident management process addresses actual impacts with remedial actions.

Refer to S1, Targets and S1, Metrics for information on how KONE evaluates its health and safety related actions and initiatives by setting targets and monitoring the progression against them.

Tracking the progress of KONE's own workforce's safety performance takes place in several ways and forums. KONE carries out, for example, monthly safety performance follow-ups in every area, in global safety meetings, and by the Executive Board.

KONE's internal audit program also ensures the effectiveness of preventive and remedial actions with a robust follow-up process for remedial actions in case of any non-conformity.

Well-being

KONE has a global benefits and well-being plan which gives central guidance on developing local practices, services, and benefits offerings. KONE has a global framework and program for well-being, Elevate Your Health, which is accessible to all our employees and non-employees who have access to KONE intranet. As one example of financial well-being, KONE wants to provide life insurance to all KONE employees to protect them and their families against the risk of financial loss. KONE helps its leaders support their teams' well-being through various e-learning programs, toolkits, and short guides.

KONE has set up a well-being champions program consisting of volunteers from its workforce in selected countries. The purpose of the program is to raise awareness and promote well-being activities, programs, and services throughout the organization, and to inspire colleagues to take care of their well-being.

KONE units organize healthcare for KONE employees according to local practices and regulations. In 2024, KONE established an occupational health principle, integrated as part of its global management system, which stands as the global guidance and describes the minimum requirements on occupational health. KONE also reviews medical insurance data annually to provide recommendations and enable preventive actions.

In 2024, KONE continued to expand the possibilities for flexible working, such as remote and hybrid work, flexible working time, job sharing, compressed work week and part-time work. To further support the work-life balance of its diverse workforce, KONE provides family support, for example, via childcare and elderly care services and family leave in many of its local units.

Global key performance indicators for health and safety – Own workforce

Key Performance Indicator - H&S	2022	2023	2024	Target
The coverage of KONE's integrated health and safety management system [1]	100%	100%	100%	• 2024 target: 100% • 2025 target: 100% • 2030 target: 100%
The number of employee fatalities as a result of work-related injuries [2]	3	0	2	• 2024 target: 0 • 2025 target: 0 • 2030 target: 0
The number of employee recordable work-related accidents [3]	-	-	351	-
Total Recordable Incident Rate (TRIR), employees [4]	-	2.8	3.0	• 2024 target: N/A • 2025 target: -11% from 2024 • 2030 target: N/A
Industrial Injury Frequency Rate (IIFR), employees [5] (KONE's main H&S KPI)	1.4	1.1	1.3 [6]	• 2024 target: -7% from 2023 • 2025 target: -11% from 2024 • 2030 target: 0.6
The number of days lost to work-related injuries, employees [7]	-	-	3,909	-

[1] The percentage of people in own workforce covered by KONE's integrated health and safety management system, based on legal requirements and ISO 45001 Occupational Health and Safety Management standard. The system is audited both internally and by an external party.
[2] Does not include fatalities as a result of work-related ill health.
[3] The number of work-related accidents (injuries) that result in any of the following: death, days away from work, restricted work or job transfer to another job, medical treatment beyond first aid, loss of consciousness; or significant injury diagnosed by a physician or other licensed healthcare professional. Does not include cases of work-related ill health due to restrictions on collecting the data.
[4] Total number of recordable work-related employee accidents (injuries) divided by the number of total employee theoretical hours worked, multiplied by 1,000,000.
[5] Voluntary KPI: Number of severe and moderate work-related employee incidents divided by the number of total employee theoretical hours worked, multiplied by 1 000 000.
[6] IIFR increased slightly in 2024 due to a rise in moderate and serious injuries. Although long-term trends remain positive, progress has plateaued at these low levels. Proactive safety initiatives are anticipated to drive future improvement in IIFR.
[7] Lost days are counted as total calendar days lost from work due to a work-related injury, including injuries that occurred in the previous year but contributed lost days in the reporting year, counted up to maximum of 180 days per injury. Does not include cases of work-related ill health due to restrictions on collecting the data.

Targets

KONE monitors and analyzes various leading and lagging indicators to evaluate material occupational safety impacts, risks, and opportunities for its workforce, and the effectiveness of health and safety measures. Continual improvement of safety performance is pursued through target setting. Targets are presented in the table Global key performance indicators for health and safety – Own workforce.

Industrial Injury Frequency Rate (IIFR) has been used for target setting at KONE for years. KONE aims to reach a long-term IIFR target of 0.6 by 2030, with a target of 7% reduction in 2024 compared to 2023 performance. Yearly targets are set at the beginning of each year based on the previous year's progress. Total Recordable Incident Rate (TRIR) has been monitored since 2023. Since IIFR is still KONE's main health and safety management indicator, a specific short or long term TRIR target has not been set yet.

KONE's objective is to eliminate all work-related fatalities and severe injuries, and reach zero in both.

Establishing health and safety targets is a collaborative process that relies on various factors, including safety performance, external requirements, identified opportunities, and the strategic direction of KONE as a company. KONE collects feedback from its own workforce through global safety and quality networks and communities encompassing all KONE operations. Additionally, results from the Pulse survey and supply chain safety maturity assessment provide valuable input from the workforce.

Global health and safety performance is tracked by the global safety development function. KONE also has monthly reviews at local and global level in cross-functional meeting practices. A performance report highlighting safety activities and incidents from the past month is distributed to the Executive Board every month. Progress is also reviewed in quarterly Global Safety Team meetings together with all safety

professionals, as well as in collaborative discussions in global Safety and Quality Network meetings. Furthermore, the global Safety Core Team, comprising leadership representatives from each area and major business lines and global functions, evaluates performance on a monthly basis. Refer to S1, Engaging with own workforce to learn how workers are engaged to identify any lessons or improvements as a result of KONE's performance.

Metrics

Safety performance

The progress of KONE's health and safety performance over the years has been positive. Nonetheless, KONE understands that innovative strategies are needed to further improve the current relatively low figures. Key metrics are presented in the table Global key performance indicators for health and safety – Own workforce. Due to the current configuration of KSS, only own employees are included in these figures.

As stated in S1; 'Actions', the management of occupational health within KONE is structured at the unit level in adherence with national regulations. There are often legal restrictions on the collection of data, which sets challenges to consolidate meaningful data on a company level. Therefore, the figures exclude cases of work-related ill health.

KONE's workforce characteristics and numbers

The number of employees is reported as a headcount. All demographic information is collected through the HR system at the end of the reporting period. This information excludes certain KONE units for which detailed personnel information is not available e.g. due to their recent acquisition. The employee number disclosed elsewhere in the Board of Directors' Report is based on full-time equivalents (FTEs) and it includes also the employees of recent acquisitions. As a result, the disclosed number of employees may differ within the report. The differences are not material. Employee headcount and turnover are disclosed in the tables in the following pages.

Employee headcount by gender

Gender	Number of employees (headcount)
Male	56,269
Female	7,631
Other [1]	13
Not reported [2]	489
Total employees	64,402

[1] In some countries it is possible for persons to legally register themselves as having a third, often neutral, gender, which is categorized as 'other' in the table above.
[2] Employees migrated from other system without recorded gender or recent hires who have not yet recorded their gender data in KONE HR system.

Employee headcount in top 10 countries

Country	Number of employees (headcount)
China [1]	21,783
India	5,731
United States of America	5,721
France	3,287
Germany	2,922
Finland	2,643
Italy	2,097
United Kingdom	1,800
Australia	1,169
Mexico	1,147

[1] China is the only country that falls under the ESRS disclosure requirement, all other countries are voluntarily disclosed.

Number of employees who have left KONE during the reporting period

	Number of employees (headcount)
Number of employees who have left KONE during the reporting period	7,793
Total rolling 12-month turnover rate [1]	11.5%

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

Employee headcount by contract type and gender

Headcount	Female	Male	Other [1]	Not reported	Total
Number of employees	7,631	56,269	13	489	64,402
Number of permanent employees	7,435	55,353	12	388	63,188
Number of temporary employees [2]	196	916	1	101	1,214
Number of non-guaranteed hours employees [3]	n/a	n/a	n/a	n/a	n/a
Number of full-time employees [4]	7,263	55,855	13	479	63,610
Number of part-time employees [4]	368	414	0	10	792

[1] Gender as specified by the employees themselves
[2] Includes students and trainees
[3] Currently, non-guaranteed hours for employees cannot be reported because the data is currently not collected in HR systems. Reporting capability is being set up to report the number next year.
[4] Voluntary disclosure

Employee headcount by contract type and region

Headcount	Americas	APMEA	Europe	Greater China	Total
Number of employees	7,961	12,407	21,070	22,964	64,402
Number of permanent employees	7,955	12,146	20,266	22,821	63,188
Number of temporary employees [1]	6	261	804	143	1,214
Number of non-guaranteed hours employees [2]	n/a	n/a	n/a	n/a	n/a
Number of full-time employees [3]	7,959	12,376	20,311	22,964	63,610
Number of part-time employees [3]	2	31	759	0	792

[1] Includes students and trainees
[2] Currently, non-guaranteed hours for employees cannot be reported because this data isn't collected in HR systems. Reporting capability is being set up to report the number next year
[3] Voluntary disclosure

S2 Workers in the Value Chain – Health and Safety

In addition to KONE's own workforce, many workers perform work within KONE's value chain. Workers who are likely to be materially impacted can be divided into four categories:

1. Workers of KONE's upstream first tier component suppliers who are engaged in manufacturing activities
2. Workers of KONE's downstream subcontractor suppliers engaged in dismantling, installation or maintenance activities (e.g. subcontractors installing KONE elevators)
3. Workers of KONE's service provider suppliers performing services at a KONE site (e.g. consulting and IT services on site, facility and cleaning services)
4. Workers of KONE's distributors engaged in installation activities for KONE products

Material impacts, risks and opportunities related to workers in the value chain

Material topic (time horizon)	Material impacts, risks and opportunities	Management response
Health and safety in own operations and downstream value chain (short-long-term)	↓ **Negative impact** KONE is conducting installation and service operations globally. There are risks related to value chain workers' health and safety especially in the installation and service/maintenance operations. Safety hazards related to installation operations might cause accidents leading to short-term absences due to injuries, long-term permanent disabilities or even fatalities, if neglecting appropriate health and safety measures. ↓ **Negative impact** Distributors' employees and outsourced labor may not work in a safe or clean environment and/or may not respect KONE's quality and safety requirements or equivalent. Serious injuries or deaths may occur.	• Inclusive approach to health and safety practices such as involving value chain workers into company safety initiatives, setting requirements for their competency, and applying methods and tools • Identifying gaps, development areas and best practices, for example through the Subcontractor Safety Development Program, to further develop KONE processes and collaboration with its value chain workers for improved health & safety in the work environment

Material impacts, risks and opportunities

Working conditions among value chain workers, particularly health and safety, were identified as material topic for KONE in connection with the 2024 DMA. Refer to ESRS 2, Sustainability-related impacts, risks and opportunities for a description of the materiality assessment methodology. Material IROs are described in the table Material impacts, risks and opportunities related to workers in the value chain.

KONE addresses negative impacts on value chain workers and incorporates their mitigation or elimination into its processes by pre-planning works, enhancing worker competencies, and robust risk management.

Negative impacts to subcontractors are individual incidents related to hazards in the working environment when installing or dismantling KONE equipment. The most severe injuries among subcontractors are related to falls from heights, electrical work, energy isolation, and manual handling. KONE directly contracts downstream subcontractors for installation and modernization work.

KONE also uses distributors to sell and install its products. These value chain workers are not under KONE supervision or at KONE sites. While KONE monitors and collaborates with distributors to promote ethical practices, ensuring compliance with labor laws and ethical standards is the responsibility of the distributors.

Certain categories of workers in the value chain are more susceptible to potential dangers while engaging in KONE-related tasks. Based on health and safety data, value chain workers working on New Building Solutions and Modernization projects are at an increased risk of injury. A considerable portion of these downstream labor suppliers are located in Greater China. To avoid possible negative health and safety impacts, and to support subcontractors and distributors to have the required skills, equipment, safeguards and guidance to remain safe, KONE sets standards for minimum health and safety measures.

Furthermore, the locations of KONE's highest risks regarding child and forced labor can be found in S1, Policies. The supplier sustainability team is working closely with the global compliance team to address any serious issues flagged in the on-site or online Human Rights Assessments, with a particular focus given to suppliers in China, India and Mexico.

Policies

KONE's safety management is integrated into its Global Management System, guiding continual improvement of safety practices. Refer to S1, Policies for more detail on the KONE management system.

Refer to G1, Policies for KONE's expectations for employees and business partners, which are set out in KONE Code of Conduct. Policies are introduced in the table Key policies related to workers in the value chain. Read more about all of these policies, which are reviewed yearly in line with KONE's policy review process, on kone.com.

KONE Supplier Code of Conduct is available in over 30 languages. It sets out the ethical business practice requirements that KONE expects from suppliers, including health and safety, zero tolerance to bribery and corruption, and the standards KONE requires from suppliers in terms of internationally recognized labor and human rights, and environmental issues.

KONE Distributor Code of Conduct covers topics similar to the Supplier Code of Conduct and is currently available in seven languages. KONE requires all of its suppliers and distributors to sign the Codes and tracks and monitors the signatures of the policies. KONE may terminate contracts for failure to adhere to the Codes.

KONE's safety management framework follows the ISO 45001 standard on occupational health and safety management systems and is extended to the workers of

KONE's value chain. Refer to S4, Policies for more detail on ISO certification.

KONE Human Rights Policy details KONE's role, objectives and responsibilities with respect to its human rights commitment also for value chain workers. Refer to S1, Policies for more information on the Human Rights Policy and human rights working group.

Engaging with value chain workers

KONE supports its suppliers with their commitment to responsible and sustainable business conduct, including human rights, through safety, quality, and environmental practices. In addition to continuous one-to-one dialogue with suppliers, KONE meets them at trade fairs, steering group meetings, and supplier workshops. Supplier collaboration includes audits and assessments on the environment, ethics, compliance, human rights, and quality. In addition, KONE has an annual supplier excellence certification program for direct material suppliers.

KONE supports distributors' business growth by providing commercial, technical, and training support, fostering collaboration and synergy. KONE engages with subcontractors, distributors, and partners through regular forums to improve working methods, operational collaboration, and safety performance.

All companies providing external workforce for KONE in specified categories are included in its Global Supplier Relationship Management. Health and safety topics are regularly discussed, and possible actions taken within this level. Operational engagement in health and safety is done regularly in several levels of the organization based on local practices. Engagement frequency and depth of the cooperation varies based on the work requirements.

KONE also actively engages with representatives from its distributors to gain insights into the performance of health and safety measures. Together with the distributors, periodic operational assessments are conducted to evaluate and enhance performance across various distributor countries. KONE identifies opportunities and shares best practices related to health, safety, and quality with the distributor representatives, who communicate the requirements to their employees and subcontractors.

In general, there are monthly, quarterly, and annual meeting practices with the subcontractor companies in different organizational levels to discuss and develop working conditions and health and safety practices of KONE's value chain workers. Leaders in all levels conduct Gemba walks at KONE sites, with own employees and subcontractors discussing and collaborating on developing safety in the daily work. KONE also has annual initiatives and campaigns in which all of KONE's subcontractor workers are welcome to participate.

KONE holds monthly meetings with various tiers of distributors. These meetings facilitate ongoing engagement and collaboration. In addition to these regular interactions, KONE conducts an annual Field Operations assessment, tailored to the performance, maturity, and growth opportunities of each distributor. Furthermore, once a year, KONE hosts a distributor meeting with top management representatives. This meeting focuses on critical areas such as safety and quality, operations, and business, ensuring alignment and continuous improvement across all levels of the organization.

KONE Global Installation, Safety and Procurement are responsible for creating and developing processes to engage with value chain labor suppliers and the value chain workers. Managing Directors of KONE's frontlines are responsible for ensuring that these processes are followed and for monitoring that KONE requirements are met.

KONE monitors the health and safety performance of subcontractors daily as allowed by local law and the contract with the subcontractors. Internal and external meetings review safety data to identify trends and improve subcontractor safety. The effectiveness of these actions is reviewed with subcontractors and internally at KONE. The certified health and safety management system ensures external evaluation of risk mitigation processes.

KONE gathers safety related data into KSS from internal and external operations conducted by its own workforce and value chain workers. This data is used systematically improve safety at KONE. Refer to S1, Remediating negative impacts on own workforce for more information on this process.

Key policies related to workers in the value chain

Management system	Material topics addressed	Scope	Management bodies
Supplier Code of Conduct	Health and safety, corruption and bribery	All suppliers, including suppliers' own workforce, suppliers, and third parties	VP Global Compliance
Distributor Code of Conduct	Health and safety, corruption and bribery	All distributors, including distributors' own workforce, customers, suppliers, and third parties	VP Global Compliance

Remediating negative impacts on value chain workers

KONE provides several channels for collaboration, development, and raising concerns about health and safety topics for value chain workers. These include the KSS system, safety initiatives and campaigns, local meeting practices, and day-to-day operational processes with KONE representatives at the worker level. Additionally, KONE participates in global industry forums, such as the Global Elevator Safety Forum, to improve health and safety in the elevator and escalator industries. KONE does not have direct responsibility for distributor installation worker health and safety, but closely monitors and works with distributors to encourage and support ethical practices.

KONE engages with its workforce and value chain to improve health and safety, using data from the KSS reporting system, audits, site visits, and worker feedback to develop products and procedures. Incidents and non-conformities are managed locally, with root causes identified and corrective actions taken. Trends are analyzed to develop strategies and actions.

Subcontractor workers report incidents to their supervisors, who then manage these within KSS. Health and safety incidents are documented internally as lessons learned. Safety representatives from distributors gather and submit reports which are reviewed monthly with KONE to uphold safety standards. Subcontractors do not have direct access to KSS; they communicate issues through local channels. This information is collected via real-time digital platforms before being forwarded to KSS for analysis.

KONE management and supervisors closely collaborate with subcontractors to share safety information. Subcontractor workers are encouraged to engage in health and safety discussions via toolbox talks, regular meetings, and KONE events. The success of these initiatives is tracked through safety KPIs, audits, and ongoing dialogue with value chain companies and workers. Following KONE's continual improvement principles, all employees and subcontractors are responsible for suggesting and identifying ways to improve workplace safety. The KONE Compliance Line is available to the public including value chain workers to report concerns, including human rights grievances. Refer to G1, Mechanisms for identifying, reporting and investigating concerns for more information on KONE Compliance Line.

KONE's non-retaliation policy is also highlighted in KONE Supplier and Distributor Codes of Conduct emphasizing that both suppliers and distributors should provide their employees with the means to raise concerns about any topics in the Codes. Any person making such a report in good faith should be protected from retaliation. In its supplier human rights assessment questionnaire, KONE has included questions assessing whether the suppliers have effective grievance mechanisms in place. Additionally, KONE assesses whether its suppliers are aware of KONE's Compliance Line dedicated to suppliers, and the procedures for raising concerns or grievances during onsite assessments. KONE has included similar questions in its annual distributor due diligence questionnaire to assess the accessibility and trust of the reporting channel.

Actions

KONE initiated the Global Subcontractor Safety Development Program in 2024 to address potential negative impacts on workers within its value chain, as well as to enhance positive outcomes by establishing a framework for effective collaboration with the subcontractor companies and standardizing their safety management practices. The program focuses on worker groups and areas most affected by potential negative impacts related to KONE operations.

In the Global Subcontractor Safety Development Program, a guiding framework addresses specific topics for mitigating health and safety risks. Topics such as risk awareness and site supervision improvements were selected based on analyzed safety data consolidated from incidents, near misses, and root causes.

During the year, the program assessed ongoing subcontractor management practices in prioritized geographies and businesses to identify development actions for better safety performance. The effectiveness of these actions is constantly reviewed to achieve maximum impact. The program is expected to continue until the end of 2025.

KONE's incident management process and integrated safety management system extend to value chain workers. The data gathered from incidents helps identify development areas within KONE's internal processes and supports value chain companies in improving their safety performance and culture. Refer to S1, Remediating negative impacts on own workforce for more information about KONE's incident management process.

In addition to mitigating negative impacts, KONE also aims to deliver positive impacts for value chain workers proactively. For example, KONE invites value chain partners to participate in health and safety initiatives and campaigns. These campaigns are designed to raise risk and safety awareness, thereby positively impacting workers' health and safety. Refer to S1, Actions for more information about KONE's initiatives and campaigns.

KONE has processes to assess the effectiveness of actions in mitigating negative impacts for value chain workers. Regular meetings and forums evaluate health and safety data points to understand progress. If progress is insufficient, adjustments are made for continual improvement.

Value chain worker related health and safety data in KSS, internal and external management system audit findings and actions arising from KONE's close collaboration with value chain companies help KONE to identify and prioritize remedies needed to mitigate potential negative impacts in its value chain.

KONE sets minimum requirements for subcontractor training, tools, and personal protective equipment (PPE). Mandatory health and safety training requirements are related to the safe working methods needed to install and maintain KONE products. Based on the local practices and legislation KONE is providing e-learning, hands-on and project or product specific trainings for subcontractors. In addition, KONE Supplier and Distributor Codes of Conduct require that suppliers provide a safe and healthy working environment in compliance with all relevant laws and regulations. Suppliers must ensure their employees receive proper health and safety training, information, and equipment.

KONE constantly monitors and identifies broader health and safety impacts on its value chain workers by analyzing trends and channels in place for value chain workers to raise issues. These processes and their effectiveness are validated and reviewed in internal and external audits to identify development needs and prioritize actions for continual improvement. In 2024, KONE had no severe human rights issues or incidents connected to its upstream and downstream value chain reported.

KONE provides detailed method instructions for its products to promote safety in installation and maintenance. KONE also seeks feedback from its value chain workers and companies to further develop KONE products and installation methods. Close collaboration with subcontractors and distributors enables effective mitigation actions if any negative impacts caused by KONE emerge. The collaboration is done in several levels including KONE procurement, sales, delivery operations, global functions, and local KONE entities.

The line organization is accountable for health and safety of own employees at KONE as well as those workers in the value chain under KONE supervision at KONE sites. The local KONE line organization has the required competencies and resources to enable, support and ensure compliance of safe working methods of its value chain workers, mainly in New Building Solution and Modernization projects.

KONE has dedicated health and safety experts working for local KONE entities and areas. KONE also has a global Safety and Quality function dedicated to area and business safety development. Within this function the global safety development team is supporting and guiding health and safety development throughout KONE operations including the workers in the value chain. KONE global health and safety related initiatives, programs, tools and campaigns are led and resourced by the global safety development team.

Respect for human rights

Human rights policy commitment

KONE is a committed participant of the UN Global Compact and continuously improves its understanding of human rights impacts and take steps to remediate such impacts. The Supplier and Distributor Codes of Conduct set out the expectation for KONE's business partners to respect the same internationally recognized human rights that KONE is committed to respecting.

In 2024, KONE revised both its distributor annual due diligence questionnaire and supplier online human rights assessment questionnaire and included questions on how these ethical guidelines are communicated to their employees. KONE has not become aware, through any of its reporting channels, of any cases involving the non-respect of the UN Guiding Principles on Business and Human Rights, the ILOs Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises, related to workers in the upstream or downstream value chain.

KONE's Supplier and Distributor Codes of Conduct explicitly prohibit use of forced labor under any circumstances (including trafficked, indentured, or bonded labor) or contracting with subcontractors or suppliers using child labor or forced labor, mental and physical coercion, slavery and human trafficking.

KONE is committed to taking appropriate action to remediate situations where its activities have caused or contributed to an adverse human rights impact. Any human rights issues can be escalated to the human rights working group, reporting to the Global Compliance Committee. If Code of Conduct violations are uncovered through compliance investigations, the relevant functions and stakeholders, such as management, Compliance, Legal, and Human Resources, collaborate to agree on corrective measures based on the facts of the case and applicable local laws. When necessary, specific individuals are designated to oversee the implementation of the corrective actions to ensure they are carried out.

Human rights due diligence

KONE continuously develops and monitors its human rights due diligence program to identify and address potential risks in KONE's own operations and supply chain, ensuring that the program aligns with international human rights standards. The processes within the program are discussed in KONE's human rights working group regularly. KONE's human rights due diligence program consists of impact assessments, internal assessments and surveys, and third-party due diligence and screening.

KONE carries out regular human rights impact assessments to identify risks within its organization and across its supply chain. The scope of these assessments considers risks in the value chain, both in upstream and downstream, also covering end-users, customers and local communities. KONE prioritizes potential impacts based on the severity of the impact on potentially affected individuals and groups, the associated risks to the business and the likelihood of such impacts occurring. Based on findings from the human rights impact assessments as well as KONE's annual risk assessments, KONE creates action plans to mitigate the risks.

The latest global human rights impact assessment conducted in 2023 found that KONE's salient human rights issues remain the same as in 2019: the health and safety of employees and workers throughout the supply and delivery chains and respect for individuals' labor rights.

KONE uses internal surveys to assess human rights compliance in its own operations, as well as anonymous surveys to identify discrimination, bullying and / or harassment issues within a unit. Additionally, KONE carries out periodic on-site assessments of KONE-provided accommodation to identify and address any impacts on human rights and on employee safety.

Supplier due diligence

In 2024, KONE continued to extend the volume of third parties in its compliance screening solution. The solution currently covers suppliers representing 78.3% (2023: 78.2%) of KONE's total spend, as well as customers and other third parties included on the basis of selected risk criteria.

The tool manages third parties through five key stages: onboarding, risk assessment, due diligence, risk mitigation and monitoring. Adverse findings on human rights are flagged to the relevant KONE contract owner or category manager for follow-up.

In 2024, a dedicated supplier sustainability team was established to develop and implement KONE's human rights due diligence. Online and on-site supplier human rights assessments were conducted to identify potential and actual human rights risks in KONE's supply chain. Based on the assessment results, the team collaborates with suppliers and other key stakeholders to prevent potential adverse effects and mitigate adverse human rights impacts. An action plan with measurable targets is agreed upon with the suppliers along with a timeline. The tracking and follow-up process and designated resources has also been established and adopted into supplier human rights practices.

Targets

KONE wants to ensure that its business partners follow the same standards that KONE follows on health and safety, zero tolerance to bribery and corruption, internationally recognized labor and human rights, and environmental issues. Therefore, KONE has set targets for signatories of KONE Distributor and Supplier Codes of Conduct, measuring against base years of 2020 and 2021, respectively. These targets were set according to a strategic and systematic process. Though stakeholders are not directly involved in the target setting process, KONE considers how they may be affected. KONE requires all its distributors to sign KONE's Distributor Code of Conduct. By the end of 2024, 97% (2023: 92%) of KONE's Distributors had done so due to the gradual phase-out of certain distributors. KONE aims at achieving the target of 100% compliance during 2025.

According to KONE purchasing policy, all KONE suppliers are required to agree to and sign the Supplier Code of Conduct and demonstrate compliance with the behaviors expected by KONE. Deviations from this requirement may be permitted if the supplier's own Code of Conduct is verified and deemed to align with KONE's standards, subject to approval by the legal department. The target for Supplier Code of Conduct compliance is set annually through a thorough analysis of supplier performance and their adherence to this critical policy. By the end of 2024, 87% (2023: 86%) of KONE's total spend with regular trade suppliers and installation subcontractors was with parties who had signed KONE's Supplier Code of Conduct or equivalent. KONE's 2024 target was 87%.

KONE aims to decrease both the number and severity of injuries among subcontractors involved in dismantling and installation activities for New Building Solutions and Modernization projects by 2030. KONE has not set a specific quantitative target for reducing injuries among value chain workers due to challenges in collecting and verifying data. Working hours and other key information are generally confidential, making it difficult to compare them with the level of health and safety of your own employees. Despite these limitations, KONE closely monitors injury numbers and trends to improve worker safety in the value chain.

For occupational health and safety, the process for target setting is a collaborative effort, based on legal aspects, subcontractor health and safety performance, and interactions with subcontractors. All subcontractor related incidents are communicated and discussed with subcontractors in regular

meetings to ensure collaboration on corrective and preventive measures for continual improvement. KONE is currently working on setting a long-term target for the number of subcontractor injuries, including the subcontractors in the value chain worker category 2, in alignment with KONE's own employee health and safety target setting for 2030.

Workers' feedback for health and safety target setting purposes is gathered through global safety and quality networks and communities covering all KONE operations. Additionally, the Compliance Line and KSS give KONE valuable feedback for its target setting from both own workforce and value chain workers. In the target setting process, KONE is also utilizing information from industrial forums like the European Lift Association, along with other public data, to place targets in a broader context.

KONE monitors the safety performance of its subcontractors, particularly those engaged in elevator installations, through KSS. Refer to S1, Remediating negative impacts on own workforce for details on KSS. Subcontractor near misses, moderate and serious injuries, and the rare cases of fatalities, are part of monthly global reporting to Executive Board and routine health and safety performance reviews in global and local management meetings.

Considering the human rights impact assessment, DMA results, Subcontractor Safety Development Program findings, and KSS reports, KONE has identified a need to further support its partners in improving their health and safety management practices. KONE is confident that enhancing Code of Conduct compliance monitoring and KONE's ongoing Subcontractor Safety Development Program will effectively reduce material negative health and safety impacts for workers within the value chain while fostering positive outcomes.

KONE has prioritized supporting and monitoring the health and safety management of downstream subcontractor suppliers with workers involved in dismantling and installation, upstream first-tier component suppliers in manufacturing, and service providers working at a KONE site. Going forward, KONE aims to establish more effective processes for overseeing the health and safety of all worker groups in its value chain, including workers of distributors involved in installation activities.

S4 Consumers and End-Users – Health and Safety

Material impacts, risks and opportunities

Personal health and safety of consumers and end-users was identified as material topic for KONE in connection with the 2024 DMA. Refer to ESRS 2, Sustainability-related impacts, risks and opportunities for a description of the materiality assessment methodology.

KONE is dedicated to ensuring that all consumers and end-users who are likely to be materially impacted by its operations, value chain, products, and services are thoroughly included within the scope of KONE's disclosures. Material IROs are described in the table Material impacts, risks and opportunities related to consumers and end-users.

KONE recognizes that its products are used by a broad and diverse range of consumers and end-users. These include individuals with varying levels of mobility, such as the elderly, people with disabilities, children, and those transporting heavy or large objects. Additionally, KONE's products are frequently used in high-traffic environments such as hospitals, shopping centers, and public transportation hubs, where safety and reliability are of utmost importance.

When it comes to consumer and end-user safety, the majority of incidents are related to misuse or inappropriate personal behavior on or with the equipment. Naturally, children and young adults are more prone to incidents caused by mis- or unintended use of the equipment.

Incidents involving KONE products are often influenced by factors like property maintenance, building conditions, improper use and supervision, and other variables impacting end-users beyond KONE's manufacturing and marketing.

Safety is embedded in the product development process, where potential hazards affecting the full product life cycle are systematically identified. While some hazards cannot be completely eliminated, they are minimized to acceptable levels or addressed through maintenance requirements to replace parts before they become safety risks, ensuring product safety before market introduction. Existing products are continuously developed to further improve their safety and functionality.

Through continuous engagement with customers over the whole life cycle of their building and KONE's equipment, KONE is able to address potential safety risks or actual material impacts and provide solutions that may go beyond the locally required safety standards.

Material impacts, risks and opportunities related to consumers and end-users

Material topic (time horizon)	Material impacts, risks and opportunities	Management response
Health and safety in downstream value chain (medium-term)	↓ **Negative impact** Misuse of KONE equipment, neglecting maintenance instructions or other unforeseen events may lead to equipment failures and cause severe incidents or fatalities to end-users. ↓ **Risk** Equipment malfunctions related injuries due to error in design or maintenance. Inadequate maintenance level, including by subcontractors. Postponement of modernization by the building owner.	• Safety is embedded in the product development process • Retrofit of identified safety hazards in KONE products. • Modular Based Maintenance (MBM) using preventive maintenance methods • Regular training of KONE's maintenance technicians • Safety promotion campaigns for customers and end-users • Develop modernization solutions for upgrading or replacing existing equipment with new solutions that meet or exceed the latest safety standard

Policies

KONE's Quality, Health and Safety statements provide ambition and objectives applicable to all KONE units. Read more about the policy statements, which are publicly available, on kone.com.

Codes, standards and regulations set technical and operational requirements for KONE's solutions and services throughout their entire life cycle from design, manufacturing and installation to service, modernization and dismantling. Codes and regulations are legally enforceable by an authority when adopted by a city, state or country, and compliance with them is set mandatory at KONE.

KONE Codes and Standards Policy sets out KONE's expectations for compliance by its units and employees with applicable codes, standards and regulations concerning KONE solutions and services. KONE Customer Solutions Engineering Policy outlines key principles to ensure that the engineering work for customer deliveries is safe, high-quality, and complies with applicable laws, codes, and standards. Policies are introduced in the table Key policies related to consumers and end-users.

Risk management is an integral part of KONE's business processes associated with the safety of solutions and services throughout their life cycle. Refer to S1, Policies for a description of the KONE Risk Management Policy.

KONE Human Rights Policy details KONE's role, objectives and responsibilities with respect to its human rights commitment and in relation to KONE's employees and workers across the supply and delivery chain. In relation to end-users, the policy acknowledges that safety is a shared responsibility that extends to all stakeholders, including end-users. Refer to S1, Policies for more information on KONE Human Rights Policy and alignment with internationally recognized instruments. Refer to S2, Respect for human rights for additional information about the engagement of consumers and end-users regarding human rights, and G1, Mechanisms for identifying, reporting and investigating concerns for details about the remedy process.

ISO certification coverage

KONE operates a global integrated management system comprising Quality management (ISO 9001), Environmental management (ISO 14001) and Occupational Health and Safety management (ISO 45001). Refer to S1, Policies for further information on KONE's management system.

To ensure continual improvement, KONE is certifying its units in line with ISO standards. Many KONE units are either covered as part of the KONE group certificates (OneISO) or maintain their own certificate, certified by a local accredited body. KONE aims to broaden its group ISO certificate scope and incorporate the local certificates within it.

Although KONE is expanding the coverage of group certificates year by year, not every KONE unit is certified against each of those international standards. The table Share

of KONE employees working in an ISO certified unit demonstrates the coverage of KONE's employees by the three main ISO management system certification (either local or OneISO) and their respective unit headcount compared to KONE global headcount.

In addition to the mentioned standards, some units are certified according to further international, local or area specific standards, such as Information Security management (ISO 27001), Energy Efficiency Management (ISO 50001) and/or the Lifts Directive 2014/33/EU.

All these certifications enhance the health and safety of both consumers and workers by verifying KONE's standard management approach.

Share of KONE employees working in an ISO certified unit

ISO standard	Share of employees
ISO 9001	90%
ISO 14001	87%
ISO 45001	68%

Engaging with consumers and end-users

KONE units engage with trade associations, standardization forums and organizations that aim to shape and influence the development of industry standards, practices and objectives. To capture even wider safety improvement opportunities KONE is, for example, an active member in the European Lift Association (ELA) where actual incident data from a number of original equipment manufacturers (OEMs) in the industry and industry associations is collected and analyzed. In Americas, KONE also supports the Elevator and Escalator Safety Foundation through its industry trade association.

At KONE, consumer and end-user perspectives are integrated into decision-making through structured feedback mechanisms, including surveys, incident management, and direct customer engagement. Insights gathered influence product design, safety enhancements, and service improvements. KONE's Global Quality and Safety Function oversees these efforts, with the Senior Vice President of Quality and Safety holding operational responsibility. This role ensures consumer feedback informs key strategies, reporting directly to the Executive Board.

Key policies related to consumers and end-users

Management system	Material topics addressed	Scope	Management bodies
Codes and Standards Policy	Health and safety	All KONE units	Executive Board
Customer Solutions Engineering Policy	Health and safety	All KONE units; Target audience: KONE Supply Units and Front Lines	Executive Board

Safety communications

Safety is a collaborative effort, also involving the owners, passengers and users of elevators, escalators, and automatic building doors. KONE equipment is designed for safe use when instructions for operation, daily inspections and maintenance are followed. KONE educates its customers to help prevent or lessen impacts from situations that could lead to safety risks and provide product safety training and materials to support the safety of customers' workers. KONE also organizes safety awareness campaigns for its equipment users in cooperation with customers to support safe behavior and closely monitor safety occurrences related to KONE products. Building owners and maintenance service providers are responsible for ensuring the equipment is professionally maintained and kept in good condition. Consequently, building owners need to inform the service provider if they identify any hazards, such as unusual noises or debris on any part of the equipment.

KONE works closely with its customers to help them operate KONE equipment safely, identify potential safety hazards, and to deal with situations that could lead to safety risks. KONE communicates actively about safety, organizes safety-related activities, and provides training and educational resources to its customers and the public to help them use the equipment in a safe way.

Special attention is paid to children as one of the most vulnerable groups of users. KONE's safety mascots, Bob and Max, have visited many shopping centers, kindergartens, and customer premises around the world to promote safety in a fun and engaging way. On its website, KONE provides specific informative materials also for children.

Further insights are gathered through KONE's annual customer loyalty survey. It comprises more than 19,000 (2023: more than 15,000) customer interviews, and more than 65,000 (2023: more than 60,000) customers take part in KONE's transactional surveys each year. KONE's local teams review the results and work to embed actions into their plans.

KONE's human rights impact assessment, renewed in 2023, considered end-users and customers from health and safety perspective to identify any related human rights risks. KONE updates its impact assessments regularly and creates action plans to cease and mitigate identified risks. No specific groups of end-users or customers were identified as high risk for human rights impacts in KONE's assessment. Refer to S2, Human rights due diligence for more information.

Remediating negative impacts on consumers and end-users

When incidents involving users of KONE equipment occur, KONE's incident management process is applied. Refer to S1, Remediating negative impacts on own workforce for details on the process. The incident management process is applicable for all KONE units globally with the exception of its operations in the United States. Due to legal requirements, incidents involving users in the United States are not recorded in KONE's central data base in KSS, but each is investigated for potential corrective and preventative actions with the same diligence on a local platform.

KONE maintains a retrofit process to address identified actual or potential safety risks, and where appropriate, notifies customers and/or the industry of known defects that are subject to product recall and repairs. Sources include, but are not limited to, actual user incidents, near misses, quality or warranty claims, Quality Issue Management (QIM) tickets, audits, third party inspections and technical callouts. When required, KONE works closely with local authorities to remediate potential negative impact for users of its equipment.

For any compliance-related concerns, the KONE Compliance Line reporting channel is available to all KONE stakeholders, including customers, consumers, and end-

users. The line is open to all and available at all times on KONE's website. Refer to G1, Mechanisms for identifying, reporting and investigating concerns for more information on the Compliance Line. KONE requires its suppliers and distributors to provide its employees with a whistleblowing channel for reporting violations of the KONE Supplier and/or Distributor Code of Conduct. This requirement is set forth in the KONE Supplier and Distributor Code of Conduct and addressed in human rights questionnaires directed to these groups. Additionally, KONE highlights the availability of the Compliance Line in the customer contract templates, providing a clear channel for raising concerns.

Internal and external audits of KONE's management system ensure the consistent implementation and effectiveness of the incident management process and reporting channels. Refer to S1, Policies and S1, Remediating negative impacts on own workforce to read more about KONE's auditing practices.

Actions

KONE is committed to effectively managing the material negative impacts associated with its operations, products, services, and value chain. To ensure the safety, reliability, and sustainability of its elevators, escalators, and building doors, KONE has allocated resources across various functions within the organization.

At the completion of installation, KONE provides the owners with product owner documentation, hazard warning signs and information about the correct use of the equipment.

KONE maintains the safety of elevators, escalators, and automatic doors using preventive maintenance methods. KONE's maintenance technicians receive comprehensive training, coaching and mobile tools to ensure they have the required competence and up-to-date information to perform their work safely. All KONE's methods for installation, service and modernization are defined and risk assessed with user and third-party risks considered.

KONE develops modernization solutions for upgrading or replacing existing equipment, where possible, with new solutions that meet or exceed the latest safety standards, improving equipment reliability and user safety.

Onboarding of further KONE units and their management systems under the relevant KONE group certificate (OneISO) for quality (ISO 9001), environment (ISO 14001), occupational health and safety (ISO 45001) and lifts directive (2014/33/EU) aims to harmonize the management practices globally and control their compliance with relevant standards and KONE operating model (KONE Way).

Various product development and continual improvement initiatives applying Lean Six Sigma or similar methodology are initiated to improve KONE processes, service and products. Inputs for continual improvement are collected for example from KONE Front Lines using the QIM process. During the reporting period more than 2000 define, measure, analyze, improve and control (DMAIC) or change request (CR) projects have been initiated, out of which a share is focusing on end-user safety improvements.

In 2024, KONE piloted an escalator video monitoring system which can automatically detect unsafe passenger behavior or other pre-defined scenarios that could potentially lead to user incidents. In case of a recognized incident, the passengers can be guided towards safer behavior by audio-visual responses. Furthermore, this system records each observation and thus provides insights, which enables a targeted approach to further improve the safety of end-users. An extension of this solution to elevators is currently in progress.

KONE is participating and contributing to the development of national and international standards improving safety and accessibility for lifts and escalators. For example, the ISO 8100 standard series intends to provide globally recognized requirements for ensuring safe design, installation, maintenance, and operation of elevators and escalators.

In 2024, KONE published two new end-user safety promotion videos for the safe use of elevators and escalators, available for anyone, including customers, to utilize freely for safety promotion. Targeted materials for children, such as a safety playbook, are also available. Read more about the promotion videos and materials for children on kone.com.

In relation to other severe human rights incidents, KONE is not aware of, such incidents connected to its consumers or end-users during the reporting period.

KONE identifies actions to address negative impacts on consumers and end-users by analyzing incident data, conducting risk assessments, and gathering stakeholder feedback. KONE tracks and monitors the effectiveness of its actions in mitigating material risks and impacts through ongoing safety performance tracking and incident response procedures. This includes reviewing safety incidents involving end-users and third parties. KONE's process adheres to a standard workflow, which incorporates an evaluation of existing risk assessments. Refer to S1, Remediating negative impacts on own workforce and S1, Actions for more details on how KONE's incident management process addresses actual impacts with corrective measures.

Targets

KONE's ultimate goal of zero injuries reflects its commitment to consumer and end-user safety. The process for setting health and safety targets is collaborative and data-driven, involving inputs from safety performance metrics, regulatory requirements, identified improvement opportunities, and KONE's strategic objectives and policies. Customer feedback, obtained through customer loyalty surveys and from KONE's global safety and quality networks, directly informs these targets, ensuring they address the specific safety needs of consumers and end-users across all KONE operations.

To evaluate progress towards zero injuries, KONE tracks the number of consumer and end-user safety incidents, which helps assess performance and identify common causes. Incident data is recorded in KSS (excluding KONE Americas) and analyzed to inform preventative actions and minimize the recurrence of similar issues. Although no specific quantitative injury reduction target has been set due to data collection challenges, tracking and analyzing near misses enables KONE to proactively address safety risks of consumers and end-users by preventing potential incidents before they occur.

Maintaining the equipment and ensuring that their technical condition is on the required level is one key element to ensure end-user safety. Therefore, KONE has identified 'field operational enablers' since 2020 with increasing numeric targets for all its Frontlines to ensure high standards in equipment maintenance. In 2024 those targets included:

- Modular based maintenance (MBM) visits completion (>98%)
- MBM audits completion by KONE supervisors (four audits/SPV/month)
- 24/7 Connected Services need completion (>98%)

To reinforce consumer and end-user safety at every level, KONE has established a global target of at least 12 management workplace visits per leadership team member and one safety promotion event or meeting per 2,000 units in service. This goal supports the material impact of enhancing safety awareness and compliance. Unit-level management meetings closely monitor progress, ensuring these targets

remain aligned with KONE's broader safety objectives and policies for consumers and end-users and contribute to KONE's zero-injury vision.

Unit annual budget planning takes place every year to set the targets. The annual budget plan defines the unit's budget, objectives, targets, and an action plan explaining how the unit will support KONE to achieve its financial and non-financial targets.

The annual budget plan is created based on:

- The stakeholders' needs, expectations and requirements, e.g., KONE financial targets and budget instructions, considering associated risks and opportunities
- Regular unit performance reviews
- Area Quarterly Business Review

Refer to S1, Targets to learn more about KONE's approach on establishing health and safety targets and performance tracking.

G1 Business Conduct

Material impacts, risks and opportunities

The DMA assessment highlighted KONE's positive influence of corporate culture, the protection of whistleblowers, and the widespread prevention of bribery and corruption. However, KONE also recognizes that the complete elimination of all negative impacts related to material topics may not be achievable. As a result, KONE has incorporated preventive measures to mitigate these risks and enhance the transparency of the disclosures. Refer to ESRS 2, Sustainability-related impacts, risks and opportunities for a description of the materiality assessment methodology. Material IROs are described in the table Material impacts, risks and opportunities related to business conduct.

KONE culture

KONE's culture is the foundation for everything it does, which is built on safety, quality, sustainability, and KONE values: care, customer, collaboration, and courage. These values are embedded in the ways people at KONE collaborate, how they view and impact the world, and how they bring KONE culture and values to life.

During 2024, KONE continued developing its culture to ensure that it supports strategic targets. KONE focused on embedding cultural development into existing processes and transformational activities thus strengthening inclusive culture by establishing, for example, new ERGs.

KONE Code of Conduct forms an integral part of KONE's company culture and is the foundation of its ethical business practices. Furthermore, inclusivity is deeply embedded in KONE's culture and values. KONE believes that future success relies on its collective ability to build inclusive teams, communities, and networks. When individuals are valued for their authentic selves, they are happier and perform at their best. To reinforce the importance of KONE's values as part of its culture, KONE has embedded the values as a criterion in its annual performance evaluation which indirectly links to KONE's global short-term incentive program.

Policies

KONE Code of Conduct sets out the responsible and ethical conduct expected of KONE employees and companies. A revised version of the Code of Conduct was published in 2024. The Code addresses a range of topics such as conflicts of interest, corruption, competition compliance, third-party due diligence, human rights, fraud and theft, and how to report violations of the Code. The Code also emphasizes KONE's non-retaliation policy: KONE does not tolerate any form of retaliation against anyone who has made a compliance report in good faith. As a committed participant of the United Nations Global Compact, KONE upholds its ten principles on human rights, labor, environment, and anti-corruption. KONE's general Code of Conduct is complemented by KONE Supplier and Distributor Codes of Conduct. Refer to S2, Policies for details on the Codes. Refer to G1, Prevention and detection of corruption and bribery for a description of KONE's Anti-Bribery and Corruption (ABC) Policy. KONE's Global Delegation Authority policy defines when matters need to be escalated to Executive Board Members, CEO or Board of Directors. Policies are introduced in the table Key policies related to business conduct.

The development of KONE's culture through training and awareness building remains the most important action when it comes to the internal mitigation of compliance risks and continued to be a focus in 2024. Regular online, video and face-to-face compliance training is provided to employees.

Material impacts, risks and opportunities related to business conduct

Material topic (time horizon)	Material impacts, risks and opportunities	Management response
Corporate culture in own operations (medium-term)	↑ **Positive impact** A positive corporate culture prioritizes ethical practices and sustainability and can improve responsible decision making throughout the value chain. This benefits the society.	• KONE's culture, built on the core principles and values, is the foundation of everything at KONE • Corporate culture related KPI's are included in KONE's Sustainability program monitoring, such as values, ethics, and compliance • In 2024, KONE assigned an annual, mandatory Code of Conduct e-learning for all employees
Protection of whistle-blowers in own operations (medium-term)	↑ **Positive impact** Protecting whistleblowers empowers the workforce and value chain to speak up about potential code of conduct violations, fostering transparency and accountability. This benefits the society by promoting responsible business practices, which, in turn, leads to increased consumer trust and positive societal perceptions. The KONE Compliance Line allows for KONE employees, suppliers, distributors, and the public to report specific concerns relating to violations of the KONE Code of Conduct.	• The KONE Compliance Line is available for employees, suppliers, distributors, and the public at all times • KONE's Code of conduct emphasizes KONE's non-retaliation policy: no form of retaliation is tolerated against anyone who has made a compliance report in good faith
Corruption and bribery in own operations (medium-term)	↑ **Positive impact** Effective prevention and detection of corruption support transparent and fair business practices that benefit the entire society. This fosters public trust and confidence in the business sector, leading to increased societal cooperation and support for sustainable initiatives. KONE's new Anti-bribery and Corruption (ABC) Policy and mandatory e-learning set out KONE's zero tolerance towards bribery and corruption and explain preventive measures KONE takes to mitigate risks identified in its 2021 ABC risk assessment.	• Global Compliance works closely with KONE's Assurance, Internal Controls and Risk Management teams to identify ABC risks and track the effectiveness of KONE's ABC program • Implementation of a conflict-of-interest declaration tool throughout KONE in 2024

KONE refreshes and assigns its key compliance e-learnings (including Code of Conduct, Competition Compliance, and Anti-bribery and corruption) on a regular basis ensuring each year one mandatory compliance training is rolled out covering all KONE employees, Executive Board members included.

KONE's 2021 Code of Conduct e-learning was refreshed and re-issued to all KONE employees globally in 2024. KONE also extended the 2024 Code of Conduct training to the Board of Directors. The refreshed e-learning course is a 20-minute online module that provides an overview of the Code and includes real-life scenarios employees may encounter in their daily work covering topics such as corruption and fraud, conflicts of interest, gifts and hospitality, how to apply the Code, and how to report actual or potential misconducts. The Code is available in over 30 languages on kone.com. All new joiners at KONE are required to complete the most recent Code of Conduct e-learning, and the competition compliance e-learning (refreshed in 2022) is also assigned as mandatory training to all new staff and supervisors at KONE.

Mechanisms for identifying, reporting and investigating concerns

All KONE employees are expected to understand and abide by KONE's Code of Conduct and to report any violations using the channels available for this purpose. KONE's internal reporting channels include reporting to management, Human Resources, Legal, or Compliance. KONE also has a confidential reporting channel, the KONE Compliance Line, available 24/7 for its employees, suppliers, distributors, and the public (including consumers and end-users) worldwide. It is highlighted to employees in all compliance trainings and awareness materials, such as articles, posters, and shared on info screens. The Compliance Line is also highlighted in KONE Supplier and Distributor Codes of Conduct. More information, including clear instructions on how to report suspected violations of KONE Codes of Conduct, can be found on kone.com. The Compliance Line is operated by an independent third party and is accessible via phone and/or web in over 30 languages. Reports can be made in the reporter's native language and can be anonymous where permitted under data protection laws. Reports can be submitted on a range of topics related to the Code of Conduct violations and other topics relevant to the Code, such as fraud, theft, corruption, harassment, conflicts of interest, human rights, environment, and safety.

Key policies related to business conduct

Management system	Material topics addressed	Scope	Management bodies
Code of Conduct	Corporate culture, Corruption and bribery, Protection of whistle-blowers	Own workforce and all KONE companies	Executive Board
Anti-Bribery and Corruption (ABC) Policy	Corruption and bribery	Own workforce	Executive Board
Global Delegation of Authority Policy	Corruption and bribery	Own workforce	Executive Board

KONE has implemented the requirements set forth by the local implementations of the EU Whistleblowers Directive (EU 2019/1937) in KONE's operating locations. Where required by local whistleblower laws, KONE subsidiaries have local reporting lines and processes allowing for the local reporting of compliance concerns. The local staff have been given virtual training on how to handle reports coming through the local reporting lines covering the background requirement of the reporting line, how the process works, what to do if they receive a report, and the basics of compliance investigations.

KONE investigates reported concerns independently, objectively and in a timely and professional manner by a dedicated, impartial KONE compliance team, free from any conflicts of interest. Corrective actions are taken when necessary, including disciplinary action (including termination of employment or business relationships), process improvements, and further training. In cases where a compliance investigation establishes that a Code of Conduct violation has occurred, relevant functions and stakeholders, e.g. Compliance, Management, Legal and Human Resources, agree on remedial steps based on the facts of the case and local law. When appropriate, individuals are assigned to follow up on specific remedial actions to ensure that it has taken place. KONE's case management system integrates the web, phone, and other reporting channels to allow for a secure and confidential system for managing reports and follow up. KONE consistently monitors such reports by area, type, country, and other criteria, looking for any trends or other meaningful information. To ensure the effectiveness of its reporting channels, KONE uses multiple communication methods to make people aware of the ways they can report concerns, such as Code of Conduct and other policies, regular communications, trainings, postings on the Intranet and others. KONE conducts periodic surveys and assessments to test the awareness level of its reporting channels and the willingness of employees to report such concerns. Refer to S1, Remediating negative impacts on own workforce for details on incidents and complaints.

Key compliance cases and statistics on all compliance cases are reported to the Global Compliance Committee on a quarterly basis. Individual compliance cases are also discussed as necessary with the Committee, KONE's President and CEO and/or the responsible Executive Board member during the intervening period. A summary of key compliance cases and statistics is provided to the Audit Committee and external auditors annually.

KONE clearly communicates in its Code of Conduct, the Supplier and Distributor Codes of Conduct and other policies, training materials and Compliance Line Speak up Guidelines, that it prohibits retaliation against any individual who reports a Code of Conduct violation in good faith. A report is made in good faith when the reporting person has reasonable grounds to believe that the information provided was true at the time of reporting. In addition, to the extent allowed by local law, KONE maintains the confidentiality of reporters' identities to further reduce the risk of retaliation. In countries where anonymous reporting is not allowed, all other reporting channels are available. All the reports are kept confidential on a strict need to know basis, while maintaining KONE's prohibition against retaliation. Access to the reporting system is limited to dedicated trained individuals tasked with handling compliance reports.

Prevention and detection of corruption and bribery

KONE's operations are divided into seven global functions: Commercial and Operations, Technology and Innovation, Supply Chain, Strategy and Transformation, People and Communications, Finance and Legal and four geographical areas: Americas, Europe, Greater China, and Asia-Pacific, Middle East and Africa. To enhance its efforts in preventing

and detecting bribery and corruption, KONE conducted a comprehensive global anti-bribery and corruption risk assessment in 2021. In the assessment KONE identified procurement, sales, and marketing to have an elevated risk for bribery and corruption. These high-risk functions are categorized under Supply Chain and Commercial and Operations. In addition, some geographical areas pose a greater risk for bribery and corruption namely Asia-Pacific, Middle East and Africa and Greater China. These risks are evaluated internally on an annual basis. KONE reports metrics at a global function level to ensure consistent coverage of all relevant roles with elevated risk for corruption and bribery.

This approach accounts for variations in role names and descriptions, which may not always capture all at-risk positions. In addition, when KONE reports training completions of these functions, only active KONE employees are included. Those on leave are excluded from the scope and are assigned the course upon return to work.

Anti-bribery and corruption program and training

To prevent bribery and corruption, KONE has developed a comprehensive anti-bribery and corruption program. As a part of ongoing efforts to prevent bribery and corruption, KONE published a new Anti-Bribery and Corruption (ABC) Policy in 2023. The ABC Policy builds on the Code of Conduct to provide guidance to employees on how to deal with risky ABC situations. Read more about the ABC Policy, which is available both internally and externally in over 30 languages, on kone.com. The policy states KONE's zero tolerance towards bribery and corruption, explains prohibited arrangements (including direct and indirect bribery, facilitation payments, excessive gifts and hospitality, and inappropriate donations and sponsorships), outlines third-party risks, describes KONE's risk-based approach towards the prevention of bribery and corruption, gives examples of practical risk situations that employees should look out for, and provides guidance on how to report any suspected violations. KONE's Anti-Bribery and Corruption policy is aligned with the United Nations Convention against corruption, reinforcing KONE's dedication to ethical standards.

KONE accompanied the ABC policy with a related training and assigned mandatory ABC e-learning courses for all KONE employees in 2023, including Executive Management. Two versions were issued comprising different risk scenarios for staff and operatives. Both versions cover the definition of corruption and bribery, KONE's zero-tolerance policy, and provide guidance on preventing, detecting, and responding to corrupt business practices. Additionally, employees are instructed on how to report misconduct. The training includes clear confirmation from employees that they agree to comply with the ABC Policy. Respectively 85% of all active KONE employees (close to 54,000 completions) had completed the training by year end 2023. 86% of employees in functions with higher risk for bribery and corruption had completed the training. The ABC e-learning is part of onboarding and assigned to all new employees. Separate targeted training to frontlines and corporate functions on anti-bribery and corruption as well as gifts and corporate hospitality continued during 2024. KONE is planning to reissue the ABC training annually to at risk functions for bribery and corruption. In addition to KONE's ABC e-learning course, bribery and corruption are addressed in the Code of Conduct e-learning covering the definition of corruption and bribery, KONE's policy on it and procedures for handling suspicion and detection. Please see the completion rates of the annual Code of Conduct e-learning in the table Code of conduct training. For more information on business conduct policies and Code of Conduct training see G1, Policies.

Code of conduct training in 2024 [1]

	Target group	Completions
Employees	65,673	95%
Employees in at-risk functions	37,464	98%
The Board of Directors and Executive management	21	100%

[1] All mandatory compliance training courses are monitored through KONE's learning management system, which records completion rates for each training module. In China, operatives are trained on a separate China Learning Management system (China LMS). The Greater China Compliance team monitors and tracks completions through the China LMS and reports these to Global Compliance function periodically.

Preventive measures and actions

KONE continues to implement frontline compliance risk assessments and localized programs with a strong focus on addressing bribery and corruption. In 2023, KONE initiated local assessments in eight countries across KONE Middle East, Türkiye, and Africa (KMTA) and in 2024 continued the work in the remaining seven countries. During 2023-2024, 100% of the KMTA countries were assessed. KONE's regional compliance manager conducted face-to-face training sessions on the Code of Conduct and the KONE Compliance Line for employees in eight different countries. In 2024, KONE extended the same process to Europe.

Furthermore, KONE issued global instructions on gifts and corporate hospitality in 2022 and continued to implement these measures in 2024. Additionally, KONE's cross-functional fraud working group actively identifies fraud risks and implements controls to mitigate those risks.

KONE actively seeks reliable and fair relations with suppliers, distributors, and other partners for mutual benefit. To ensure transparency and compliance, KONE has a third-party due diligence process in place for distributors and centralized information on global distributor management. Refer to S2, Respect for human rights for details on the process. Additionally, KONE conducts annual distributor training sessions, covering essential topics such as sanctions, bribery, corruption, and human rights. These trainings were conducted also during 2024. KONE ensures that the latest version of the distributor Code of Conduct has been signed by active KONE distributors. In 2024, KONE revised its distributor annual due diligence questionnaire and included more detailed questions on bribery and corruption, as well as working conditions. KONE holds its suppliers to the same high standards regarding anti-bribery and corruption. KONE Supplier Code of Conduct includes an extensive chapter dedicated to these critical issues, emphasizing KONE's shared commitment to ethical business practices. Refer to S2, Policies for more information on KONE Distributor and Supplier Codes of Conduct.

In global customer contract templates, KONE has incorporated a new anti-bribery and corruption clause in 2024 to better align business relationships with customers with KONE's stringent anti-corruption policies. In addition, Global Compliance systematically screens target entities during mergers and acquisitions as part of KONE's risk management strategy. This process helps KONE maintain its commitment to ethical conduct and compliance with anti-bribery regulations.

In 2024, KONE created a new conflict of interest declaration tool integrated into KONE's HR system. Employees can disclose any potential conflicts of interest to their manager through the tool, where all relevant information is documented including any necessary resolutions. The tool

also provides the capability for requiring employees to "self-affirm" that they do not have any conflicts. The tool serves as a risk mitigation mechanism to detect and prevent situations where employees' personal interests may conflict with those of the company. In addition, all employees are encouraged to speak up if they suspect or become aware of a violation of the Code of Conduct, including those related to corruption and bribery.

Consolidated financial statements

Consolidated statement of income

MEUR	Note	Jan 1–Dec 31, 2024	%	Jan 1–Dec 31, 2023	%
Sales	2.1	**11,098.4**		**10,952.3**	
Costs, expenses and depreciation	2.2, 2.3	-9,849.5		-9,752.2	
Operating income		**1,249.0**	**11.3**	**1,200.1**	**11.0**
Financing income	2.5	48.3		50.0	
Financing expenses	2.5	-43.1		-43.9	
Income before taxes		**1,254.1**	**11.3**	**1,206.1**	**11.0**
Taxes	2.6	-293.1		-274.6	
Net income		**961.0**	**8.7**	**931.6**	**8.5**
Net income attributable to:					
Shareholders of the parent company		951.3		925.8	
Non-controlling interests		9.7		5.8	
Total		**961.0**		**931.6**	
Earnings per share for profit attributable to the shareholders of the parent company, EUR	2.7				
Basic earnings per share, EUR		1.84		1.79	
Diluted earnings per share, EUR		1.84		1.79	

Consolidated statement of comprehensive income

MEUR	Note	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Net income		**961.0**	**931.6**
Other comprehensive income, net of tax:	2.8		
Translation differences		78.4	-96.2
Hedging of foreign subsidiaries		-12.8	15.9
Cash flow hedges		-3.7	-18.1
Items that may be subsequently reclassified to statement of income		**61.9**	**-98.4**
Changes in fair value		-1.6	-23.8
Remeasurements of employee benefits		-8.7	-17.2
Items that will not be reclassified to statement of income		**-10.3**	**-41.0**
Total other comprehensive income, net of tax		**51.6**	**-139.5**
Total comprehensive income		**1,012.6**	**792.1**
Total comprehensive income attributable to:			
Shareholders of the parent company		1,002.9	786.3
Non-controlling interests		9.7	5.8
Total		**1,012.6**	**792.1**

Consolidated statement of financial position

Assets, MEUR		Note	Dec 31, 2024	Dec 31, 2023
Non-current assets				
Goodwill		4.2	1,558.4	1,469.0
Other intangible assets		4.3	333.3	287.2
Tangible assets		4.4	898.5	779.7
Employee benefit assets	I	5.6	15.0	9.2
Deferred tax assets	II	3.6	365.7	320.2
Shares and other non-current assets	I/II	5.4	150.3	101.5
Total non-current assets			**3,321.2**	**2,966.8**
Current assets				
Inventories	II	3.1	856.7	820.9
Accounts receivable	II	3.2, 5.3	2,494.8	2,495.1
Deferred assets	II	3.3, 5.3	693.6	641.0
Income tax receivables	II		119.0	118.7
Deposits and other current assets	I	5.4	1,223.0	1,263.9
Cash and cash equivalents	I	5.3	576.0	424.5
Total current assets			**5,963.1**	**5,764.0**
Total assets			**9,284.3**	**8,730.8**

Equity and liabilities, MEUR		Note	Dec 31, 2024	Dec 31, 2023
Equity attributable to the equity holders of the parent				
Share capital		5.2	66.2	66.2
Share premium account			100.3	100.3
Paid-up unrestricted equity reserve			245.7	245.7
Fair value and hedge reserves			-25.3	-20.0
Translation differences			135.3	69.7
Remeasurements of employee benefits			-105.2	-96.5
Retained earnings			2,449.7	2,386.6
Total shareholders' equity			**2,866.8**	**2,752.1**
Non-controlling interests			26.3	33.9
Total equity			**2,893.1**	**2,786.0**
Non-current liabilities				
Loans and other interest-bearing liabilities	I	5.3	700.5	438.7
Employee benefit liabilities	I	5.6	141.4	132.9
Deferred tax liabilities	II	3.6	87.3	86.3
Total non-current liabilities			**929.3**	**657.9**
Provisions	II	3.5	**185.9**	**196.9**
Current liabilities				
Loans and other interest-bearing liabilities	I	5.3	145.1	116.1
Advance payments received and deferred revenue	II	3.2	2,016.9	1,915.7
Accounts payable	II	5.3	982.9	927.0
Accruals	II	3.4, 5.3	1,986.6	1,993.4
Income tax payables	II		144.4	137.7
Total current liabilities			**5,275.9**	**5,090.0**
Total equity and liabilities			**9,284.3**	**8,730.8**

Items designated " I " comprise interest-bearing net debt.
Items designated " II " comprise net working capital.

Consolidated statement of changes in equity

		Attributable to the equity holders of the parent								
MEUR	Note	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Retained earnings	Non-controlling interests	Total equity
Jan 1, 2024		**66.2**	**100.3**	**245.7**	**-20.0**	**69.7**	**-96.5**	**2,386.6**	**33.9**	**2,786.0**
Net income for the period		-	-	-	-	-	-	951.3	9.7	961.0
Other comprehensive income:	2.8									
Translation differences		-	-	-	-	78.4	-	-	-	78.4
Hedging of foreign subsidiaries		-	-	-	-	-12.8	-	-	-	-12.8
Cash flow hedges		-	-	-	-3.7	-	-	-	-	-3.7
Changes in fair value		-	-	-	-1.6	-	-	-	-	-1.6
Remeasurements of employee benefits		-	-	-	-	-	-8.7	-	-	-8.7
Transactions with shareholders and non-controlling interests:	5.2									
Profit distribution		-	-	-	-	-	-	-905.5	-	-905.5
Change in non-controlling interests		-	-	-	-	-	-	-8.4	-17.3	-25.7
Share-based compensation		-	-	-	-	-	-	25.6	-	25.6
Dec 31, 2024		**66.2**	**100.3**	**245.7**	**-25.3**	**135.3**	**-105.2**	**2,449.7**	**26.3**	**2,893.1**
Jan 1, 2023		**66.2**	**100.3**	**393.1**	**21.9**	**150.1**	**-79.3**	**2,184.2**	**29.9**	**2,866.5**
Net income for the period		-	-	-	-	-	-	925.8	5.8	931.6
Other comprehensive income:	2.8									
Translation differences		-	-	-	-	-96.2	-	-	-	-96.2
Hedging of foreign subsidiaries		-	-	-	-	15.9	-	-	-	15.9
Cash flow hedges		-	-	-	-18.1	-	-	-	-	-18.1
Changes in fair value		-	-	-	-23.8	-	-	-	-	-23.8
Remeasurements of employee benefits		-	-	-	-	-	-17.2	-0.6	-	-17.8
Transactions with shareholders and non-controlling interests:	5.2									
Profit distribution		-	-	-	-	-	-	-904.9	-	-904.9
Change in non-controlling interests		-	-	-	-	-	-	-	-1.8	-1.8
Share-based compensation [1]		-	-	-147.4	-	-	-	182.1	-	34.7
Dec 31, 2023		**66.2**	**100.3**	**245.7**	**-20.0**	**69.7**	**-96.5**	**2,386.6**	**33.9**	**2,786.0**

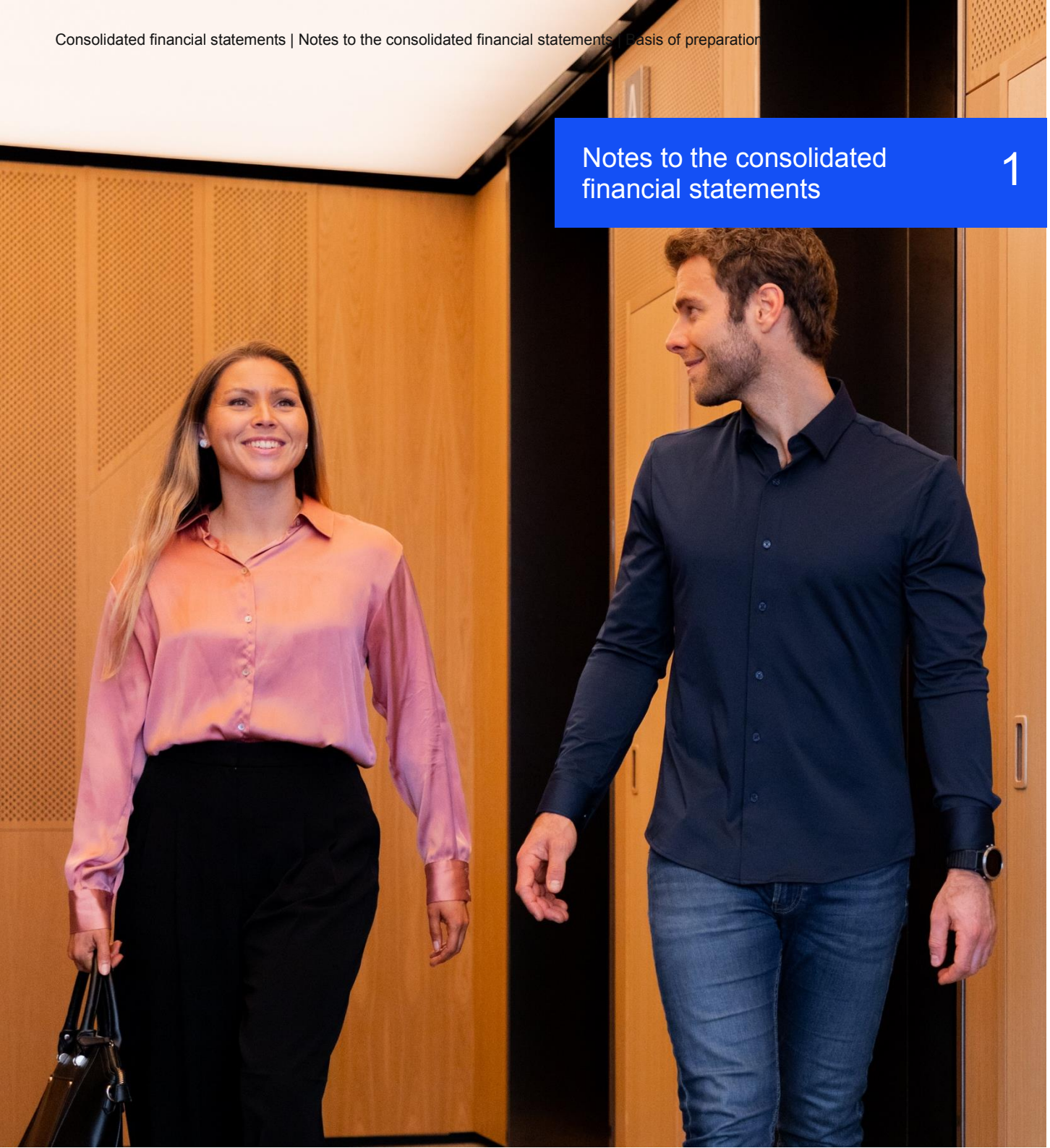
[1] As at 1 January, 2023 the cumulative effect arising from recognition of share-based payment rewards has been reclassified from paid-up unrestricted equity to retained earnings to improve presentation.

Consolidated statement of cash flows

MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Cash receipts from customers	11,233.1	11,087.6
Cash paid to suppliers and employees	-9,643.8	-9,602.4
Cash flow from operations before financing items and taxes	**1,589.3**	**1,485.2**
Interest received	16.2	22.5
Interest paid	-25.2	-19.1
Dividends received and capital repayments	0.0	5.4
Other financing items	-1.1	-62.4
Income taxes paid	-329.9	-303.7
Cash flow from operating activities	**1,249.3**	**1,127.9**
Capital expenditure	-168.4	-148.2
Proceeds from sales of fixed assets	0.2	0.9
Acquisitions, net of cash	-119.2	-169.2
Proceeds from sales of subsidiary shares	-	-3.0
Cash flow from investing activities	**-287.4**	**-319.4**
Cash flow after investing activities	**962.0**	**808.5**
Profit distribution	-905.5	-904.9
Change in deposits and loan receivables, net	72.4	210.5
Change of current creditors	-149.7	-134.2
Change in non-current liabilities	189.3	-31.8
Change in non-controlling interests	-19.5	-0.8
Cash flow from financing activities	**-813.0**	**-861.3**
Change in cash and cash equivalents	**149.0**	**-52.8**
Cash and cash equivalents at beginning of period	424.5	495.5
Translation difference	2.5	-18.2
Cash and cash equivalents at end of period	**576.0**	**424.5**

The impact of changes in exchange rates has been eliminated in the statement of cash flows by translating the opening balance sheet with the closing rates of the period.

Reconciliation of operating income to cash flow from operations before financing items and taxes, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Operating income	1,249.0	1,200.1
Change in working capital before financing items and taxes	48.1	15.7
Depreciation and amortization	292.2	269.4
Cash flow from operations before financing items and taxes	**1,589.3**	**1,485.2**



Notes to the consolidated financial statements 1

Basis of preparation

In this section

This section comprises following information about the basis of preparation of KONE's consolidated financial statements:

- Basis of preparation
- Consolidation principles
- Hyperinflation
- Segment information
- Accounting estimates and management judgements
- Effects of climate-related matters in financial statements

Accounting principles are presented in connection with notes in sections 2–6.

Basis of preparation

KONE Corporation is a Finnish, public limited company domiciled in Helsinki, Finland. KONE Corporation and its subsidiaries together form the KONE Group ("KONE" or "the Group"). KONE is a global leader in the elevator and escalator industry with a purpose to shape the future of cities. KONE provides elevators, escalators and automatic building doors, as well as solutions for maintenance and modernization to add value to buildings throughout their life cycle. KONE moves two billion people every day, making their journeys safe, convenient, and reliable with smart and sustainable People Flow®. KONE operates in close to 70 countries around the world, serving close to 600,000 customers. Headquartered in Helsinki, Finland, we have seven global R&D units and 10 manufacturing units in seven countries, as

well as a worldwide network of agents and authorized distributors.

The consolidated financial statements of KONE Corporation have been prepared in accordance with the IFRS (International Financial Reporting Standards) Accounting Standards as adopted by the EU, observing the standards and interpretations effective on December 31, 2024.

KONE has adopted the new standards and interpretations that took effect during the accounting period and are relevant to its operations. The IFRS standards and amendments thereto that took effect in 2024 did not have a material impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements, effective for reporting periods beginning on or after January 1, 2027, will replace the standard IAS 1 Presentation of Financial Statements. The standard will have an impact on the presentation of primary financial statements and the accompanying notes of KONE consolidated financial statements.

The consolidated financial statements have been prepared for the reporting period of 12 months from January 1 to December 31, 2024 and the basis that the Group will continue to operate as going concern. The financial statements have been authorized for issue by the Board of Directors of KONE Corporation on February 11, 2025. According to the Finnish Companies' Act the Annual General Meeting has the right to approve, reject or make changes to the financial statements after the publication.

The consolidated financial statements are presented in millions of euros and prepared under the historical cost convention except as disclosed in the accounting principles. Further, trade date accounting has been applied to all financial assets and liabilities. Amounts presented in these financial statements have been rounded from exact values and therefore the sum of amounts presented individually can deviate from the presented sum amount calculated based on the exact values. Key figures have been calculated using exact values.

Consolidation principles

The consolidated accounts include the parent company and those companies in which the parent company held, directly or indirectly, more than 50 percent of the voting power or had control through management agreements with shareholders holding the majority of the voting power at the end of the reporting period. In addition to these holdings, the consolidated accounts include possible holdings that are of a controlling-right nature (units/companies established for a specific reason).

Subsidiaries acquired during the period were included in the consolidated financial statements from the date of acquiring the control, and divested subsidiaries up to the date of loss of control. The acquisition consideration, including deferred and contingent consideration, as well as the identifiable assets acquired and liabilities assumed, are measured at the acquisition date fair values. The acquisition-related costs are recognized as expenses in the period in which they are incurred.

At the acquisition date, the non-controlling interests are valued either at the acquisition date fair values or at non-controlling interests' proportionate share in the recognized amounts of the identifiable net assets. Consolidated statement of income includes an allocation of net income between the shareholders of the parent company and the non-controlling interest. The allocation of the comprehensive income to the shareholders of the parent company and non-controlling interests is presented in the statement of comprehensive income. Non-controlling interests' share of total equity is presented separately under total consolidated equity.

All inter-corporate transactions, receivables, liabilities and unrealized profits, as well as the distribution of profits within the Group have been eliminated in the consolidated financial statements. Inter-corporate shareholdings have been eliminated using the acquisition method.

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the Group, have been translated into the presentation currency as follows: assets and liabilities at the statement of financial position date closing rate, and income and expenses at average exchange rates of the reporting period. The resulting exchange rate differences have been recognized in other comprehensive income.

Hyperinflation

Following continued growth in inflation rate, the accounting firms and regulatory authorities have based on criteria set-out in IAS 29 classified Türkiye as a hyperinflationary economy for reporting periods ending on or after June 30, 2022. KONE is active in both New Building Solutions as well as service business in Türkiye through its local subsidiary. KONE has assessed the impact of application of hyperinflationary accounting for the Group concluding that this would be immaterial. Consequently, the consolidated statement of income or statement of financial position does not reflect the impact arising from remeasurement of operations in Türkiye for hyperinflation.

Segment reporting

The profitability of KONE is presented as a single entity. KONE's business concept is to serve its customers by providing solutions throughout the entire life cycle of the equipment, beginning from the installation of new building solutions to the maintenance and modernization during their life cycle and the full replacement of the equipment. Most of the equipment that are delivered are converted into long-term KONE maintenance contracts. Material operative decisions are made by the Board of Directors of KONE. Such decisions are prepared and presented by the Chairman of the Board and the President and Chief Executive Officer. Due to the business model of KONE, the nature of its operations and its governance structure, the Group as a whole is considered the relevant operating segment to be reported. KONE renewed its operating model in 2023. Related changes in financial reporting and governance implemented in 2024 did not impact KONE's reportable segments.

Accounting estimates and management judgements

The preparation of the financial statements in accordance with the IFRS requires management to make judgements, estimates and assumptions that affect the measurement of the reported assets and liabilities and other information, such as contingent assets and liabilities and the recognition of income and expenses in the consolidated statement of income. Although these estimates and assumptions are based on the management's best knowledge of current events, actual results may differ from the estimates.

For KONE the most significant judgements, estimates and assumptions made by the management relate to revenue recognition, especially to defining and determining principles for revenue recognition in project business, to project estimates for long-term major projects, assumptions used in impairment testing, valuation of accounts receivables and inventories, determining the lease term applied in the lease

accounting and recognition of provisions and evaluation of uncertain tax positions.

Effects of climate-related matters in financial statements

Climate-related matters have limited direct and indirect impacts in the following areas of KONE's consolidated financial statements in 2024:

- KONE has a sustainability-linked undrawn revolving credit facility of EUR 850.0 (850.0) million. The climate-related target impacting the fees of for the facility is linked to the reduction of KONE’s Scope 1, 2 and 3 greenhouse gas emissions.
- KONE's long-term incentive plans include a target related to reducing KONE’s carbon footprint from Scope 1, 2 and 3 greenhouse gas emissions, and it has an impact on the share-based payment amounts.
- KONE’s investments in low-emission vehicle fleet have increased the amount of right-of-use assets and lease liabilities as well as related depreciation and interest expenses.
- The climate-related risks and opportunities impact the cash flow estimates, terminal growth rate and discount rates used in the goodwill impairment testing.
- The general transition towards a low-carbon economy impact KONE’s revenues, expenses, and cash flows. Such impact arises particularly through the demand for energy efficient equipment and the related cost of sales and R&D expenditure.

Potential future impacts of climate change on the consolidated financial statements may include, for example, revenues and cash inflows from increased demand for sustainable offering; costs and cash flows related to climate change and transition towards low-carbon economy; capital expenditure in energy-efficient assets and related depreciation; impairment of assets due to physical damage from severe weather conditions and changes in the value of certain financial instruments due to climate risks. The nature and magnitude of potential future financial impacts of climate change are difficult to estimate. None of the separately identifiable financial impacts is assessed to be material to KONE as of the date of these financial statements. KONE continues to evaluate its exposure to climate-related impacts, risks and opportunities, and these matters will be reflected in consolidated financial statements, as appropriate.

Sales
11,098 MEUR

EBIT
1,249 MEUR

2

Financial performance

In this section

This section comprises the following notes providing insights into KONE's financial performance:

2.1 Sales
2.2 Costs and expenses
2.3 Depreciation and amortization
2.4 Foreign exchange sensitivity
2.5 Financing income and expenses
2.6 Income taxes
2.7 Earnings per share
2.8 Other comprehensive income

Financial targets

KONE has defined the following mid-term financial targets to be achieved by the end of 2027:

- Growth: Mid-single-digit annual sales growth
- Profitability: Adjusted EBIT margin of 13–14%

KONE's long-term financial targets are:

- Growth: Faster than the market
- Profitability: To reach an EBIT margin of 16%
- Cash flow: Improved working capital rotation

2.1 Sales

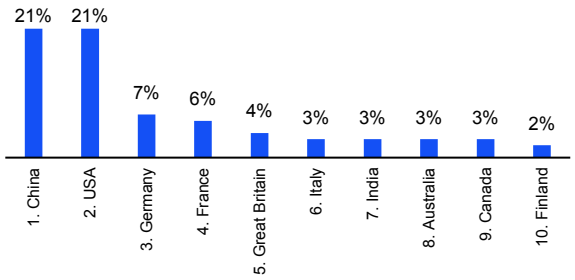
Due to KONE's business model, the nature of its operations and its governance structure, KONE has one operating segment.

KONE's customer base consists of a large number of customers in several market areas with no significant customer concentration. In 2024, the single biggest customer, residing in China, generated 0.5% of total revenue.

Sales by business, MEUR	Jan 1–Dec 31, 2024	%	Jan 1–Dec 31, 2023	%
New Building Solutions	4,506.9	41	4,921.5	45
Service	4,503.6	41	4,127.0	38
Modernization	2,088.0	19	1,903.8	17
Total	**11,098.4**		**10,952.3**	

Sales by Area, MEUR	Jan 1–Dec 31, 2024	%	Jan 1–Dec 31, 2023	%
Americas	2,727.1	25	2,469.4	23
Europe	4,233.8	38	4,000.7	37
APMEA	1,609.3	14	1,470.9	13
Greater China	2,528.2	23	3,011.3	27
Total	**11,098.4**		**10,952.3**	

Top 10 countries by sales, %



Accounting principles

Revenue recognition

Revenue from contracts with KONE's customers is recognized at an amount that reflects the consideration to which KONE expects to be entitled to in exchange for delivering promised goods or services to a customer.

KONE recognizes revenue when or as it satisfies a performance obligation by transferring control on the promised goods or services (performance obligation) to a customer.

A performance obligation is a distinct good or service within a contract that a customer can benefit from on a stand-alone basis. For KONE's New Building Solutions and Modernization contracts, a performance obligation typically means delivery and installation of a single unit, i.e. an elevator, an escalator or other People Flow solution. For KONE's maintenance contracts, maintenance of a single unit is considered as a distinct performance obligation and for repairs business, typically a service order is a performance obligation for KONE.

In New Building Solutions and Modernization contracts, KONE transfers the control of a single unit to a customer over time and, therefore, satisfies the performance obligation and recognizes revenue over time.

The transfer of control is initiated when ordered equipment is delivered to a customer site as then the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, a unit constructed by KONE. Upon this milestone and onwards up to the project handover, revenue is recognized under the percentage of completion method using a cost-to-cost input method. Based on KONE's assessment it best depicts the transfer of control on the deliverable to the customer. Percentage of completion is defined as the proportion of an individual performance obligation's cost incurred to date from the total estimated costs for that particular performance obligation.

The percentage of completion method requires accurate estimates of future revenues and costs over the full term of the contracts. These significant estimates form the basis for the amount of revenue to be recognized and include the latest updated estimate of total revenue and costs, adjusted with risks based on historical experience on typical estimation revisions for similar types of contracts. These estimates may materially change due to the stage of completion of the contract, changes in the contract scope, cost estimates and customer's plans and other factors. Revenues from the rendering of maintenance services and repairs are recognized when the Services have been rendered or over the contract term when the work is being carried out.

For maintenance contracts the performance obligation is satisfied over time because the customer simultaneously receives and consumes the benefits provided as KONE performs the Services.

Most of KONE's revenue is derived from fixed-price contracts and, therefore, the amount of revenue to be earned from each contract is determined by reference to those fixed prices. KONE's customer contracts do not typically contain any significant financing components. In New Building Solutions and Modernization contracts payment terms are typically based on either specific contractual milestones or progress of work performed. In maintenance contracts customers generally pay based on fixed payment schedules.

When customer contracts contain multiple performance obligations, the transaction price is allocated to each performance obligation based on the standalone selling prices. Where these are not directly observable, they are estimated based on estimated costs plus margin approach.

2.2 Costs and expenses

Cost and expenses, MEUR	Note	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Direct materials, supplies and subcontracting		3,947.5	4,168.4
Wages, salaries, and other employment expenses including pensions	5.6	3,907.0	3,656.1
Other production costs		882.4	885.9
Selling, administrative and other expenses		806.0	774.0
Items affecting comparability		54.0	48.3
Depreciation and amortization	2.3	292.2	269.4
Costs, expenses, depreciation and amortization		**9,889.1**	**9,802.2**
Other income		39.6	50.0
Total costs, expenses, depreciation and amortization		**9,849.5**	**9,752.2**

Research and development costs, MEUR or as indicated		Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
R&D costs included in total costs		203.6	185.0
As percentage of sales	%	1.8	1.7

Auditors' fee, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Audit (to member firms of Ernst & Young network)	4.3	3.9
Auditors' statements	0.0	-
Tax services	0.4	0.6
Other services	1.7	0.7
Total	**6.3**	**5.2**

The majority of expenses of operations arise from direct materials and supplies, as well as cost of subcontracting. Other production costs comprise of logistics, tools and consumables, operative car fleet and traveling as well as other miscellaneous items of direct costs. Selling, administrative and other expenses include costs related to premises, consulting and external services, IT and traveling as well as other miscellaneous administrative costs. Expense arising from leases of low-value assets and short-term leases amounted to EUR 13.0 (12.8) million in 2024.

In 2024, items affecting comparability amounted to EUR 54.0 million including EUR 36 million restructuring costs and EUR 18 million expensed development costs as a result of redirecting development activities in alignment with KONE's new strategy. Majority of the items affecting comparability pertain to the restructuring of China operations. In the comparison period, items affecting comparability included restructuring costs and a positive effect recognized on completion of the sale of operations in Russia.

Other income comprises rental income, received grants, interest on late payments including cancellation penalties, gains on sale of fixed assets and scrap as well as other miscellaneous income.

Accounting principles

Research and development costs

Research and development costs are typically expensed as they incur, because the future economic benefits of new products and development of existing products and services can only be proven after their successful introduction to the market. In 2024, KONE has continued capitalizing development costs specific to two programs.

2.3 Depreciation and amortization

Depreciation and amortization, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Intangible assets:		
Customer-related intangibles	46.7	47.0
Other	11.5	10.3
Tangible assets:		
Buildings	81.6	80.7
Machinery and equipment	152.4	131.4
Total	**292.2**	**269.4**

Accounting principles

Depreciation and amortization

Depreciation and amortization are recorded on a straight-line basis over the economic useful lives of the assets, or over the lease contract periods, when applicable, if shorter.

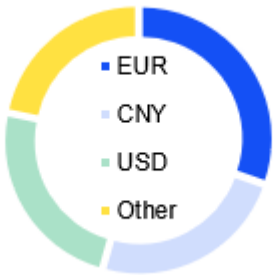
Economic useful lives:

Customer-related intangibles	10–15 years
Other intangible assets	3–10 years
Buildings	5–40 years
Machinery and equipment	2–15 years
Land	Infinite

2.4 Foreign exchange sensitivity

Foreign exchange risks

Sales by currency 1–12/2024



KONE operates internationally and is thus exposed to risks arising from fluctuations in foreign exchange rates related to currency flows of revenues and expenses (transaction risk) and from the translation of statement of income and statement of financial position of the foreign subsidiaries from respective functional currencies into euros (translation risk).

Transaction risks

A substantial part of KONE's operations is denominated in local functional currencies of the subsidiaries and do not therefore give rise to transaction risk. The sales of New Building Solutions and Modernizations, including installation, typically take place in the local currency of the customer. Component and material expenses may occur in other currencies than the sales currency, which exposes KONE to transaction risks. KONE policy is to substantially hedge the foreign exchange exposure of firm commitments and other highly probable future sales and purchases with foreign exchange forward contracts. The business units are responsible for evaluating and hedging the transaction risks in their operations according to the KONE treasury policy. The most significant transaction risk exposures arising from business operations are in the Chinese yuan, Canadian dollar, Australian dollar, United Arab Emirates dirham, and British pound. The majority of the currency forward contracts expire within one year.

Hedge accounting is applied in business units, where there are significant revenues or expenses in foreign currency. When hedge accounting is applied, the gains and losses from the hedges are recognized in the statement of income at the same time as the exchange rate gains and losses for the hedged items are recognized.

The financial assets and liabilities of KONE subsidiaries are in the local currencies of the subsidiaries whenever possible. In case a subsidiary company has a financial asset or liability in other than its local currency, these assets and liabilities are hedged with foreign exchange forward contracts whenever possible and required by the KONE Treasury Policy.

KONE's internal loans and deposits are primarily initiated in the local currencies of the subsidiaries in which case the possible foreign exchange risks are hedged, by the parent company, using foreign exchange swap contracts.

Foreign exchange risk sensitivity analysis of financial assets and liabilities

The foreign exchange risk sensitivity analysis for the most important currency pairs has been calculated for the KONE companies' foreign currency denominated financial assets and liabilities, including foreign exchange forward contracts outstanding at the statement of financial position date. The order book or forecasted cash flows are not included. The exposures in the most important currency pairs are disclosed in the table below.

Foreign currency exposure related to foreign currency denominated balance sheet items and derivatives,

MEUR	Against EUR								Against USD				Against CNY			
	HKD	GBP	SEK	USD	CNY	JPY	Others	**Total**	CAD	CNY	Others	**Total**	USD	SGD	Others	**Total**
Dec 31, 2024	-331	-80	-66	-38	-24	93	-42	**-487**	-88	-	-4	**-93**	-303	-62	-128	**-493**
Dec 31, 2023	-441	-90	-79	-72	73	95	-10	**-523**	-94	88	-10	**-17**	-	-55	-123	**-178**

Accounting principles

Foreign currency transactions and translation

The items included in the financial statements are initially recognized in the functional currencies, which are defined for each group subsidiary based on their primary economic environment.

The presentation currency of the financial statements is the euro, which is also the functional currency of the parent company.

The initial recognition of transactions denominated in foreign currencies in the functional currency takes place at the rate of exchange prevailing at the date of the individual transaction. Foreign currency denominated receivables and liabilities are translated using period end exchange rates.

Foreign exchange gains and losses related to business transactions are treated as adjustments within operating income. Foreign exchange gains and losses associated with financing transactions are included in financing income and expenses.

The statements of income of foreign subsidiaries, whose functional currency is not the euro, are translated into euros based on the average exchange rate of the accounting period. Items in the statement of financial position, with the exception of net income for the accounting period, are translated into euros at the closing date exchange rates. Exchange rate differences arising from net investments and associated companies in non-euro currency subsidiaries, as well as the exchange rate differences resulting from translating income and expenses at the average rates and assets and liabilities at the closing rate, are recorded in translation differences within equity.

Respective changes during the period are presented in other comprehensive income. Exchange rate gains and losses resulting from financial instruments designated as hedges of net assets in foreign subsidiaries have been recognized as translation differences in other comprehensive income. The cumulative translation differences related to foreign operations are reclassified from equity to statement of income upon the disposal of the foreign operation.

The foreign exchange risk sensitivity analysis presents the impact of a change in the foreign exchange rates of 10 percent on net income and on equity at the statement of financial position date. Changes in the equity are mainly caused by foreign exchange forwards designated in cash flow hedge accounting. The sensitivity analysis is calculated before taxes. A 10% change in the foreign exchange rates (strengthening of the euro, Chinese yuan and US dollar) at the statement of financial position date would have resulted in an impact of EUR -72.1 (-31.7) million on the net income and an impact of EUR 164.1 (103.4) million on equity.

Translation risks

Changes in consolidation exchange rates affect KONE's statement of income, statement of cash flows and statement of financial position, which are presented in euros. As approximately 73% of KONE's revenues occur in functional currencies other than euro, the translation risk is significant for KONE. A change of 10% in the annual average foreign exchange rates would have caused a 7.3% (7.4%) change in 2024 consolidated sales in euros. Such a change would have had a higher impact on KONE's operating income and therefore also some impact on KONE's relative operating income. The translation of the subsidiaries' balance sheets into euros caused translation differences of EUR 78.4 (-96.2) million in 2024. The translation risk is not hedged as a rule as KONE's business consists of continuous operations in various currency areas. However, in individual cases, KONE can also hedge translation risk related to net assets of subsidiaries. The most significant translation risk exposures arising from business operations are in the Chinese yuan, US dollar, British pound, Indian rupee and Australian dollar.

Impact of 10% change in the annual average foreign exchange rates	
Impact on sales	Impact on operating income (EBIT)
7.3% change in consolidated sales in euros	Higher impact on operating income as compared to sales and some impact on relative operating income

		Jan 1–Dec 31, 2024		Jan 1–Dec 31, 2023	
Key exchange rates		Average rate	End rate	Average rate	End rate
Chinese yuan	EUR/CNY	7.7793	7.5833	7.6589	7.8509
US dollar	EUR/USD	1.0826	1.0389	1.0816	1.1050
British pound	EUR/GBP	0.8469	0.8292	0.8702	0.8691
Indian rupee	EUR/INR	90.6243	88.9335	89.3371	91.9045
Australian dollar	EUR/AUD	1.6424	1.6772	1.6297	1.6263

2.5 Financing income and expenses

Financing income and expenses, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Dividend income [1]	0.0	5.4
Interest income:		
Change in fair value of interest [2]	26.2	19.4
Interest income on foreign exchange rate derivatives	0.0	2.2
Interest income on loan receivables and financial assets	15.2	17.9
Other financing income	1.6	0.2
Exchange rate gains [3]	5.2	4.8
Financing income	**48.3**	**50.0**
Interest expenses:		
Change in fair value of interest [2]	-2.2	-
Interest expense on foreign exchange rate derivatives	-2.9	-
Interest expenses on other financial liabilities [4]	-30.2	-25.3
Other financing expenses [5]	-5.2	-5.5
Exchange rate losses [3]	-2.5	-13.1
Financing expenses	**-43.1**	**-43.9**
Total	**5.2**	**6.1**

[1] Primarily consists of dividend received from TELC in 2023. More information about TELC is available in note 5.4 Shares, deposits and other assets.
[2] Change in fair value of interest includes EUR 25.4 (20.8) million relating to interest rate funds measured at fair value through the statement of income.
[3] Exchange rate gains and losses include exchange rate differences on loans and other receivables of EUR -38.9 (55.7) million and fair value changes of foreign exchange derivatives of EUR 41.6 (-64.0) million.
[4] Includes interest expenses on the lease liabilities amounting to EUR -23.4 (-15.8) million.
[5] Includes commitment fees for undrawn revolving credit facilities EUR -0.8 (-0.7) million and banking charges and other expenses EUR -4.3 (-4.8) million.

2.6 Income taxes

Taxes in the statement of income, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Tax expense for current year	332.0	314.3
Change in deferred tax assets and liabilities	-47.1	-45.4
Tax expense for previous years	8.2	5.7
Total	**293.1**	**274.6**

Reconciliation of income before taxes with total income taxes in the statement of income, MEUR or as indicated		Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Income before taxes		1,254.1	1,206.1
Tax calculated at the domestic corporation tax rate (20%)		250.8	241.2
Effect of different tax rates in foreign subsidiaries		17.0	6.5
Permanent differences		-3.7	3.9
Taxes from previous years and reassessment of deferred tax assets		11.7	-3.5
Deferred tax liability on undistributed earnings		13.6	23.6
Other		3.7	2.9
Total		**293.1**	**274.6**
Effective tax rate	%	23.4	22.8
Tax rate of parent company	%	20.0	20.0

Pillar 2 legislation entered into force in Finland on January 1, 2024. The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar 2 income taxes. KONE is in scope of this legislation and has performed an assessment of its potential Exposure of Pillar 2 income taxes taking into consideration the OECD “Transitional Safe Harbour and Penalty Relief” for Pillar 2 purposes. Based on the assessment, most of the jurisdictions in which the Group operates fall under the Safe Harbour rules. The main jurisdictions in which the potential exposure to top-up-tax exist are in the Middle East. The assessment indicates the impact in terms of potential top-up tax to be at the level of EUR 2.2 million.

Accounting principles

Income tax

The Group tax expense includes taxes of subsidiaries based on taxable income for the period, together with tax adjustments for previous periods and changes in deferred taxes. Deferred taxes are provided for temporary differences arising from difference between the tax bases of assets and liabilities and their carrying amounts in financial reporting and measured with enacted tax rates. Typical temporary differences arise from provisions, depreciation and amortization, inter-company inventory margins, defined benefit type post-retirement plans and tax losses carried forward. Deferred tax assets on unused tax losses and other temporary differences are recognized to the extent it is probable that taxable profit is available to offset losses in the future.

A deferred tax liability is recognized on the undistributed profits of subsidiaries where such tax is applicable, and it is expected to realize in the foreseeable future.

The positions taken in tax returns are evaluated periodically by the management to identify situations in which applicable tax regulation is subject to interpretation. Based on the evaluation, adjustments for the uncertain tax positions are recognized when it is considered more likely than not that certain tax positions will be challenged by the tax authorities. The amounts recorded are based upon the estimated final taxes to be paid to the tax authorities.

2.7 Earnings per share

Earnings per share, MEUR or as indicated		Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Net income attributable to the shareholders of the parent company		951.3	925.8
Weighted average number of shares	1,000 shares	517,501	517,217
Basic earnings per share	EUR	**1.84**	**1.79**
Dilution effect of share-based incentive plans	1,000 shares	514	378
Weighted average number of shares, dilution adjusted	1,000 shares	518,014	517,595
Diluted earnings per share	EUR	**1.84**	**1.79**

Accounting principles

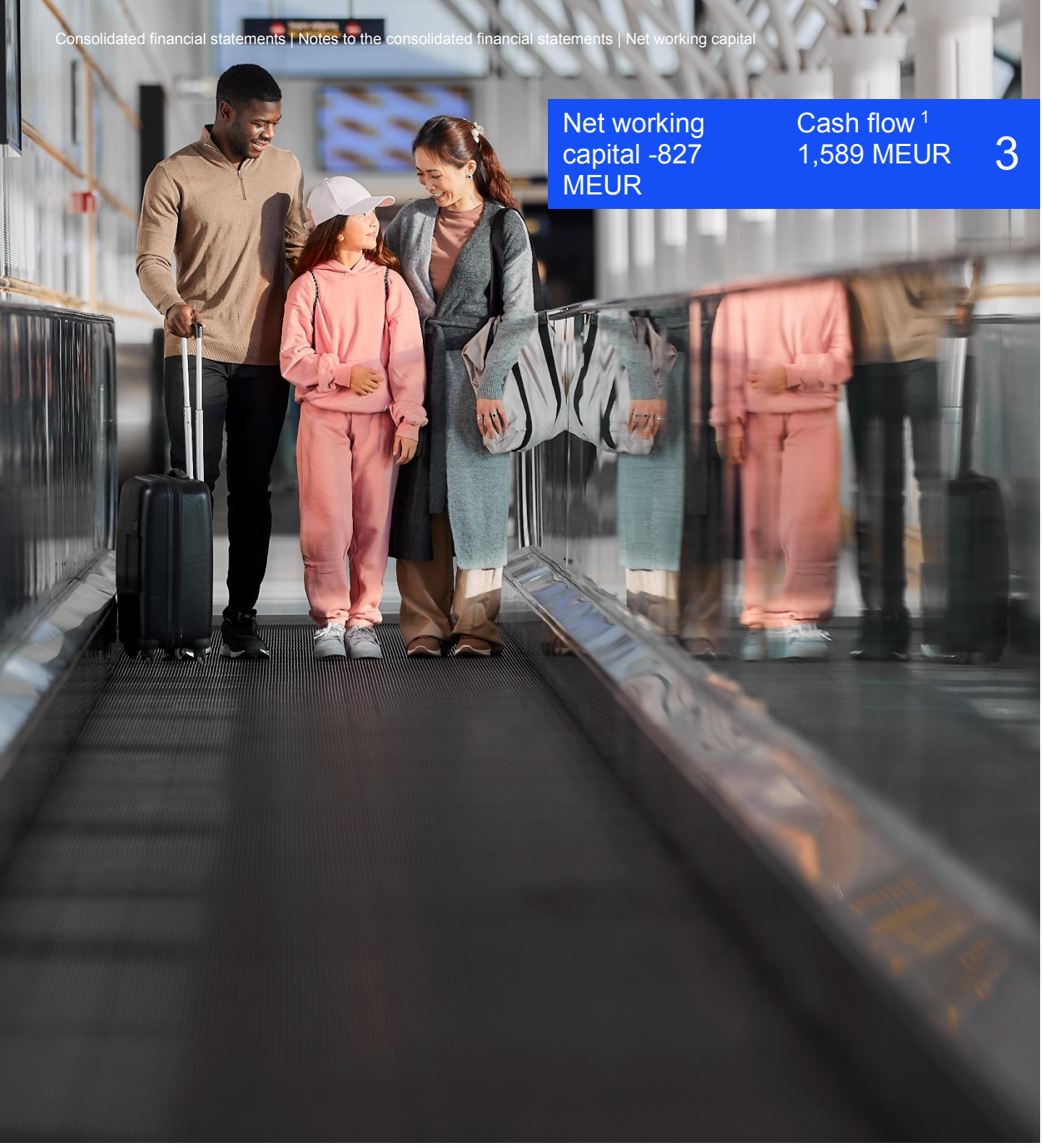
Earnings per share

The basic earnings per share figure is calculated by dividing the net income attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of shares by the effect of potential diluting shares due to share-based incentive plans of the Group. KONE has two classes of shares that are both included in the calculation of earnings per share.

2.8 Other comprehensive income

Components of other comprehensive income, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Translation differences	78.4	-96.2
Hedging of foreign subsidiaries	-12.8	15.9
Changes in fair value	-1.6	-23.8
Remeasurements of employee benefits	-10.7	-17.2
Cash flow hedges:		
Gains/losses incurred during the year	8.0	-12.7
Reclassifications included in profit or loss	-11.7	-7.4
Cash flow hedges, net	**-3.8**	**-20.1**
Income tax relating to components of other comprehensive income	2.1	2.0
Total other comprehensive income, net of tax	**51.6**	**-139.5**

Tax effects relating to components of other comprehensive income, MEUR	Jan 1–Dec 31, 2024			Jan 1–Dec 31, 2023		
	Gross amount	Tax expense/ benefit	Net of tax amount	Gross amount	Tax expense/ benefit	Net of tax amount
Translation differences	78.4	-	78.4	-96.2	-	-96.2
Hedging of foreign subsidiaries	-12.8	-	-12.8	15.9	-	15.9
Cash flow hedges	-3.8	0.1	-3.7	-20.1	2.0	-18.1
Items that may be subsequently reclassified to statement of income	**61.8**	**0.1**	**61.9**	**-100.5**	**2.0**	**-98.4**
Changes in fair value	-1.6	-	-1.6	-23.8	-	-23.8
Remeasurements of employee benefits	-10.7	2.0	-8.7	-17.2	0.0	-17.2
Items that will not be reclassified to statement of income	**-12.3**	**2.0**	**-10.3**	**-41.0**	**0.0**	**-41.0**
Total other comprehensive income, net of tax	**49.5**	**2.1**	**51.6**	**-141.5**	**2.0**	**-139.5**



Net working capital -827 MEUR

Cash flow [1] 1,589 MEUR

3

Net working capital

In this section

This section comprises the following notes, describing components of KONE's net working capital:

3.1 Inventories
3.2 Accounts receivable and contract assets and liabilities
3.3 Deferred assets
3.4 Accruals
3.5 Provisions
3.6 Deferred tax assets and liabilities

KONE's net working capital

- Our business model enables us to operate with negative net working capital
- KONE operates with advance payments across businesses and Areas

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

[1] Cash flow from operations before financing items and taxes

3.1 Inventories

Inventories, MEUR	Dec 31, 2024	Dec 31, 2023
Raw materials, supplies and finished goods	364.2	360.7
Work in progress	476.7	441.5
Advance payments	15.9	18.7
Total	**856.7**	**820.9**

Accounting principles

Inventories

Inventories are valued at the lower of cost or net realizable value. Raw materials and supplies are valued based on weighted average cost method or at standard cost. Semi-manufactures are valued at production costs.

Work in progress includes direct labor and material costs as of the consolidated statement of financial position date with a proportion of indirect costs related to manufacturing and installation allocated to the firm customer order when control has not yet transferred to the customer. Firm customer orders are mainly fixed price contracts with customers for the sale of new equipment or for the modernization of old equipment.

An allowance is recorded for obsolete items based on management's estimate of expected net realizable value.

3.2 Accounts receivable and contract assets and liabilities

Changes in contract assets and liabilities

The order book representing the unsatisfied performance obligations with respect to new equipment and modernization contracts stood at EUR 9,058.6 (8,715.7) million as at Dec 31, 2024. The majority of the order book is expected to be recognized as revenue within the next 12 months from the end of the reporting period. However, lead-times especially in the long-term major projects are somewhat longer depending on the size and complexity of the projects.

The changes in unbilled contract revenue, advance payments received and deferred revenue follow the developments in business but are also impacted by the normal fluctuation in project progress when applying percentage of completion method for recognition of revenue. Deferred income on maintenance contracts represents the unsatisfied part of transaction price invoiced for maintenance contracts. Typically, this will be recognized as revenue within the next 12 months from the end of the reporting period.

No material amounts of revenue were recognized during the reporting period due to changes in transaction prices or changes in estimates for performance obligations partially or fully satisfied in previous years. There were no significant impairment charges recognized during the reporting period for the contract assets.

Customer credit risk management

Customer credit risks relate to advance payments receivable from customers or to unbilled revenue and accounts receivable related to equipment deliveries or to services rendered. This risk is managed by defining the rules for tendering, payment terms, authorizations and credit control as well as project management controls. Advance payments, documentary credits and guarantees are used in payment terms to minimize customer credit risks. KONE proactively manages its accounts receivable in order to minimize the risk of customer defaults. KONE's customer base consists of a large number of customers in several market areas and geographic split of receivables and contract assets well mirrors distribution of sales. During the reporting period KONE management has followed particularly closely the credit risks related to Chinese developers.

Accounting principles

Accounts receivable

Accounts receivable is recognized when the right to consideration becomes unconditional and are measured at amortized cost. For KONE's new equipment and modernization contracts, a receivable is typically recognized upon invoicing when the goods are delivered and for KONE maintenance contracts upon invoicing according to customer contract terms and conditions.

KONE applies the expected credit loss model to assess impairment loss for the doubtful accounts receivable since the accounts receivable does not contain a significant financing component. To measure the lifetime expected credit losses trade receivables have been grouped based on shared credit risk characteristics and aging category and measured based on historical loss rates adjusted by forward looking estimates and individual assessment. A final impairment loss is recognized when receivership or bankruptcy is confirmed or when it is otherwise obvious that the customer will be unable to meet its payment obligations. Changes in impairment loss for doubtful accounts receivable and final impairment losses are recognized under cost and expenses in the consolidated statement of income.

Unbilled contract revenue

Unbilled contract revenue relates to consideration for performance obligations satisfied over time in KONE's new equipment and modernization contracts. It is recognized when the revenue recognized exceeds the amounts billed to the customer and receipt of transaction price is considered to be conditional upon factors other than the passage of time.

Unbilled contract revenue is valued at net realizable value and is classified as contract asset and presented under deferred assets in the consolidated statement of financial position. An impairment loss for contract assets is estimated based on lifetime expected credit loss model and individual analysis.

Deferred and accrued income on maintenance contracts

When revenue recognized exceeds the amounts billed to the customer, an accrued income on maintenance contracts is recognized. It is stated at net realizable value and classified as contract assets and presented under deferred assets in the consolidated statement of financial position. When the amounts billed to the customer exceed the recognized revenue, deferred income on maintenance contracts is recognized. These balances are classified as contract liabilities and are presented under accruals in the consolidated statement of financial position.

Advance payments received and deferred revenue

Advance payments received and deferred revenue relates to payments received in advance of performance or billing in excess of revenue recognized under KONE's new equipment and modernization contracts. Advance payments received and deferred revenue are recognized as revenue as (or when) KONE performs under the contracts and are classified as contract liabilities.

Other contract assets

Other contract assets consist of capitalized costs required to fulfil future performance obligations under long-term maintenance contracts. Such assets include for example the capitalized cost of remote monitoring devices of equipment in KONE's service base. The assets are valued at amortized cost and depreciated over a period of three years or over the underlying contract period, if shorter.

The credit quality of advance payments receivable and accounts receivable is evaluated according to KONE's credit policy. According to this policy, the rules for credit quality evaluation are set separately for the new equipment business and the service business. The credit quality is evaluated both on the basis of the aging of the receivables as well as on the basis of individual case by case customer analysis in order to identify customers with a potentially higher credit risk due to individual customer specific reasons. The bad debt provision for the accounts receivable is recognized on the basis of this credit quality evaluation using the expected credit loss model.

As at December 31, 2024, the gross amount of accounts receivable totaled to EUR 2,953.6 (2,858.2) million. The amount of bad debt provision recorded to cover doubtful accounts was EUR 458.8 (363.1) million at the end of the financial period. Most of the bad debt provision relate to the oldest receivable aging category. Increase to comparison period is reflecting increased uncertainties in the Chinese markets.

Assets and liabilities related to contracts with customer, MEUR	Note	Dec 31, 2024	Dec 31, 2023
Accounts receivable		2,494.8	2,495.1
Accrued income on maintenance contracts	3.3	45.5	35.1
Unbilled contract revenue	3.3	346.3	337.7
Other contract assets	3.3	3.5	-
Assets related to contracts with customers		**2,890.1**	**2,867.9**
Deferred income on maintenance contracts	3.4	418.1	433.3
Advance payments received and deferred revenue		2,016.9	1,915.7
Liabilities related to contracts with customers		**2,435.0**	**2,349.0**

Aging of accounts receivable, MEUR	Dec 31, 2024	Dec 31, 2023
Not past due and less than one month due receivables	1,772.1	1,796.5
Past due 1–3 months	313.6	303.6
Past due 3–6 months	194.3	176.0
Past due > 6 months	214.8	219.0
Total	**2,494.8**	**2,495.1**

3.3 Deferred assets

Deferred assets, MEUR	Note	Dec 31, 2024	Dec 31, 2023
Deferred interests		1.9	2.4
Accrued income on maintenance contracts	3.2	45.5	35.1
Unbilled contract revenue	3.2	346.3	337.7
Derivative assets	5.3	44.4	11.5
Value added tax assets		78.3	72.5
Prepaid expenses and other receivables		173.7	181.8
Other contract assets	3.2	3.5	-
Total		**693.6**	**641.0**

3.4 Accruals

Accruals, MEUR	Note	Dec 31, 2024	Dec 31, 2023
Accrued interests		2.6	1.7
Deferred income on maintenance contracts	3.2	418.1	433.3
Late cost accruals [1]		212.0	261.3
Accrued salaries, wages and employment costs		625.8	583.8
Derivative liabilities	5.3	44.5	28.5
Value added tax liabilities		75.1	100.5
Accruals on acquisitions		26.7	29.1
Other accruals		581.8	555.3
Total		**1,986.6**	**1,993.4**

[1] Includes accrual for invoices still pending to be received on completed New Building Solutions and Modernization contracts.

3.5 Provisions

Changes in provisions, MEUR	Jan 1–Dec 31, 2024					
	Provision for warranty	Provision for claims	Provision for business restructuring	Provision for loss contracts	Other provisions	Total
Total provisions at beginning of period	74.0	8.2	26.4	48.3	40.0	196.9
Translation differences	1.1	0.0	0.5	1.2	0.6	3.3
Increase	16.9	2.9	26.9	50.5	20.4	117.6
Provisions used	-14.3	-2.0	-16.4	-46.1	-8.9	-87.7
Reversal of provisions	-14.0	-3.7	-6.2	-9.3	-12.2	-45.5
Companies acquired	0.0	0.2	0.3	0.0	0.9	1.4
Total provisions at end of period	**63.6**	**5.5**	**31.4**	**44.5**	**40.9**	**185.9**
of which non-current						42.0
of which current						143.9

Changes in provisions, MEUR	Jan 1–Dec 31, 2023					
	Provision for warranty	Provision for claims	Provision for business restructuring	Provision for loss contracts	Other provisions	Total
Total provisions at beginning of period	64.8	8.4	14.9	46.2	43.0	177.4
Translation differences	-2.1	-0.4	-0.2	-1.9	-1.0	-5.6
Increase	27.9	2.5	30.8	41.1	21.1	123.3
Provisions used	-15.8	-1.5	-15.9	-28.0	-5.5	-66.6
Reversal of provisions	-1.5	-1.2	-3.3	-9.3	-17.7	-33.0
Companies acquired	0.6	0.4	-	0.2	0.2	1.4
Total provisions at end of period	**74.0**	**8.2**	**26.4**	**48.3**	**40.0**	**196.9**
of which non-current						46.5
of which current						150.4

Accounting principles

Provisions

Provisions are recognized when KONE has a current legal or constructive obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Recognition and measurement of a provision generally employs managerial estimates on the probability and the amount of the liability.

Provisions for warranties cover the estimated liability to repair or replace products still under warranty at the statement of financial position date. This provision is calculated based on historical experience of levels of repairs and replacements.

Provision for claims is recognized when the claim has been received and it is probable that it will be settled, and the settlement amount can be estimated reliably.

A provision for business restructuring is recognized only when a detailed and formal plan has been established, there is a valid expectation that such a plan will be carried out and the plan has been communicated.

Provisions for onerous (loss) contracts are recognized when it is probable that the costs will exceed the estimated total revenue or other income arising from the contract. The probable loss is recognized as an expense immediately.

Other provisions include for example provisions for contractual and other obligations arising from disputes, labor relations or other regulatory matters.

3.6 Deferred tax assets and liabilities

Deferred tax assets by category, MEUR	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
Tax losses carried forward	2.5	1.2	1.1
Provisions and accruals	311.6	297.3	270.2
Post-retirement obligations	15.8	9.2	15.9
Inventory	32.5	30.0	23.9
Property, plant and equipment	14.0	13.3	13.2
Other temporary differences	103.3	87.3	90.0
Offset against deferred tax liabilities	-114.0	-118.1	-106.7
Total	**365.7**	**320.2**	**307.5**

Changes in deferred tax assets during the period, MEUR	Dec 31, 2024	Dec 31, 2023
Total at beginning of period	320.2	307.5
Translation differences	7.3	-16.7
Change in statement of income	31.7	21.2
Charged or credited to equity	2.1	2.0
Acquisitions, divestments and other	4.5	6.1
Total at end of period	**365.7**	**320.2**

Deferred tax liabilities by category, MEUR	Dec 31, 2024	Dec 31, 2023	Dec 31, 2022
Property, plant and equipment	12.5	22.7	21.5
Goodwill and intangible assets	87.1	88.1	85.3
Other temporary differences	101.7	93.6	84.7
Offset against deferred tax assets	-114.0	-118.1	-106.7
Total	**87.3**	**86.3**	**84.8**

Changes in deferred tax liabilities during the period, MEUR	Dec 31, 2024	Dec 31, 2023
Total at beginning of period	86.3	84.8
Translation difference	4.8	5.0
Change in statement of income	-15.4	-24.2
Acquisitions, divestments and other	11.6	20.8
Total at end of period	**87.3**	**86.3**
Net deferred tax assets and liabilities	**278.4**	**233.9**

Accounting principles

Deferred taxes

Deferred taxes are provided for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial reporting and measured with enacted tax rates. Typical temporary differences arise from revenue recognition, provisions, depreciation and amortization, inter-company inventory margins, defined benefit type post-retirement plans, lease contracts and tax losses carried forward. Deferred tax assets on unused tax losses and other temporary differences are recognized to the extent it is probable that taxable profit is available to take advantage of the asset in the future.

A deferred tax liability is recognized on the undistributed profits of subsidiaries where such tax is applicable, and it is expected to realize in the foreseeable future. Deferred tax assets and liabilities are offset for presentation purposes when there is a legally enforceable right to offset income tax receivables against income tax payables and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

Acquisitions and capex
523 MEUR

Number of acquisitions
29

4

Acquisitions and capital expenditure

In this section

This section comprises the following notes, which describe acquisitions and capital expenditure at KONE:

4.1 Acquisitions and divestments
4.2 Goodwill
4.3 Other intangible assets
4.4 Tangible assets

Acquisitions and capital expenditure

- KONE's business is capital light and labor-intensive in nature, particularly in Service. On the New Building Solutions side, we cooperate with many component suppliers. As a result, the level of tangible and intangible assets is relatively low in the business.
- Capital expenditure on leases consists mainly of maintenance vehicles and office and warehouse facilities.
- Capital expenditure is mainly related to R&D, IT, manufacturing, and service operations.
- KONE's acquisitions in 2024 predominantly consisted of service-related acquisitions in Europe.

KONE´s capital expenditure 3.6% of sales in 2024

4.1 Acquisitions and divestments

Acquisitions

KONE completed 29 (25) acquisitions during 2024 for a total consideration of EUR 125.6 (190.3) million. The acquired businesses are specialized in the elevator, escalator and automatic building door businesses and are predominantly located in Europe. The acquisitions completed during the financial period were not material individually or as a whole to KONE's 2024 financial statements. The sales consolidated from the companies acquired during 2024 did not have a material impact on KONE's sales for the financial period. Of the total consideration, based on provisional assessments, EUR 67.8 million was allocated to customer-related intangibles in other intangible assets. Acquired customer-related intangibles are typically amortized over ten years. Note 4.3 provides more detail on other intangible assets.

The fair values of the acquired net assets, based on a provisional assessment, as well as the acquisition costs, are summarized in the following table. The considerations were paid for in cash, except for certain deferred considerations, expected to be paid later. For most of the completed acquisitions, the acquisition cost includes a contingent consideration, which is typically determined by the financial performance of the acquired business after the date of the acquisition. Changes in the fair value of the contingent consideration after the acquisition date are recognized in the profit or loss. However, contingent considerations are typically realized in the amount initially recognized. KONE acquired a 100% interest in all businesses acquired in 2024, with the exception of four acquisitions.

Divestments and non-current assets held for sale and discontinued operations

KONE completed the sale of its Russia operations to Russia-based S8 Capital diversified Holding on October 23, 2023. On completion of the sale in 2023, an income of EUR 8.5 million was recognized following reclassification of cumulative translation differences from other comprehensive income to statement of income and reversal of remaining liabilities related to sold operations.

Accounting principles

Acquisitions

Businesses acquired during the period have been combined in the consolidated financial statements from the date when Group has obtained control of the business and divested businesses up to the date when control has ceased. The acquisition consideration, including deferred and contingent consideration, as well as the identifiable assets acquired, and liabilities assumed, are measured at the acquisition date fair values. The acquisition related costs are recognized as expenses for the period in which they are incurred.

At the acquisition date, any non-controlling interest is measured either at the acquisition date fair value or at non-controlling interest's proportionate share in the recognized amounts of the identifiable net assets.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Assets and liabilities of the acquired businesses, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Customer-related intangibles	67.8	109.0
Other intangible assets	0.1	0.1
Tangible assets	3.4	7.7
Deferred tax assets	1.0	6.1
Inventories	5.0	7.9
Accounts receivables and other assets	18.3	20.2
Cash and cash equivalents	4.4	8.7
Total assets	**100.0**	**159.7**
Employee benefit liabilities	0.7	0.7
Interest-bearing loans	0.5	4.9
Provisions	1.4	1.4
Deferred tax liabilities	11.6	20.8
Other liabilities	15.1	23.6
Total liabilities	**29.3**	**51.3**
Net assets	**70.2**	**108.4**
Non-controlling interest	0.5	-
Acquisition cost paid in cash	106.7	168.5
Contingent and deferred consideration	18.8	21.8
Acquisition cost at date of acquisitions	**125.6**	**190.3**
Goodwill	55.4	82.0

Changes in the acquisition cost occurring after the acquisition date and recognized in the statement of income totaled EUR -0.2 (0.6) million.

4.2 Goodwill

Goodwill allocation

For the purposes of impairment testing, goodwill is allocated to cash-generating units (CGUs). A cash generating unit is typically the country unit in which the acquired business operates in accordance with KONE's business model and organization structure. As at Dec 31, 2024 the carrying amount of goodwill tested for impairment is allocated to 20 different CGUs. The number of CGUs remained at the same level compared to 2023. The five largest CGUs carry 78% of the goodwill. The carrying amount of goodwill is below EUR 10 million for seven CGUs. The geographical allocation of goodwill and the weighted average discount rates are presented in the adjacent table.

Impairment testing

The value-in-use calculations have been prepared utilizing cash flow projections that are based on CGU specific financial estimates approved by the Group management. The explicit forecast period covers the following three years for each CGU.

Key parameters underlying the cash flow projections include assumptions on business growth, sales price and cost development. These assumptions embedded in the CGU specific cash flow projections are based on management assessment of the market demand and environment, which are examined against external information sources. The productivity and efficiency assumptions are based on internal targets, which are evaluated against actual performance. The cash flows for subsequent terminal year are assumed prudently without growth, except as stated below.

The discount rates are based on the risk-free interest rates, risk factors (beta coefficient) and market risk premiums available on financial markets. The value-in-use calculations are validated against KONE's market capitalization.

As a result of the annual impairment test, no goodwill impairment losses were recognized during the accounting period.

The impairment testing process includes a sensitivity analysis in which the CGU specific cash flow estimates were reduced by 10–40 percent and the discount rates were increased by 1–4 percentage points. With the terminal growth set at zero, the results are most sensitive for changes in the cash flows. Based on the sensitivity analysis, the probability for material impairment losses was very low in all CGUs. First

Accounting principles

Goodwill

Acquisitions are accounted for using the acquisition method. Goodwill is calculated as the excess of acquisition cost over the fair values of identified net assets acquired. Goodwill typically represents the value of the acquired market share, business knowledge and the synergies obtained in connection with the acquisition. The carrying amount of goodwill is not amortized but is annually tested for impairment.

Impairment testing

The Group assesses the carrying amount of goodwill annually or more frequently if any indication of impairment exists. Goodwill is allocated to the cash generating units (CGUs) of the Group, which are identified according to the country of operation and business area at the level at which goodwill is monitored for internal management purposes. The recoverable amount of a CGU is determined by value-in-use calculations. In assessing the recoverable amount, estimated future cash flows are discounted to their present value. Cash flow estimates are based on management's estimates. The discount rate is the weighted average cost of capital (WACC) for the main currency area in the location of the CGU (country or business area), which reflects the market assessment of the time value of money and the risks specific in KONE's business.

Any impairment loss of goodwill is recognized immediately as an expense and is not subsequently reversed.

Goodwill by Area, MEUR	Dec 31, 2024	%	Discount rates used (pre-tax), %	Dec 31, 2023	%	Discount rates used (pre-tax), %
Americas	383.4	25	11.23	362.5	25	10.19
Europe	924.1	59	8.90	867.8	59	8.17
APMEA	64.6	4	10.77	58.8	4	9.96
Greater China	186.2	12	8.60	179.9	12	9.72
Total	**1,558.4**			**1,469.0**		

Changes in goodwill, MEUR	Note	Dec 31, 2024	Dec 31, 2023
Opening net book value		1,469.0	1,414.7
Translation differences		34.0	-27.6
Companies acquired	4.1	55.4	82.0
Closing net book value		**1,558.4**	**1,469.0**

immaterial impairment loss would take place in two CGUs if the CGU specific cash flow estimates would be reduced by 20% or discount rates increased by +2 percentage points. Assumptions specific to China local second brand CGU have been kept on a revised level as per last year with the operating environment largely remaining the same. In the base scenario, the terminal growth for China local second brand CGU is determined as 2% and discount rate as 8,6%. Headroom between value in use and assets employed with the base scenario has increased in this CGU and there is no reasonable scenario that would lead to recognition of impairment. Immaterial impairment would be recognized in the most conservative sensitivity scenario. Fair value less cost to sell analysis has been prepared for the CGU to validate the outcome from value in use analysis. This analysis supports the recoverable value provided by the base scenario. On December 31, 2024, goodwill carried by respective CGU amounts to EUR 185.3 million.

Under the basic scenario for other CGUs, the value-in-use calculations were on average 7.6 times higher than the value of CGUs' assets employed. The respective ratio for the five largest CGUs was 6.8; for the five smallest 18.9 and respectively for the other CGUs 8.6.

4.3 Other intangible assets

Other intangible assets, MEUR	Note	Jan 1–Dec 31, 2024 Customer-related intangibles	Other	Total
Opening gross acquisition cost		612.9	279.1	892.0
Opening accumulated amortization and impairment		-372.3	-232.5	-604.8
Opening net book value		**240.6**	**46.6**	**287.2**
Changes during the period				
Translation differences		2.1	0.4	2.5
Increase		3.0	36.8	39.8
Decrease		-3.0	-2.8	-5.7
Reclassifications		-	-0.2	-0.2
Companies acquired	4.1	67.8	0.1	67.9
Amortization		-46.7	-11.5	-58.2
Closing net book value		**263.8**	**69.5**	**333.3**
Closing gross acquisition cost		682.8	308.4	991.2
Closing accumulated amortization and impairment		-419.0	-238.9	-657.9
Closing net book value		**263.8**	**69.5**	**333.3**

Other intangible assets, MEUR	Note	Jan 1–Dec 31, 2023 Customer-related intangibles	Other	Total
Opening gross acquisition cost		501.6	256.2	757.8
Opening accumulated amortization and impairment		-325.4	-224.2	-549.6
Opening net book value		**176.3**	**31.9**	**208.2**
Changes during the period				
Translation differences		-1.2	-1.2	-2.4
Increase		3.8	26.5	30.3
Decrease		-0.4	-0.4	-0.8
Reclassifications		-	0.1	0.1
Companies acquired	4.1	109.0	0.1	109.1
Amortization		-47.0	-10.3	-57.3
Closing net book value		**240.6**	**46.6**	**287.2**
Closing gross acquisition cost		612.9	279.1	892.0
Closing accumulated amortization and impairment		-372.3	-232.5	-604.8
Closing net book value		**240.6**	**46.6**	**287.2**

Accounting principles

Intangible assets

Intangible assets that are acquired separately are initially measured at cost. These assets are amortized on a straight-line basis over their expected useful lifetime, which does not usually exceed five years. The customer-related intangibles are recognized at acquisition date fair values and are amortized over their useful economic lives, typically ten years.

Impairment of assets

The carrying amounts of non-current intangible assets and tangible assets are reviewed for impairment at each reporting date or whenever there is indication of that the carrying value of the asset may not be recoverable. Impairment test involves estimating the recoverable amount of the asset, subject to testing. The recoverable amount is the higher of the asset's fair value less cost of disposal and the value in use. An impairment loss is recognized in the statement of income whenever the carrying amount exceeds the recoverable amount.

A previously recognized impairment loss is reversed only if there has been a significant change in the estimates used to determine the recoverable amount, but not, however, to an amount higher than the carrying amount that would have been determined without the impairment loss recognized in prior years, deducted by accumulated depreciation.

KONE often acquires elevator, escalator, and door service companies, where the excess of consideration transferred over the net assets of the acquiree as at closing is allocated to the acquired customer-related intangibles, and consequently majority of intangible assets carried consist of these customer contract assets. Intangible assets also include expenditure on acquired patents, trademarks and licenses, development expenditure related to certain software as well as acquired software licenses.

4.4 Tangible assets

		Jan 1–Dec 31, 2024							
Tangible assets, MEUR	Note	Land	Buildings	Leased buildings	Machinery & equipment	Leased machinery & equipment	Fixed assets under construction	Advance payments	Total
Opening gross acquisition cost		5.9	350.9	435.6	750.8	280.4	50.5	3.6	1,877.8
Opening accumulated depreciation		-	-173.1	-243.3	-547.3	-134.3	-	-	-1,098.1
Opening net book value		**5.9**	**177.8**	**192.3**	**203.5**	**146.0**	**50.5**	**3.6**	**779.7**
Changes during the period									
Translation differences		0.0	3.3	4.1	4.1	4.0	-0.6	0.0	14.9
Increase		-	15.3	72.3	62.2	159.9	48.9	1.7	360.2
Decrease		0.0	-0.4	-9.8	-2.9	-6.5	-5.8	-0.4	-25.9
Reclassifications		-	30.7	0.5	18.7	0.0	-46.9	-2.8	0.2
Companies acquired	4.1	-	0.2	0.7	2.4	0.1	-	0.0	3.4
Depreciation		-	-16.7	-64.9	-69.3	-83.1	-	-	-234.0
Closing net book value		**5.9**	**210.1**	**195.3**	**218.7**	**220.4**	**46.1**	**2.1**	**898.5**
Closing gross acquisition cost		5.9	402.4	486.1	806.4	376.4	46.1	2.1	2,125.4
Closing accumulated depreciation		-	-192.3	-290.8	-587.7	-156.1	-	-	-1,226.9
Closing net book value		**5.9**	**210.1**	**195.3**	**218.7**	**220.4**	**46.1**	**2.1**	**898.5**

During the period of Jan 1–Dec 31, 2024, capital expenditure totaled to EUR 397.0 (322.4) million, consisting of investments into production facilities, installation equipment, R&D tools, patents and licenses and expenditure on two development programs, as well as new assets recognized for lease agreements. Capital expenditure on leases consists mainly of maintenance vehicles and office facilities.

Lease payments in cash flow totaled to EUR -138.3 (-124.5) million.

Accounting principles

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses, when applicable. Depreciation is recognized on a straight-line basis over the economic useful lives of the assets or over the lease contract period, if shorter. Economic useful lives are as follows:

Buildings	5–40 years
Machinery and equipment	2–15 years
Land	Infinite

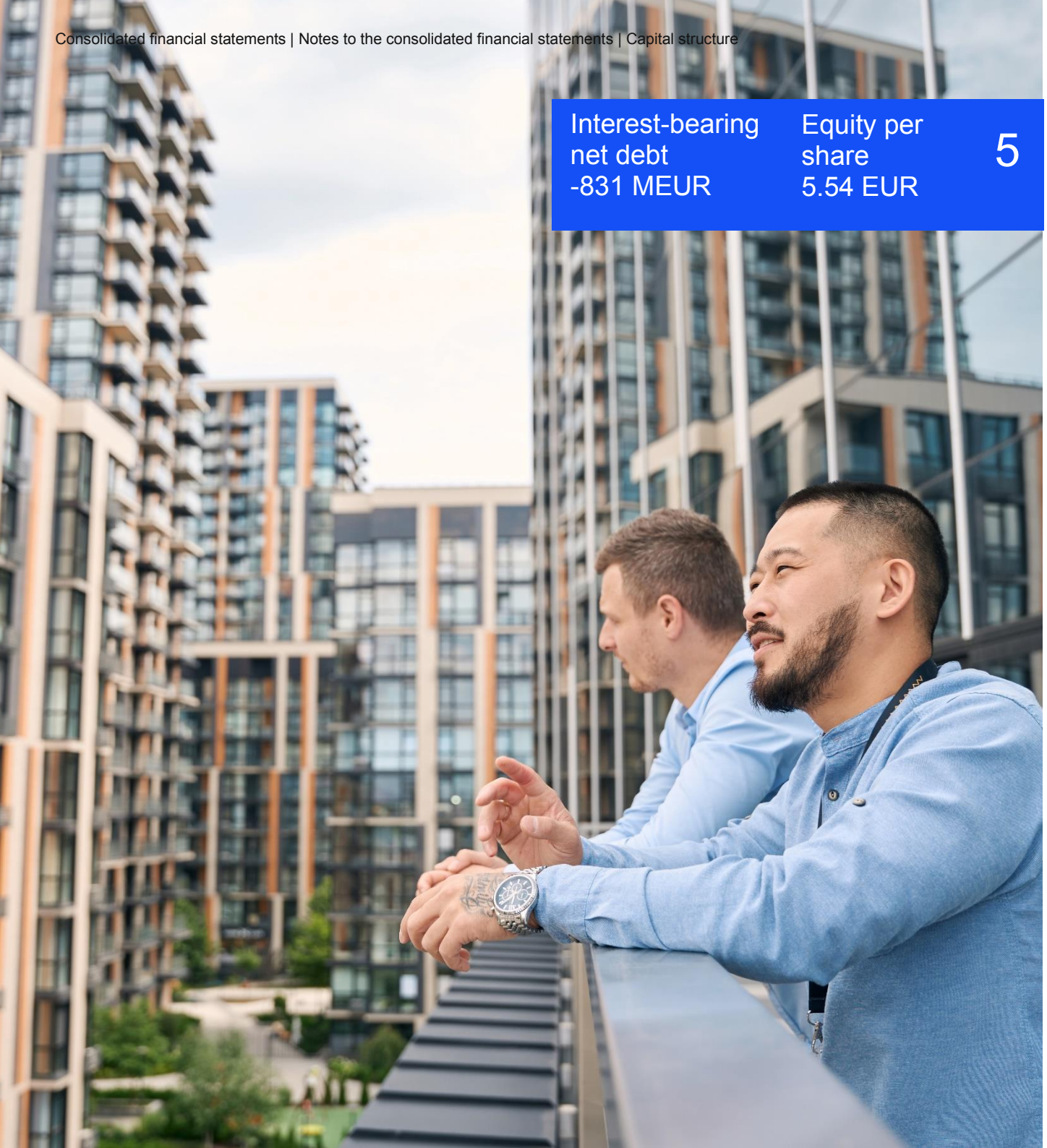
Expenditure on repairs and maintenance of property, plant and equipment is recognized as expense when incurred. The carrying amount of any tangible asset is impairment tested (see impairment of assets accounting principles) when an indication of impairment exists.

Leases

As a lessee, KONE recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments, amounting to the present value of the future lease payments. The value of right-of-use asset corresponds the value of future lease payments at the inception of the lease, discounted with the incremental borrowing rate.

Right-of-use assets are depreciated over the contract period or over the useful life of the asset, which is the shorter. An option to extend or terminate the lease contract is included to the lease period when exercising such option is considered highly probable. The cost arising from short-term leases and leases of low value assets are recognized as an expense on a straight-line basis over the contract period.

		Jan 1–Dec 31, 2023							
Tangible assets, MEUR	Note	Land	Buildings	Leased buildings	Machinery & equipment	Leased machinery & equipment	Fixed assets under construction	Advance payments	Total
Opening gross acquisition cost		5.9	336.7	403.6	714.2	249.5	25.3	1.6	1,736.9
Opening accumulated depreciation		-	-164.6	-212.8	-515.9	-126.7	-	-	-1,020.0
Opening net book value		**5.9**	**172.1**	**190.8**	**198.3**	**122.8**	**25.3**	**1.6**	**716.8**
Changes during the period									
Translation differences		0.0	-5.7	-4.7	-5.9	-2.1	-0.6	-0.3	-19.2
Increase		-	16.7	72.0	68.6	89.1	45.4	4.0	295.9
Decrease		0.0	-0.8	-4.0	-1.6	0.0	-2.7	-0.2	-9.2
Reclassifications		-	10.3	0.0	8.6	0.0	-16.9	-2.0	0.0
Companies acquired	4.1	-	0.0	4.0	2.3	0.9	-	0.4	7.7
Depreciation		-	-15.0	-65.7	-66.7	-64.7	-	-	-212.1
Closing net book value		**5.9**	**177.8**	**192.3**	**203.5**	**146.0**	**50.5**	**3.6**	**779.7**
Closing gross acquisition cost		5.9	350.9	435.6	750.8	280.4	50.5	3.6	1,877.8
Closing accumulated depreciation		0.0	-173.1	-243.3	-547.3	-134.3	0.0	0.0	-1,098.1
Closing net book value		**5.9**	**177.8**	**192.3**	**203.5**	**146.0**	**50.5**	**3.6**	**779.7**



Interest-bearing net debt
-831 MEUR

Equity per share
5.54 EUR

5

Capital structure

In this section

This section comprises the following notes, which describe the capital structure of KONE:

5.1 Capital management
5.2 Shareholders' equity
5.3 Financial risks and instruments
5.4 Shares, deposits and other assets
5.5 Commitments
5.6 Employee benefits

KONE's capital structure

- KONE's cash position is strong due to the cash-generative operating model including collection of significant advance payments in the New Building Solutions business
- KONE has not defined a specific target for its capital structure, but the aim is to ensure strong credit quality to provide for ample access to external funding sources to support the growth ambitions of the business

5.1 Capital Management

KONE aims to manage its capital in a way that supports the profitable growth of operations by securing an adequate liquidity and capitalization of the Group at all times. The target is to maintain a capital structure that contributes to the creation of shareholder value.

The assets employed in KONE's business consist principally of net working capital, fixed assets, and financial investments which are funded by equity and net debt, as shown in the adjacent table. Due to the business model and the business processes of KONE, the level of total assets employed is relatively low. KONE aims to maintain a negative net working capital to ensure a healthy cash flow even when the business is growing and to maintain a high return on assets employed.

Cash flow from operations is the principal source of KONE's financing. External funding, as well as cash and financial investments, are managed centrally by KONE Treasury according to the KONE Treasury Policy. Financial investments are made only with counterparties with high creditworthiness and mainly in short term instruments to ensure continuous liquidity.

KONE has not defined a specific target for its capital structure, but the aim is to ensure strong credit quality to provide for ample access to external funding sources and to support the growth ambitions of the business. KONE considers its current capital structure to be a strength, as it allows for capturing potential value creating business opportunities, should such opportunities arise. If deemed necessary, KONE could also utilize its borrowing capacity, which could result in a higher level of debt and financial gearing for a period of time. At the end of 2024, the funding of KONE was secured through existing committed credit facilities, loan arrangements, cash, and financial investments.

KONE has not defined a specific target for dividends or share buy-backs. The dividend proposal by the Board of Directors is determined on the basis of the overall business outlook, business opportunities, as well as the present capital structure and the anticipated changes in it. In 2020–2024, the dividend payout ratio has been 97.8%–124.0% for class B shares (2024 proposal by the Board of Directors of KONE Corporation). At the end of December 2024, KONE had 11,867,752 class B shares in its possession.

To ensure an efficient internal allocation and utilization of its capital resources, KONE measures internally the financial results of its business activities after a capital allocation charge. The capital allocation charge is based on the assets employed in the business activity and the weighted average cost of capital (WACC).

The WACC is also used as a hurdle rate when evaluating the shareholder value creation potential of new acquisitions, major capital expenditure and other investments. The valuation methods used are payback time, discounted cash flow as well as earnings and cash flow multipliers.

Capital management, MEUR	2024	2023	2022	2021	2020
Assets employed					
Goodwill and shares	1,657	1,567	1,536	1,550	1,470
Tangible and other intangible assets	1,232	1,067	925	954	933
Net working capital	-827	-861	-904	-1,468	-1,160
Total assets employed	**2,062**	**1,773**	**1,557**	**1,035**	**1,243**
Capital employed					
Equity	2,893	2,786	2,867	3,199	3,197
Interest-bearing net debt	-831	-1,013	-1,309	-2,164	-1,954
Total capital employed	**2,062**	**1,773**	**1,557**	**1,035**	**1,243**
Gearing	-28.7%	-36.4%	-45.7%	-67.6%	-61.1%
Equity ratio	39.8%	40.9%	40.3%	41.2%	45.5%

Change in interest-bearing net debt, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Interest-bearing net debt at beginning of period	-1,013.4	-1,309.0
Interest-bearing net debt at end of period	-831.2	-1,013.4
Change in interest-bearing net debt	**182.2**	**295.7**

Non-current assets by country, MEUR	Dec 31, 2024	Dec 31, 2023
USA	602.1	501.2
China	457.9	434.7
Germany	377.8	329.3
Spain	276.2	258.9
France	221.9	198.0
Finland	219.2	194.6
Other	1,166.1	1,050.1
Total	**3,321.2**	**2,966.8**

5.2 Shareholders' equity

Shares and share capital

At the end of the 2024 financial year, the number of shares outstanding was 529,395,860. The share capital was EUR 66.2 million and the total number of votes was 121,527,427. Each class A share is assigned one vote, as is each block of 10 class B shares, with the provision that each shareholder is entitled to at least one vote. The accounting par value of both classes of shares is EUR 0.125.

At the end of the financial year, the Board of Directors of KONE Corporation had a valid authorization granted by the Annual General Meeting in February 2024 to increase the share capital and to issue stock options. The authorization remains in effect until the conclusion of the following annual general meeting, however at the latest until June 30, 2025.

In accordance with the Articles of Association, class B shares are preferred for a dividend which is at least 1% and no more than 2.5% higher than the dividend paid to the holders of class A shares, calculated based on the amount obtained by dividing the share capital entered into the Trade Register by the number of shares entered into the Trade Register.

In 2024 or 2023 there were no changes in the share capital of KONE Corporation.

For more information on share-based incentive payments, please refer to section 6.2.

Authority to buy own shares

KONE Corporation's Annual General Meeting held on February 29, 2024 authorized the Board of Directors to repurchase the company'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 minimum and maximum consideration for the shares to be purchased is determined for both class A and class B shares on the basis of the trading price for class B shares determined on the Nasdaq Helsinki Ltd. on the time of purchase.

All treasury shares at the end of the reporting period consisted of B class shares.

Accounting principles

Equity and profit distribution

The total shareholders' equity consists of the share capital, the share premium account, the fair value and other reserves, translation differences, the paid-up unrestricted equity reserve, remeasurements of employee benefits and retained earnings. The fair value and other reserves include changes in the fair value of cash flow hedges. Differences arising from the application of the acquisition method on the translation of the net investment in foreign subsidiaries and associated companies are recognized as translation differences. Exchange rate differences resulting from financial instruments intended as hedges of the net assets in foreign subsidiaries are also recognized as translation differences. Actuarial gains and losses arising from revaluation of employee benefits are recognized as remeasurements of employee benefits. The purchase price of own shares purchased by KONE Corporation is deducted from retained earnings. The net income for the accounting period is recognized directly in retained earnings.

When KONE Corporation purchases its own shares, the consideration paid and costs directly attributable to the purchase transaction are recognized as a deduction in equity. When such shares are sold, the consideration received, net of directly attributable transaction costs, is included in equity.

Profit distribution includes dividends and donations decided by the Shareholders' Meeting. The dividend and distribution of profits proposed by the Board of Directors of KONE Corporation for the financial year ended, is not deducted from the equity prior to acceptance by a Shareholders' Meeting.

Treasury shares	Number of shares	Purchase cost, MEUR
Jan 1, 2024	12,159,159	230.2
Distributed to the share-based incentive plan, January	-280,902	-12.3
Distributed as the annual compensation of the Board, April	-9,027	-0.4
Distributed to the share-based incentive plan, December	-1,478	-0.1
Dec 31, 2024	**11,867,752**	**217.5**
Jan 1, 2023	12,306,640	236.6
Distributed to the share-based incentive plan, January	-121,084	-5.3
Distributed as the annual compensation of the Board, April	-7,912	-0.3
Distributed to the share-based incentive plan, June	-18,485	-0.8
Dec 31, 2023	**12,159,159**	**230.2**

Reconciliation of own shares	Quantity	Purchase cost, MEUR	Average price, EUR
December 31, 2023	12,159,159	230.2	18.93
January 31, 2024	-280,902	-12.3	43.81
April 25, 2024	-9,027	-0.4	44.15
December 3, 2024	-1,478	-0.1	44.15
December 31, 2024	**11,867,752**	**217.5**	**18.32**

5.3 Financial risks and instruments

KONE's business activities are exposed to financial risks such as foreign exchange risks, interest rate risks, liquidity risks and credit risks. These financial risks are managed as part of the total KONE risk portfolio. KONE Treasury is responsible for the centralized management of financial risks in accordance with the KONE Treasury Policy approved by the Executive Board. KONE business units manage their financial risks locally in accordance with the KONE Treasury Policy.

Financial credit risk

KONE has substantial amounts of cash and financial investments. In order to diversify the financial credit risk and manage liquidity risk, funds are invested into highly liquid interest rate funds and deposits with several banks. All open exposures such as cash on bank accounts, investments, deposits and other financial assets, for example derivatives contracts, are included when measuring the financial credit risk exposure. When selecting counterparty banks and other investment targets, only counterparties with high creditworthiness are approved. The size of each limit reflects the creditworthiness of the counterparty. Counterparty creditworthiness is evaluated constantly and the required actions are considered case by case if significant changes in the creditworthiness of a counterparty occur. The fair values of interest rate funds are measured based on market information (fair value hierarchy level 2).

Refinancing and liquidity risks

KONE's cash and cash equivalents was EUR 576.0 (424.5) million and financial investments EUR 1,221.9 (1,263.2) million on December 31, 2024.

Cash and financial investments are managed centrally by KONE Treasury. Due to local regulations, part of the funds resides in local investments and on decentralized bank accounts in a number of KONE countries. A substantial part of the funds is nevertheless accessible to KONE Treasury. Changes in the local regulations can also in the future have an impact on the location of the cash and financial investments.

Accounting principles

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially and subsequently recognized at fair value in the statement of financial position. The fair values of foreign exchange forward contracts are calculated by discounting the future cash flows of the contracts with the relevant market interest rate yield curves on the valuation date and by calculating the difference between the discounted values as at the forward contract date and balance sheet date in euros. Currency options are valued as of each reporting date by using the Garman & Kohlhagen option valuation model.

At the contract date the derivatives are classified according to the foreign exchange policy as hedging instruments of a business transaction arising from a firm or highly probable purchase or sales contract. These are partly included in cash flow hedge accounting, hedges against fair value changes of assets or liabilities or hedges of net investments in foreign entities.

In cash flow hedge accounting KONE may use foreign currency forward contracts and options to hedge its exposure in foreign currency dominated cash flows which ensures economic relationship between the hedged item and the hedging instrument and full effectiveness as the value of the hedging instrument and the value of the hedged item move in the opposite direction because of the common underlying denominator. The full fair value of derivatives, including transaction related forward points, is designated in the hedging relationship.

The effective portion of changes in the fair values of the foreign exchange, where hedge accounting is applied, is recognized through the statement of comprehensive income to the hedge reserve within equity. The cumulative changes of fair values are transferred into the statement of income as adjustment items to costs and expenses simultaneously when the hedged sale or purchase realizes. When cash flow hedge accounting is applied, at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items is documented including whether the hedging instrument is expected to offset changes in cash flows of hedged items. Also, the risk management objective and strategy for undertaking various hedge transactions is documented at the inception of each hedge relationship. Hedge effectiveness is assessed before hedge accounting is applied and at least on a quarterly basis thereafter.

The gain or loss relating to the ineffective portion is recognized immediately as an adjustment to cost and expenses. In hedges of foreign currency transaction, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated. If a foreign exchange derivative included in the cash flow hedge accounting expires or is sold or when a hedge no longer meets the criteria for hedge accounting, the cumulative change in the fair value of the hedging instrument will remain in the hedge reserve and is recognized in the income statement at the same time with the hedged sale or purchase. The cumulative fair values of the hedging instruments are transferred from the hedge reserve to adjust cost and expenses immediately if the hedged cash flow is no longer expected to occur.

The changes in the fair values of derivatives that are designated as hedging instruments but are not accounted for according to the principles of cash flow hedge accounting are recognized based on their nature either in the operative income or costs, or as financial income or expenses: if the hedged risk arises from an operative transaction, the fair values of the hedging instruments are recognized in costs and expenses, and if the hedged item is a monetary item, the fair values are recognized in financing items.

Changes in the fair values of foreign exchange derivatives are recognized in financing income and expenses if the hedged item is a loan receivable, deposit or a financial asset or liability denominated in a foreign currency.

The effective portion of the change in the fair values of currency forward contracts hedging translation differences arising from net investments in foreign subsidiaries, are recognized through the statement of comprehensive income to the translation differences within equity and would be transferred to the income statement in case the net investment were disposed of partially or in its entirety. The hedged risk is designated as movements in the spot rate (excluding changes due to interest rates i.e. forward points). Changes in fair value of the hedging instrument due to the forward points (cost of hedging) are immediately recognized in the consolidated statement of income.

Fair values of derivative instruments are recognized under current assets and liabilities in the balance sheet.

KONE has a fixed rate loan of EUR 200.0 (200.0) million and a floating rate loan of EUR 200.0 (0.0) million from the European Investment Bank (EIB) for R&D purposes. The fixed rate loan will mature in 2026 and floating rate loan will mature in 2031. The fair value of the loan is estimated based on discounted cash flow method using a current borrowing rate (level 2 fair value hierarchy) as the discount rate. KONE has also an uncommitted commercial paper program of EUR 500.0 (500.0) million and a sustainability-linked revolving credit facility of EUR 850.0 (850.0) million to ensure sufficient liquidity. The sustainability targets included in the facility relate to KONE's decarbonization and gender diversity commitments.

Interest rate risks

KONE's cash and short-term investments were EUR 1,797.9 (1,687.7) million at the statement of financial position date. At the same time, KONE's interest-bearing debt was EUR 987.1 (687.8) million and consisted of EUR 834.2 (550.4) million of financial debt including lease liabilities, EUR 9.2 (2.3) million of option liabilities from acquisitions, and EUR 141.4 (132.9) million of employee benefit liabilities. Additionally, KONE had an asset on employee benefits of EUR 15.0 (9.2) million.

As KONE's financial investments are mainly invested in tenors of less than one year, changes in the interest rates do not have any significant impact on their market values.

Changes in the interest rates may however impact future interest income.

When calculating the interest rate sensitivity analysis, the interest-bearing net financial debt, excluding foreign exchange forward contracts, is assumed to remain on the level of the closing balance of 2024 during the following financial period. The sensitivity analysis presents the impact of a 1 percentage point change in the interest rate level on the net interest income for the financial period by taking into account the net financial debt tied to interest periods of less than one year, EUR -1,853.8 (-1,572.1) million. For 2024 a 1 percentage point change in the interest rate level would mean a change of EUR -18.5 (-15.7) million in net interest income. The interest rate sensitivity is calculated before taxes.

A change in interest rates does not have a material impact on the net interest on employee benefits, on financial debt or option liabilities from acquisition.

Accounting principles

Loans

Loans payable are in the consolidated statement of financial position presented as part of other financial liabilities. They are measured initially at fair value net of directly attributable transaction costs incurred and are subsequently carried at amortized cost using the effective interest rate method. Lease liabilities are measured to the present value of future lease payments discounted with the incremental borrowing rate.

Lease liabilities

Lease liabilities are measured to the present value of future lease payments discounted with the incremental borrowing rate.

Financial assets

Financial assets are classified into three categories: measured at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss.

The classification is made at the time of the original acquisition based on the objective of the business model and the characteristics of contractual cash flows of the investment.

KONE assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

All of these financial assets are considered to have low credit risk, and thus the impairment provision assessment is based on 12 months expected losses.

Current deposits and loans receivable

Current deposits and loans receivable are initially recognized at fair value and thereafter at amortized cost using the effective interest rate method except for interest rate funds which are classified and measured as investments at fair value through profit or loss. Only substantial transaction costs are considered for when measuring the acquisition cost.

Investments in commercial papers, short-term bank deposits, interest rate funds and other money market instruments are included in deposits and loans receivable.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand and bank account balances. Bank overdrafts are included in other current liabilities.

Derivatives

Treasury policy for hedging purposes is applied to all derivative contracts. The majority of the foreign exchange derivatives and swaps mature within a year.

The fair values of foreign exchange derivatives and swaps are measured based on price information derived from active markets and commonly used valuation methods (fair value hierarchy level 2). Financial contracts are executed only with counterparties that have high credit ratings. The credit risk of the counterparties and KONE is considered when assessing the fair values of outstanding financial assets and liabilities.

The fair values of the derivatives are represented in the balance on a gross basis and can be set off on conditional terms such as breach of contract or bankruptcy. Derivative financial receivables from counterparties after set off would be EUR 9.2 (1.3) million and payables EUR 9.4 (18.3) million.

Loans and other interest-bearing liabilities

Loans and other interest-bearing liabilities in the consolidated statement of financial position consist of loans, lease liabilities, option liabilities from acquisitions and other liabilities. KONE's non-current lease liabilities were EUR 299.8 (238.3) million and current lease liabilities were EUR 132.8 (EUR 110.9) million at the statement of financial position date.

Maturity analysis of financial liabilities and interest payment, MEUR	Dec 31, 2024				Dec 31, 2023			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Interest-bearing debt								
Loans	-	-200.7	-200.0	-400.7	0.0	-200.0	-0.4	-200.4
Lease liabilities	-132.8	-265.1	-34.7	-432.6	-110.9	-206.1	-32.2	-349.1
Current loans and other liabilities	-2.2	-	-	-2.2	-2.2	-	-	-2.2
Used bank overdraft limits	-0.9	-	-	-0.9	-0.8	-	-	-0.8
Option liabilities from acquisitions	-	-9.2	-	-9.2	-	-2.3	-	-2.3
Non-interest-bearing debt								
Accounts payable	-982.9	-	-	-982.9	-927.0	-	-	-927.0
Derivatives								
Capital inflow	3,241.7	153.5	-	3,395.2	3,118.0	164.3	-	3,282.3
Capital outflow	-3,245.2	-152.7	-	-3,397.9	-3,135.0	-168.8	-	-3,303.8
Interest payments	-24.3	-50.3	-16.7	-91.3	-12.1	-17.5	-3.2	-32.8
Net outflow	**-1,146.5**	**-524.6**	**-392.9**	**-2,064.0**	**-1,070.0**	**-430.4**	**-168.7**	**-1,669.1**

Fair values of derivative financial instruments, MEUR	Dec 31, 2024			Dec 31, 2023
	Derivative assets	Derivative liabilities	Fair value, net	Fair value, net
Foreign exchange derivatives				
In cash flow hedge accounting	13.3	-26.7	-13.5	-13.2
In net investment hedge accounting	-	-13.3	-13.3	0.0
Other foreign exchange hedges	31.2	-4.5	26.7	-3.9
Total	**44.4**	**-44.5**	**-0.1**	**-17.0**

Nominal values of derivative financial instruments, MEUR	Dec 31, 2024	Dec 31, 2023
Foreign exchange derivatives		
In cash flow hedge accounting	1,313.5	1,114.3
In net investment hedge accounting	315.9	437.9
Other foreign exchange hedges	1,765.8	1,730.2
Total	**3,395.2**	**3,282.3**

Values of financial assets and liabilities by category, MEUR		Note	Dec 31, 2024 Measured at fair value through profit or loss	Measured at amortized cost	Measured at fair value through other comprehensive income	Total book value
Non-current assets						
Shares and other non-current financial assets		5.4	-	-	98.9	98.9
Non-current loans receivable	I	5.4	-	4.4	-	4.4
Current assets						
Accounts receivable			-	2,494.8	-	2,494.8
Derivative assets			31.2	-	13.3	44.4
Current deposits and loans receivable	I	5.4	909.1	313.9	-	1,223.0
Cash and cash equivalents	I		-	576.0	-	576.0
Total financial assets			**940.3**	**3,389.1**	**112.2**	**4,441.5**
Non-current liabilities [1]						
Loans	I		-	400.7	-	400.7
Current liabilities						
Other interest-bearing liabilities [2]	I		-	3.1	-	3.1
Option liabilities from acquisitions	I		9.2	-	-	9.2
Accounts payable			-	982.9	-	982.9
Derivative liabilities			4.5	-	40.0	44.5
Total financial liabilities			**13.7**	**1,386.7**	**40.0**	**1,440.5**

[1] Excluding non-current lease liabilities of EUR 299.8 million.
[2] Excluding current lease liabilities of EUR 132.8 million.

The fair values of the financial assets and liabilities are not materially different from their book values.
Interest-bearing net debt comprises items marked with " I ".

Values of financial assets and liabilities by category, MEUR		Note	Dec 31, 2023 Measured at fair value through profit or loss	Measured at amortized cost	Measured at fair value through other comprehensive income	Total book value
Non-current assets						
Shares and other non-current financial assets		5.4	-	-	97.9	97.9
Non-current loans receivable	I	5.4	-	3.5	-	3.5
Current assets						
Accounts receivable			-	2,495.1	-	2,495.1
Derivative assets			5.7	-	5.8	11.5
Current deposits and loans receivable	I	5.4	972.0	291.9	-	1,263.9
Cash and cash equivalents	I		-	424.5	-	424.5
Total financial assets			**977.7**	**3,215.0**	**103.7**	**4,296.4**
Non-current liabilities [1]						
Loans	I		-	200.4	-	200.4
Current liabilities						
Other interest-bearing liabilities [2]	I		-	3.0	-	3.0
Option liabilities from acquisitions	I		2.3	-	-	2.3
Accounts payable			-	927.0	-	927.0
Derivative liabilities			9.6	-	19.0	28.6
Total financial liabilities			**11.9**	**1,130.5**	**19.0**	**1,161.3**

[1] Excluding non-current lease liabilities of EUR 238.3 million.
[2] Excluding current lease liabilities of EUR 110.9 million.

The fair values of the financial assets and liabilities are not materially different from their book values.
Interest-bearing net debt comprises items marked with “ I ”.

5.4 Shares, deposits and other assets

Shares include a 19.9% holding in Toshiba Elevator and Building Systems Corporation (TELC) which is an investment in equity instruments that does not have a quoted price in an active market. The fair value of TELC shares is determined using a discounted cash flow model with the key inputs to the model including forecasted future dividends and other cash inflows to KONE, and the discount rate. While the fair value of the investment is sensitive to changes in these two assumptions, there is no reasonably possible change to these assumptions that would result in material impact on the total assets or equity of KONE.

Other non-current financial assets include investments in smaller holdings in other companies without public quotation.

The fair values of deposits and loans receivable are not materially different from their carrying amounts. Current deposits mature within one year and consist of EUR 909.1 (972.0) million and EUR 312.8 (291.2) million of interest rate funds and short-term bank deposits, respectively.

5.5 Commitments

Banks and financial institutions have guaranteed obligations arising in the ordinary course of business of KONE companies up to a maximum of EUR 1,891.8 (1,983.7) million as of December 31, 2024.

Accounting principles

Shares and other non-current financial assets

Shares include long-term strategic investments, which are investments in equity instruments that do not have a quoted price in an active market.

Shares are classified as investments measured at fair value through other comprehensive income. The fair value is measured using income or market approach valuation techniques under fair value hierarchy level 3. Upon disposal of these investments, any balance within the fair value and other reserves for these investments is reclassified to retained earnings and is not reclassified to the statement of income. Other non-current financial assets are measured at cost.

Investment properties

Investment properties include properties held by KONE to earn rental income or capital appreciation accounted for under IAS 40. On a longer term KONE expects to sell these assets. Investment properties are measured using the cost model with the carrying value equaling to initial cost less accumulated depreciation and impairment losses.

Other non-current receivables

Other non-current receivables include credits obtained from residential sector customers in modernization projects. These credits are utilized by netting them against income tax and other related charges becoming payable through regular business activities in the following years and are accounted for under IAS 12. The receivables are subject to review for impairment in reporting periods subsequent to initial recognition. There were no impairment charges recognized during the reporting period. The receivables are not discounted.

Shares, deposits and other assets, MEUR		Dec 31, 2024	Dec 31, 2023
Shares and other non-current assets			
Shares		96.2	95.0
Other financial assets		2.7	2.9
Non-current loans receivable	I	4.4	3.5
Investment properties	II	0.4	-
Other non-current receivables	II	46.6	-
Total		**150.3**	**101.5**
Deposits and other current assets			
Current deposits	I	1,221.9	1,263.2
Current loans receivable	I	1.1	0.6
Total		**1,223.0**	**1,263.9**

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

Items designated " II " comprise net working capital.

5.6 Employee benefits

KONE operates various employee benefit plans throughout its locations. These plans include both defined contribution and defined benefit schemes. The pension benefits provided by KONE to its employees are primarily organized through defined contribution plans.

KONE's most significant funded defined benefit plans are in the United Kingdom and in the United States. Defined benefit pension plans are funded by KONE to satisfy local statutory funding requirements. The assets are managed by external fund managers. The funds are allocated between equities and fixed income instruments in order to provide return at target level and limited risk profile. The valuations of the obligations are carried out by independent qualified actuaries. The discount rates used in actuarial calculations of the employee benefit liabilities are adjusted to market rates.

In the United Kingdom, the pension scheme is designed according to the Definitive Trust Deed and Rules and complies with the guidelines of the UK Pension Regulator. The pension scheme has been closed for new members as of March 2002 and is managed through KONE Pension Trustees Ltd. The UK subsidiary is reviewing their pension scheme to assess any potential impacts from a recent Section 37 court ruling, including checking past amendments and necessary approvals.

In the United States, a part of KONE's employees are members of the Employees' Retirement Plan, which is a funded defined benefit plan. The plan is managed by KONE Inc.'s Pension Committee. In addition to this pension plan, KONE also provides post-employment medical and life insurance benefits. These predominantly unfunded other post-employment benefit plans qualify as defined benefit plans under IFRS. The plan has been frozen as of July 2024. KONE is also a participant in a multi-employer employee benefit plan in the United States. In this defined contribution plan KONE pays a contribution based on the hours worked by participating employees, KONE's obligation is limited to this payment.

KONE's main unfunded defined benefit plans are in Germany, Italy (TFR Trattamento di Fine Rapporto, termination indemnity plan) and in Sweden. The pension schemes in Germany and the TFR plan in Italy are closed from new entrants. In Sweden, the pension cover is organized through defined contribution as well as unfunded defined benefit plans (ITP system, Industrins och handelns tilläggspension).

KONE has defined contribution plans for pensions and other post-employment benefits in most countries. Under defined contribution plans KONE's contributions are recorded as an expense in the accounting period to which they relate. Recognition of a liability is not required because KONE's obligation is limited to the payment of the contributions into these plans or funds.

The defined contribution pension plan in Finland is the statutory Finnish employee pension scheme (Finnish Statutory Employment Pension Scheme "TyEL"), according to which the benefits are directly linked to the beneficiary's earnings. TyEL is arranged through pension insurance companies.

Defined benefit obligations expose KONE to various risks. Corporate bond yields are used as a reference in determining the discount rates used for calculation of defined benefit plan related obligations. A decrease in corporate bond yields hence will increase the present value of the defined benefit obligation. A plan deficit can occur if the performance of the plan assets is below the above-mentioned yield. These potential deficits may require further contributions to the plan assets by the Group.

Some of the Group's defined benefit obligations are linked to general inflation and salary level development. Higher level of inflation and salary level will result in a higher present value of the benefit obligation.

Some of the defined benefit plans obligate KONE to provide benefits to plan members for their lifetime. Therefore, any increase in life expectancy will increase defined benefit liability of these plans.

Accounting principles

Employee benefits

The Group operates various employee benefit plans in accordance with local conditions and practices. The plans are classified as either defined contribution plans or defined benefit plans. The pension plans are generally funded by payments from employees and by the relevant KONE companies. The assets of these plans are generally held in separate insurance companies or trustee-administered funds. Pension costs and liabilities are based on calculations by the local authorities or independent qualified actuaries. Contributions to the defined contribution plans are charged directly to the statement of income in the year to which these contributions relate. For defined benefit plans, pension cost is determined based on the advice of qualified actuaries who carry out a full valuation of the plan on a regular basis using the projected unit credit method. Under this method, the costs of providing pensions are charged to the statement of income so as to spread the regular costs over the working lives of employees. KONE presents the service cost relating to defined benefit obligations in employment expenses while the net interest is presented in financing expenses.

The liability arising from the defined benefit post-employment plans is the present value of the defined benefit obligation less the fair value of plan assets. The discount rates used in the actuarial calculations of employee benefits liabilities are adjusted to market rates. Obligations to pay long-term disability benefit, the level of which is dependent on the length of service of the employee, are measured to reflect the probability that payments will be required and the length of service for which it is expected to be made.

Changes in benefit plan assets and liabilities by category, MEUR	Defined benefit plan liability		Other post-employment benefit liability		Fair value of plan assets		Net defined benefit balance	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
Balance at beginning of period	**535.1**	**519.2**	**7.5**	**8.9**	**418.7**	**398.2**	**123.9**	**130.0**
Current service costs	18.0	17.3	0.2	0.2	-	-	18.2	17.4
Interest expense	23.5	23.3	0.3	0.4	-	-	23.8	23.6
Interest income	-	-	-	-	18.8	18.7	-18.8	-18.7
Other	-3.9	-3.8	-	-	-3.2	-3.0	-0.7	-0.8
Components of defined benefit costs recognized in the consolidated statements of income	**37.7**	**36.8**	**0.5**	**0.5**	**15.6**	**15.7**	**22.6**	**21.6**
Return on plan assets, excluding interest income	-	-	-	-	-18.9	5.0	18.9	-5.0
Remeasurements	-11.7	12.2	0.3	-1.1	-	-	-11.5	11.1
Remeasurements recognized in the consolidated statements of comprehensive income	**-11.7**	**12.2**	**0.3**	**-1.1**	**-18.9**	**5.0**	**7.4**	**6.1**
Employer contributions	-	-	-	-	20.6	26.0	-20.6	-26.0
Plan participants' contributions	2.2	2.0	0.2	0.2	2.4	2.2	-	-
Benefits paid	-27.2	-35.0	-0.8	-0.8	-21.3	-28.9	-6.7	-6.9
Settlement payments	-0.1	-0.3	-	-	-0.1	-	-	-0.3
Business combinations, disposals and other	0.7	0.7	-	-	-	-	0.7	0.7
Foreign currency translation effects	17.3	-0.7	0.5	-0.3	18.5	0.4	-0.7	-1.3
Other reconciling items	**-7.2**	**-33.2**	**-0.1**	**-0.9**	**20.1**	**-0.2**	**-27.4**	**-33.9**
Balance at end of period	**553.8**	**535.1**	**8.1**	**7.5**	**435.5**	**418.7**	**126.5**	**123.9**
Present value of unfunded obligations	97.9	86.1	8.1	7.5	-	-	106.1	93.6
Present value of funded obligations	455.9	449.0	-	-	-	-	455.9	449.0
Fair value of benefit plans' assets	-	-	-	-	435.5	418.7	-435.5	-418.7
Total	**553.8**	**535.1**	**8.1**	**7.5**	**435.5**	**418.7**	**126.5**	**123.9**

As of December 31, 2024 employee benefit liabilities were EUR 561.9 (542.5) million. Employee benefit liabilities comprise EUR 537.4 (519.2) million with weighted average duration of over 5 years and EUR 24.6 (23.3) million with weighted average duration of 1–5 years.

The expected contributions to defined benefit type arrangements in 2025 are EUR 29.8 million.

The actual return on defined benefit plans' assets was EUR 0.0 (23.7) million.

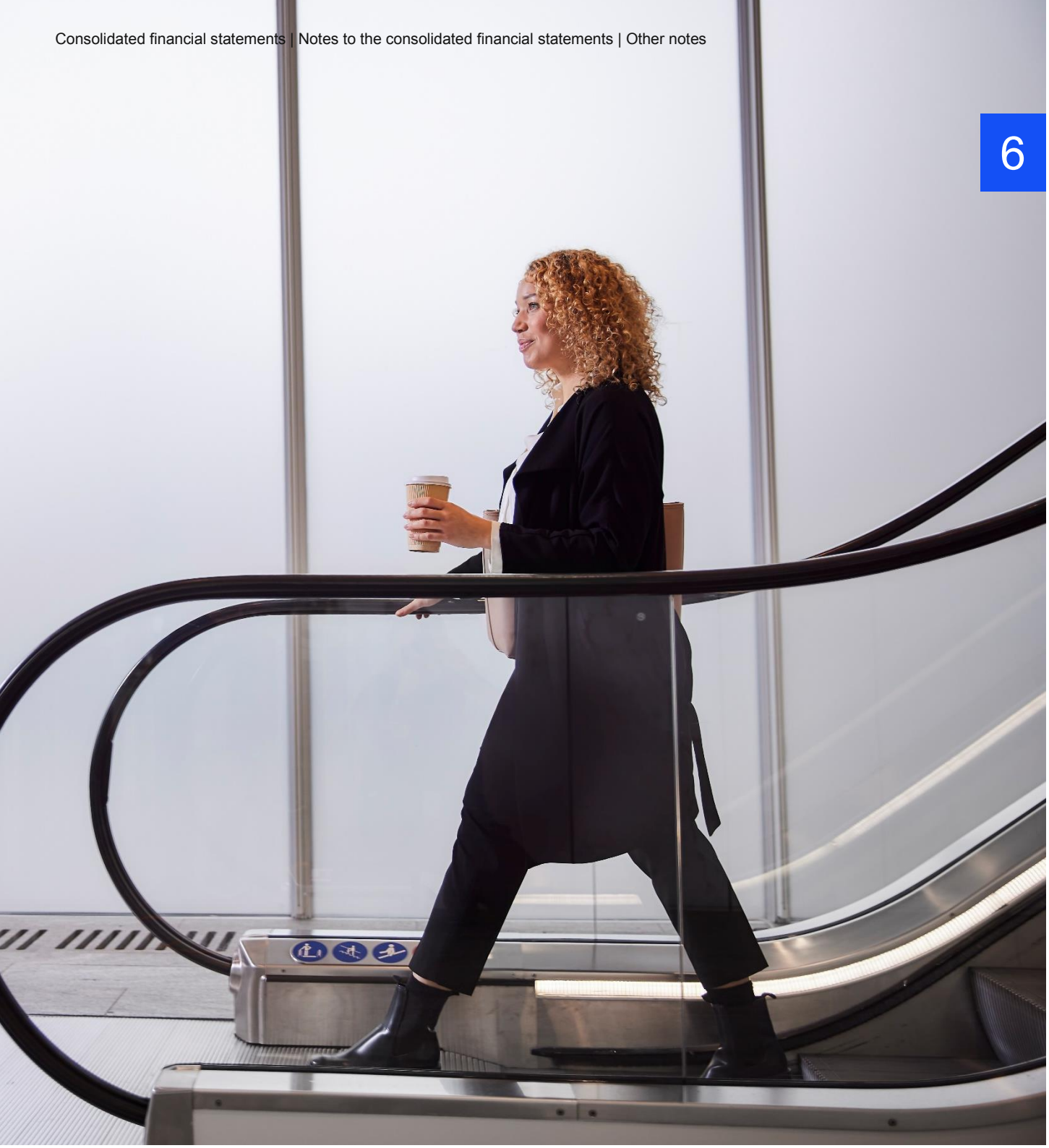
Fair values of major classes of plan assets, MEUR	Dec 31, 2024	Dec 31, 2023
Fair value of plan assets with a quoted market price	402.6	388.6
Other	32.9	30.1
Total	**435.5**	**418.7**

Amounts recognized in the statement of income, MEUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Defined contribution pension plans	341.9	323.5
Defined benefit pension plans	22.1	21.1
Other post-employment benefits	0.5	0.5
Total	**364.5**	**345.0**

Defined benefit plans: assumptions used in calculating benefit obligations	Dec 31, 2024		Dec 31, 2023	
	Europe	USA	Europe	USA
Discount rate	4.1%	5.5%	4.0%	4.8%
Future salary increase	1.6%	-	1.1%	4.0%
Future pension increase	4.6%	-	1.3%	0.0%

Sensitivity of the defined benefit obligation to changes in actuarial assumptions	Change in assumptions	Impact on defined benefit obligation	
		Dec 31, 2024	Dec 31, 2023
Discount rate	+0.25p.p.	-1.9%	-2.5%
Discount rate	-0.25p.p.	3.0%	2.7%
Future pension increase	+0.25p.p.	1.1%	1.0%
Future pension increase	-0.25p.p.	-1.0%	-1.0%

Sensitivities are calculated by changing one assumption at a time while keeping other variables constant.



6

Other notes

In this section

This section comprises the following notes concerning rewards and related parties to KONE:

6.1 Management remuneration
6.2 Share-based payments
6.3 Related party transactions

6.1 Management remuneration

KONE's management remuneration covers the Board of Directors, President and CEO and the Executive Board. More information is available in KONE Remuneration Report.

Board of Directors

Decided by the Annual General Meeting, the annual compensation for the Board of Directors is paid 40% in KONE Corporation class B shares and 60% in cash. The annual compensation of the members of the board committees is paid in cash. Board fees are not paid to a board member who is employed by the company with a separate employment contract.

The Vice Chair of the Board, Jussi Herlin has a separate employment contract for his role as Executive Vice Chair of the Board at KONE. The employment-based compensation for Jussi Herlin consists of a base salary, benefits and an annual short-term incentive decided by the Board on the basis of the Group's financial result. The short-term incentive may not exceed 100 percent of the recipient's annual base salary. The Executive Vice Chair's retirement age and pension are determined in accordance with Finland's Pensions Act. Statutory pension cost for the year 2024 was EUR 39.6 thousand. No separate agreement regarding early retirement has been made.

The carrying value of the pension liability for Board Member Matti Alahuhta (served as President & CEO until March 31, 2014) included in the balance sheet is EUR 4,608.2 thousand at the end of 2024 and the yearly pension paid to him by KONE in 2024 was EUR 312.4 thousand.

Compensation paid to the Board of Directors, [1] [2] EUR, thousand	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Herlin Antti, Chairman of the Board	230.0	230.0
Herlin Jussi, Vice Chair of the Board [3]	241.3	126.5
Alahuhta Matti	120.0	130.0
Duinhoven Susan	130.0	130.0
Herlin Iiris	110.0	110.0
Kant Ravi	110.0	120.0
Mikkilineni Krishna	110.0	110.0
Fredriksson Marika	130.0	120.0
Ihamuotila Timo [4]	120.0	-
Manubens Marcela [5]	-	110.0
Total	**1,301.3**	**1,186.5**

[1] Holdings of the shares are presented in the Corporate Governance Statement.
[2] Includes also the annual compensation of the Board which was performed by using shares of KONE Corporation decided by the Annual General Meeting held on February 29, 2024
[3] Remuneration paid based on employment.
[4] Board member since February 29, 2024.
[5] Board member until February 29, 2024.

President and CEO

Philippe Delorme joined KONE as the President and CEO on January 1, 2024. The compensation for the President and CEO Philippe Delorme consists of an annual base salary, short-term incentive plan, long-term incentive plan, fringe benefits and contribution towards pension as determined by the Board. Since Philippe Delorme joined KONE in January 2024, he was not eligible for short-term incentive payment in 2024. The performance criteria applied to the annual short-term incentive in 2024, payable in 2025, was based on KONE's financial and strategic performance as well as individual performance. It may not exceed 150 percent of his annual salary. In addition, Philippe Delorme is included in the performance based long-term incentive plan 2024 for the Group's top management. Additional information concerning share-based incentives of the President and CEO is disclosed in note 6.2 Share-based payments. Philippe Delorme's retirement age and pension are determined in accordance with Finland's Pensions Act. Statutory pension cost for the year 2024 was EUR 158.9 thousand. In addition, he receives a contribution of EUR 80 thousand to maintain his French pension scheme. There is no separate agreement regarding early retirement. His employment contract includes a severance entitlement to an equivalent of 18 months' salary, which includes the salary for a six-month term of notice in case of termination before retirement.

Henrik Ehrnrooth, the President and CEO until 31 December 2023, received total of 135,417 gross shares from LTI 2021, LTI 2022 and LTI 2023 in January 2024 based on an exit agreement and Board of Directors' decision. Additionally, a cash amount of EUR 2,488.7 thousand equaling to 49,339 KONE class B shares granted by the Board were paid to Henrik Ehrnrooth as an additional incentive in November 2024 based on the achievement of specific performance metrics. The early payment of LTI 2022 and LTI 2023 together with the additional share-based incentive replaced the contractual notice of termination and severance payments.

Remuneration paid to the President and CEO and to the members of the Executive Board

	Jan 1–Dec 31, 2024		Jan 1–Dec 31, 2023	
EUR, thousand [1]	The President & CEO Philippe Delorme	Members of the Executive Board	The President & CEO Henrik Ehrnrooth	Members of the Executive Board
Base salary	819,4	3,880.2	737.9	5,705.8
Benefits	131,7	999.0	24.8	657.7
Annual short-term incentive [2]	-	2,502.1	465.7	1,987.8
Long-term incentive plan	-	3,854.7	-	2,076.2
Pensions	80,0	18.3	-	19.2
Total compensation	**1,031.2**	**11,254.3**	**1,228.4**	**10,446.7**

Performance based long-term incentive plans for the President and CEO and the Executive Board as of December 31, 2024

Plan [3]	Performance Period	Vesting Year	President and CEO - Number of shares, maximum earning opportunity [4]	The President and CEO - Number of transferred shares for vested plans	Executive Board - Number of shares, maximum earning opportunity [4]	Executive Board - Number of transferred shares for vested plans
LTI 2021	Jan 2021 - Dec 2023	2024	-	-	-	48,937
LTI 2022	Jan 2022 - Dec 2024	2025	-	-	250,445	-
LTI 2023	Jan 2023 - Dec 2025	2026	-	-	296,081	-
LTI 2024	Jan 2024 - Dec 2026	2027	85,247	-	332,465	-

[1] Holdings of the shares are presented in the Corporate Governance Statement.
[2] Short-term incentive paid in 2024 (2023) was earned in 2023 (2022). President & CEO Henrik Ehrnrooth's 2023 annual short-term incentive of EUR 1,084.8 thousand was paid in 2024.
[3] LTI 2023, LTI 2022 and LTI 2021 were granted to Henrik Ehrnrooth and paid as part of exit agreement. LTI 2024 was granted to Philippe Delorme.
[4] The maximum number of KONE class B shares available for earning (gross before deduction for applicable taxes).

Executive Board

The compensation for the members of the Executive Board (excl. the President and CEO) comprises an annual base salary, short-term incentive plan, long-term incentive plan and fringe benefits. The short-term incentive is based on KONE's financial targets and strategic performance, as well as individual performance. The achievement of pre-set targets is determined by the Nomination and Compensation Committee and may not exceed 75 percent of the annual base salary. The members of the Executive Board are included in the performance based long-term incentive plans for the top management. Additional information concerning share-based incentives of the Executive Board is disclosed in note 6.2 Share-based payments. No separate agreement regarding early retirement has been made for the members of the Executive Board. The compensation for the termination of the employment contract prior to retirement is a maximum of 15 months' salary, which includes the salary for a six-month term of notice.

6.2 Share-based payments

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

Share-based payments recognized as an expense in the statements of income amounted to EUR 38.0 (34.3) million in 2024.

Performance based long-term incentive plan structure

The performance based long-term incentive plan structure (LTI) emphasizes profitable growth and sustainability. It consists of annually commencing individual share plans, each with a three-year rolling performance period. The performance criteria for each commencing performance year is determined on an annual basis. The plans vest and are delivered in one portion after the three-year performance period, based on accumulated outcomes of each performance year. If the participant's employment or service relationship with KONE Group terminates before the end of the performance period, the participant, as a rule, forfeits the share award without compensation.

The target group and targets for each annually commencing long-term incentive plan as well as possible rewards are decided upon annually by the Board. As part of the plan for the top management, a long-term share ownership target has been set. For the Executive Board members, the ownership target of KONE shares corresponds to a minimum of five years' annual base salary. For other selected top management positions, the ownership target corresponds a minimum of two years' base salary.

The performance based long-term incentive plan is targeted to approximately 570 top leaders annually, including the President and CEO, members of the Executive Board and selected key employees of KONE Group. The performance criteria applied to the 2021, 2022, 2023 and 2024 performance years are based on annual growth in sales, adjusted EBIT margin (jointly 80%) and improvements in sustainability. The sustainability performance condition is a combination of reductions in carbon footprint, diversity and inclusion as well as safety related targets.

Accounting principles

Share-based payments

KONE share-based incentive plan structures are targeted to the top management and other key employees of KONE. Pursuant to the plan rules, the potential rewards are settled as a combination of KONE class B shares and/or cash when the criteria set in the terms and conditions for the plan are met. The number of shares earned by participants under the share-based incentive plan structures are determined on gross basis with deduction for taxes made when applicable before delivery of the shares to the participants. The arrangements are equity settled only. The fair value of the share-based payments settled with KONE class B shares has been determined at the grant date and will be recognized as an expense over the vesting period. The total amount to be expensed over the vesting period is determined based on the Group's estimate of the number of the shares that are expected to be vested by the end of the vesting period.

The impact of any non-market vesting conditions has been excluded, but they are included in assumptions about the number of shares that are expected to be distributed. At each statement of financial position date, the Group revises its estimates of the number of shares that are expected to be distributed. It recognizes the impact of the revision of original estimates in the statement of income. The fair value of the cash settled part of share-based payments reward has been determined so that it covers taxes and taxable benefit costs that are incurred. KONE recognizes the impact of the revision of original estimates, if any, in the statement of income.

Performance based long-term incentive plans as of December 31, 2024

Plan	LTI 2021	LTI 2022	LTI 2023	LTI 2024
Performance Period	Jan 2021 - Dec 2023	Jan 2022 - Dec 2024	Jan 2023 - Dec 2025	Jan 2024 - Dec 2026
Vesting year	2024	2025	2026	2027
Performance criteria	Adjusted EBIT Margin % and Sales Growth: 80%			
	Sustainability: 20%			
Maximum number of shares [1]	751,334	788,768	1,025,056	1,216,229
Number of shares outstanding as of Dec 31, 2024 [1]	-	516,233	647,548	936,527
Share price at initial grant date, EUR	64.92	56.80	52.48	44.73
Performance outcome for vested plans, %	68.5%	-	-	-
Number of transferred shares for vested plans	220,637	-	-	-

[1] Gross before deduction for applicable taxes

Restricted share plan structure

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

Restricted share plans as of December 31, 2024

Plan	RSP 2021	RSP 2022	RSP 2023	RSP 2024
Plan Period	Jan 2021 - Dec 2023	Jan 2022 - Dec 2024	Jan 2023 - Dec 2025	Jan 2024 - Dec 2026
Maximum number of shares [1]	15,650	55,650	163,429	80,000
Number of shares outstanding as of Dec 31, 2024 [1]	11,650	43,650	136,641	72,483
Weighted average share price for outstanding shares, EUR	66.62	39.97	41.01	45.54
Number of transferred shares as of Dec 31, 2024	9,828	-	-	-

[1] Gross before deduction for applicable taxes

6.3 Related party transactions

KONE's related parties comprise its subsidiaries as well as the Board of Directors, the President & CEO, and the Executive Board including any companies controlled or significantly influenced by them. The Corporate Controlling function evaluates and monitors transactions between the Group and its related parties to ensure that any conflicts of interest are taken into account appropriately in KONE's decision making process.

Except for management remuneration there have not been any material transactions between KONE and its members of the Board of Directors, the President & CEO, the Executive Board including any companies controlled or significantly influenced by them. Information concerning management remuneration is disclosed in note 6.1 and shares held by the members of the Board of Directors, the President & CEO, the Executive Board is disclosed in the Corporate Governance Statement. KONE's subsidiaries are disclosed in the Subsidiaries section of the Annual Review.

Parent company statement of income

EUR	Note	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Sales	1	**794,523,245.93**	**709,021,837.20**
Other operating income	2	33,694,001.11	36,889,574.39
Materials and services		-5,135,986.94	-488,951.11
Personnel expenses	3	-152,081,083.45	-134,907,238.89
Depreciation and amortization	4	-15,605,945.04	-14,846,087.30
Other operating expenses		-426,162,175.92	-395,792,547.08
Operating income		**229,232,055.69**	**199,876,587.21**
Financing income and expenses	6	919,570,764.94	1,843,565,052.71
Income before appropriations and taxes		**1,148,802,820.63**	**2,043,441,639.92**
Appropriations	7	1,112,864.03	264,380.90
Income taxes		-31,404,547.07	-35,573,529.68
Deferred taxes		-6,728,537.55	-11,869,192.31
Net income		**1,111,782,600.04**	**1,996,263,298.83**

Parent company statement of financial position

Assets, EUR	Note	Dec 31, 2024	Dec 31, 2023
Non-current assets			
Intangible assets	8	56,602,979.68	33,370,511.66
Tangible assets	9	42,771,760.94	40,972,570.21
Investments			
Subsidiary shares	10	3,897,726,022.62	3,749,867,304.70
Other shares	11	2,001,098.85	2,001,818.47
		3,899,727,121.47	3,751,869,123.17
Total non-current assets		**3,999,101,862.09**	**3,826,212,205.04**
Current assets			
Non-current receivables	12		
Loans receivable		322,413,317.64	208,208,242.27
		322,413,317.64	208,208,242.27
Current receivables	13		
Accounts receivable		93,731,442.23	36,217,979.44
Loans receivable		284,819,544.13	502,522,143.43
Deferred tax assets		1,038,806.65	7,767,344.20
Other receivables		8,236,355.19	4,506,623.92
Deferred assets		286,870,688.56	209,037,676.32
		674,696,836.76	760,051,767.31
Financial investments		999,417,433.67	970,155,522.23
Cash and cash equivalents		146,313,867.04	113,183,568.81
Total current assets		**2,142,841,455.11**	**2,051,599,100.62**
Total assets		**6,141,943,317.20**	**5,877,811,305.66**

Equity and liabilities, EUR	Note	Dec 31, 2024	Dec 31, 2023
Equity			
Share capital		66,174,482.53	66,174,482.53
Share premium account		100,328,064.58	100,328,064.58
Other reserves			
Paid-up unrestricted equity reserve		220,089,095.16	220,089,095.16
Retained earnings		1,893,221,113.77	802,025,209.03
Net income		1,111,782,600.04	1,996,263,298.83
Total equity	14	**3,391,595,356.08**	**3,184,880,150.13**
Cumulative accelerated depreciation		7,055,198.63	8,168,062.66
Appropriations		**7,055,198.63**	**8,168,062.66**
Provisions		**1,119,317.40**	**2,374,945.72**
Liabilities			
Non-current liabilities	15		
Loans		462,529,183.24	244,116,651.99
		462,529,183.24	244,116,651.99
Current liabilities	16		
Accounts payable		127,505,984.61	97,317,018.02
Loans		1,996,085,646.76	2,197,980,076.36
Other liabilities		3,343,225.47	3,671,303.56
Accruals		152,709,405.01	139,303,097.22
		2,279,644,261.85	2,438,271,495.16
Total liabilities		**2,742,173,445.09**	**2,682,388,147.15**
Total equity and liabilities		**6,141,943,317.20**	**5,877,811,305.66**

Parent company cash flow statement

EUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Cash receipts from customers	689,928,274.56	691,025,848.66
Cash receipts from other operative income	33,694,001.11	36,889,574.39
Cash paid to suppliers and employees	-547,475,408.53	-568,075,393.54
Financing items	939,048,863.65	1,822,386,551.96
Taxes paid	-41,617,561.96	-28,405,593.63
Other financing items	-36,819,846.54	11,186,054.53
Cash flow from operating activities	**1,036,758,322.29**	**1,965,007,042.37**
Capital expenditure	-40,640,041.79	-32,141,448.70
Subsidiary investments	-147,858,717.92	-1,200,000,000.00
Cash flow from investing activities	**-188,498,759.71**	**-1,232,141,448.70**
Net change in short-term debt	-201,920,690.65	-46,510,014.76
Net change in long-term debt	218,412,531.25	-55,273,413.19
Profit distribution	-905,465,283.47	-904,927,510.22
Group contributions received	-	1,500,000.00
Other financing items	73,844,178.52	268,602,391.39
Cash flow from financing activities	**-815,129,264.35**	**-736,608,546.78**
Change in cash and cash equivalents	**33,130,298.23**	**-3,742,953.11**
Cash and cash equivalents, Jan 1	113,183,568.81	116,926,521.92
Cash and cash equivalents, Dec 31	146,313,867.04	113,183,568.81
Change in cash and cash equivalents	**33,130,298.23**	**-3,742,953.11**

Reconciliation of net income to the cash flow from operating activities, EUR	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Net income	**1,111,782,600.04**	**1,996,263,298.83**
Depreciation and amortization	15,605,945.04	14,846,087.30
Other adjustments	-709,817.03	-4,368,680.74
Income before change in working capital	**1,126,678,728.05**	**2,006,740,705.39**
Change in receivables	-132,349,668.75	24,113,028.11
Change in liabilities	42,429,262.99	-65,846,691.13
Cash flow from operating activities	**1,036,758,322.29**	**1,965,007,042.37**

Notes to the parent company financial statements

Accounting principles

The parent company financial statements have been prepared according to the Finnish Accounting Standards. Financial statements have been prepared for the period of 12 months between January 1 and December 31, 2024.

Foreign currency transactions and translation

Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the individual transaction. Foreign currency denominated receivables and liabilities are translated using the period end exchange rates.

Foreign exchange gains and losses associated with loans, deposits and other statement of financial position items are included under financing income and expenses.

Loan receivables and financial investments

Loan receivables are initially recognized at nominal values and subsequently measured at amortized cost. Management estimates that the fair values of the loan receivables do not materially differ from the carrying values at the statement of financial position dates.

Financial investments in commercial papers, short-term bank deposits, interest rate funds and other money market instruments are initially recognized at fair value and thereafter at amortized cost using the effective interest rate method except for interest rate funds which are classified and measured as investments at fair value through profit or loss.

Derivative instruments

Derivative financial instruments are used to hedge currency and the interest rate risks. Derivatives are measured at fair value in accordance with Accounting Act 5:2a §. The fair values of foreign exchange forward contracts are estimated by discounting the future cash flows of the contracts with the relevant market interest rate yield curves on the valuation date and by calculating the difference between the discounted values as at the forward contract date and balance sheet date in euros. Currency options are valued as of each reporting date by using the Garman & Kohlhagen option valuation model. The fair values of derivative financial instruments are presented in note 18.

Changes in the fair values of foreign exchange derivatives are recognized in financing income and expenses if the hedged item is a loan receivable, deposit or a financial asset or liability denominated in a foreign currency.

Revenue recognition

Royalty revenue from the licensing of intellectual property rights is recognized over the contract period. The sales of services are recognized when the services have been rendered or when the work has been completed.

Research and development cost

Research and development costs are typically expensed as they incur, because the future economic benefits of new products and development of existing products and services can only be proven after their successful introduction to the market. In 2024, KONE has continued capitalizing development costs specific to two programs.

Pensions

An external pension insurance company manages the parent company statutory pension plan. Contributions to the pension plan are charged directly to the statement of income in the year to which these contributions relate.

Leases

Leasing payments are charged to the statement of income on a straight-line basis over the leasing term. Remaining future leasing liabilities from existing contracts are presented in note 17.

Taxes

Tax expense includes taxes based on taxable income for the period, together with tax adjustments for previous periods and changes in deferred taxes. Deferred taxes are provided for temporary differences arising between the tax basis of assets and liabilities and their book values in financial reporting and measured with enacted tax rates.

Deferred tax liabilities arising from temporary differences are fully recognized with prudency, whereas the deferred tax assets are recognized only to the extent of the probable future tax benefit.

Non-current assets

Intangible assets and property, plant and equipment are stated at the cost less accumulated depreciation and amortization. Depreciation and amortization are recorded on a straight-line basis over the economic useful lives of the assets as follows:

Buildings	5–40 years
Machinery and equipment	4–15 years
Other long-term expenditure	4–10 years
Land	Infinite

Investments in subsidiaries and other companies are measured at cost, or fair value in case the fair value is less than cost.

Provisions

Future outflows of cash, which the parent company has committed to that are not expected to contribute future revenues and unavoidable losses, which are probable, are recognized in provisions. Parent company provisions consist of warranty provisions.

Financial risk management

Parent company business activities are exposed to financial risks such as foreign exchange risks, interest rate risks, liquidity risks and credit risks. These financial risks are managed in accordance with the KONE Treasury Policy. Parent company financials risks are not significantly different from the Group's financials risks, see notes 2.4 and 5.3 to the consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash-in-hand and bank account balances. Used bank overdrafts are included in other current liabilities.

Share-based payments

Share-based incentive plans of KONE consist of a performance based long-term incentive plan structure (LTI) and a restricted share plan structure (RSP). The performance based long-term incentive plan structure is targeted to the President and CEO, members of the Executive Board and selected key employees of KONE Group. The restricted share plan structure serves as a complementary incentive plan used as a commitment instrument for retention and recruitment purposes for top management (excluding the President and CEO) and other selected key employees. Pursuant to the plan rules, the potential rewards are settled as a combination of KONE class B shares and/or cash when the criteria set in the terms and conditions for the plan are met. The number of shares earned by participants under the share-based incentive plans are determined on gross basis with deduction for taxes made when applicable before delivery of the shares to the participants. The shares to be transferred as part of the plans are obtained in public trading. The acquisition of shares is recognized as an increase of treasury shares, reducing equity, and transfer of shares as decrease in treasury shares and retained earnings within equity.

Notes to the statement of income

1. Sales

Sales EUR 794,523.2 (709,021.8) thousand primarily consists of royalty income from the licensing of intellectual property rights to the subsidiaries of KONE Oyj.

2. Other operating income

EUR 1,000	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Subsidies received	3,800.5	5,393.3
Recharged energy	1,050.7	1,298.3
Service charges	716.2	808.6
Others	28,126.6	29,389.4
Total	**33,694.0**	**36,889.6**

3. Personnel expenses

EUR 1,000	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Wages and salaries	128,583.6	111,299.2
Pension costs	21,333.0	20,338.6
Other employment expenses	2,164.5	3,269.4
Total	**152,081.1**	**134,907.2**

The salaries and fees paid to the President & CEO and to the Board of Directors are presented in the note 6 of the consolidated financial statements. Average number of staff employed by the parent company was 1,254 during the financial year (1,239).

4. Depreciation and amortization

EUR 1,000	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Intangible rights	397.4	344.8
Other long-term expenditure	7,044.1	6,583.7
Buildings	1,510.2	1,374.6
Machinery and equipment	6,654.2	6,543.1
Total	**15,605.9**	**14,846.1**

5. Auditors' fees

EUR 1,000	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Audit	1,327.1	953.6
Auditors´ statements	3.9	-
Tax services	25.1	49.4
Other services	1,068.9	390.8
Total	**2,425.0**	**1,393.8**

6. Financing income and expenses

EUR 1,000	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Dividend income from subsidiaries	975,711.8	1,852,180.9
Other dividends received	0.4	1.1
Interest income from subsidiaries	33,412.5	46,414.3
Interest income from others	31,374.6	27,414.0
Interest expenses to subsidiaries	-96,869.0	-99,661.5
Interest expenses to others	-5,530.4	-1,533.7
Other financing income and expenses	-18,529.1	18,749.9
Total	**919,570.8**	**1,843,565.1**

7. Appropriations

EUR 1,000	Jan 1–Dec 31, 2024	Jan 1–Dec 31, 2023
Cumulative accelerated depreciation charge	1,112.9	264.4
Total	**1,112.9**	**264.4**

Notes to the statement of financial position

8. Intangible assets

Jan 1–Dec 31, 2024, EUR 1, 000	Intangible rights	Other long-term expenditure	Advance payments	Total
Opening gross acquisition cost	6,017.8	129,017.6	14,579.1	149,614.4
Opening accumulated depreciation and impairment	-5,035.9	-110,995.9	-212.1	-116,243.9
Opening net book value	**981.9**	**18,021.7**	**14,366.9**	**33,370.5**
Opening net book value	**981.9**	**18,021.7**	**14,366.9**	**33,370.5**
Increase	373.9	5,742.8	24,557.3	30,674.0
Decrease	-	-	-	-
Reclassifications	-	-	-	-
Amortization	-397.4	-7,044.1	-	-7,441.6
Closing net book value	**958.4**	**16,720.4**	**38,924.2**	**56,603.0**
Closing gross acquisition cost	6,391.7	134,760.4	39,136.4	180,288.5
Closing accumulated amortization and impairment	-5,433.3	-118,040.1	-212.1	-123,685.5
Closing net book value	**958.4**	**16,720.4**	**38,924.2**	**56,603.0**

Jan 1–Dec 31, 2023, EUR 1, 000	Intangible rights	Other long-term expenditure	Advance payments	Total
Opening gross acquisition cost	5,468.1	120,118.9	1,747.1	127,334.1
Opening accumulated depreciation and impairment	-4,691.1	-104,689.8	-212.1	-109,593.0
Opening net book value	**777.0**	**15,429.2**	**1,534.9**	**17,741.1**
Opening net book value	**777.0**	**15,429.2**	**1,534.9**	**17,741.1**
Increase	549.7	8,123.9	13,884.2	22,557.9
Decrease	-	-	-	-
Reclassifications	-	1,052.3	-1,052.3	-
Amortization	-344.8	-6,583.7	-	-6,928.5
Closing net book value	**981.9**	**18,021.7**	**14,366.9**	**33,370.5**
Closing gross acquisition cost	6,017.8	129,017.6	14,579.1	149,614.4
Closing accumulated amortization and impairment	-5,035.9	-110,995.9	-212.1	-116,243.9
Closing net book value	**981.9**	**18,021.7**	**14,366.9**	**33,370.5**

9. Tangible assets

Jan 1–Dec 31, 2024, EUR 1, 000	Land	Buildings	Machinery & equipment	Fixed assets under construction	Total
Opening gross acquisition cost	182.3	32,664.3	64,687.4	7,731.7	105,265.7
Opening accumulated amortization and impairment	-	-15,090.3	-48,545.3	-656.4	-64,292.0
Opening net book value	**182.3**	**17,574.0**	**16,142.0**	**7,075.3**	**40,973.6**
Opening net book value	182.3	17,574.0	16,142.0	7,075.3	40,973.6
Increase	-	814.7	3,666.9	6,305.5	10,787.0
Decrease	-	-	-2.4	-821.0	-823.4
Reclassifications	-	36.7	3,613.0	-3,649.7	-
Depreciation	-	-1,510.2	-6,654.2	-	-8,164.4
Closing net book value	**182.3**	**16,915.2**	**16,765.3**	**8,910.1**	**42,771.8**
Closing gross acquisition cost	182.3	33,515.7	71,381.3	9,566.4	114,645.7
Closing accumulated amortization and impairment	-	-16,600.5	-54,616.1	-656.4	-71,872.9
Closing net book value	**182.3**	**16,915.2**	**16,765.3**	**8,910.1**	**42,771.8**

Jan 1–Dec 31, 2023, EUR 1, 000	Land	Buildings	Machinery & equipment	Fixed assets under construction	Total
Opening gross acquisition cost	182.3	31,741.1	60,853.4	3,636.1	96,412.9
Opening accumulated amortization and impairment	-	-13,715.8	-42,741.7	-656.4	-57,113.9
Opening net book value	**182.3**	**18,025.3**	**18,111.7**	**2,979.7**	**39,299.0**
Opening net book value	182.3	18,025.3	18,111.7	2,979.7	39,299.0
Increase	-	868.8	3,369.0	5,370.5	9,608.3
Decrease	-	-	-16.0	-16.9	-32.9
Reclassifications	-	54.4	1,203.6	-1,258.0	-
Depreciation	-	-1,374.6	-6,526.2	-	-7,900.8
Closing net book value	**182.3**	**17,574.0**	**16,142.0**	**7,075.3**	**40,973.6**
Closing gross acquisition cost	182.3	32,664.3	64,687.4	7,731.7	105,265.7
Closing accumulated amortization and impairment	-	-15,090.3	-48,545.3	-656.4	-64,292.0
Closing net book value	**182.3**	**17,574.0**	**16,142.0**	**7,075.3**	**40,973.6**

10. Subsidiary shares

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Acquisition cost, Jan 1	3,749,867.3	2,049,869.3
Increase	147,858.7	1,700,000.0
Decrease	-	-2.0
Net book value, Dec 31	**3,897,726.0**	**3,749,867.3**

11. Other shares

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Acquisition cost, Jan 1	2,001.8	2,002.4
Decrease	-0.7	-0.5
Net book value, Dec 31	**2,001.1**	**2,001.8**

12. Non-current receivables

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Loans receivable from subsidiaries	320,247.9	206,014.3
Loans receivable from externals	2,165.5	2,193.9
Non-current receivables	**322,413.3**	**208,208.2**

13. Current receivables

Receivables from subsidiaries, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Accounts receivables	93,300.4	31,197.4
Loans receivable	284,819.5	502,522.1
Deferred assets	177,687.2	145,629.9
Total	**555,807.2**	**679,349.4**

Receivables from externals, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Accounts receivables	431.0	5,020.6
Others	8,236.4	4,506.6
Deferred assets	109,183.5	63,407.8
Total	**117,850.9**	**72,935.0**
Deferred tax assets	**1,038.8**	**7,767.3**
Total short-term receivables	**674,696.8**	**760,051.8**

Deferred assets, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Derivative assets	63,714.8	24,423.8
Deferred income taxes	25,804.7	15,903.8
Unbilled revenue	155,002.6	129,468.5
Others	42,348.6	39,241.6
Total	**286,870.7**	**209,037.7**

14. Equity and changes in equity

EUR 1,000	Share capital	Share premium account	Paid-up unrestricted equity reserve	Retained earnings [1]	Net income for the period	Total
Book value Jan 1, 2024	66,174.5	100,328.1	220,089.1	2,798,288.5		3,184,880.2
Profit distribution				-905,465.3		-905,465.3
Purchase of own shares						-
Share-based compensation				397.9		397.9
Net income for the period					1,111,782.6	1,111,782.6
Net book value Dec 31, 2024	**66,174.5**	**100,328.1**	**220,089.1**	**1,893,221.1**	**1,111,782.6**	**3,391,595.4**

[1] As at 1 January, 2024, the effect arising from recognition of share-based payment rewards has been reclassified from paid-up unrestricted equity to retained earnings to improve presentation.

Non-restricted equity includes the paid-up unrestricted equity reserve, retained earnings deducted by own shares and the profit for the financial year. The non-restricted equity was EUR 3,225,092,808.97 (3,018,377,603.80) at the end of the period. Distributable profit deducted by capitalized development costs was EUR 3,215,181,251.13. From 2024 onwards, share-based compensation paid to board is shown in retained earnings.

EUR 1,000	Share capital	Share premium account	Paid-up unrestricted equity reserve	Retained earnings	Net income for the period	Total
Book value Jan 1, 2023	66,174.5	100,328.1	219,679.6	1,706,952.7		2,093,134.9
Profit distribution				-904,927.5		-904,927.5
Purchase of own shares						
Share-based compensation			409.5			409.5
Net income for the period					1,996,263.3	1,996,263.3
Net book value Dec 31, 2023	**66,174.5**	**100,328.1**	**220,089.1**	**802,025.2**	**1,996,263.3**	**3,184,880.2**

15. Non-current liabilities

Liabilities to subsidiaries, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Liabilities falling due in 1–5 years	62,529.2	44,116.7
Total	**62,529.2**	**44,116.7**

Liabilities to externals, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Liabilities falling due in 1–5 years	400,000.0	200,000.0
Total	**400,000.0**	**200,000.0**
Total non-current liabilities	**462,529.2**	**244,116.7**

16. Current liabilities

Liabilities to subsidiaries, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Accounts payable	51,441.0	31,662.5
Loans	1,996,085.6	2,197,980.1
Accruals	50,347.3	50,604.7
Total	**2,097,873.9**	**2,280,247.3**

Liabilities to externals, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Accounts payable	76,065.0	65,654.6
Other liabilities	3,343.2	3,671.3
Accruals	102,362.1	88,698.3
Total	**181,770.4**	**158,024.2**
Total current liabilities	**2,279,644.3**	**2,438,271.5**

Accruals, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Accrued wages, salaries and employment costs	37,289.1	38,413.4
Derivative liabilities	49,673.9	28,673.5
Others	65,746.5	72,216.2
Total	**152,709.4**	**139,303.1**

17. Commitments

EUR 1,000	Dec 31, 2024	Dec 31, 2023
Guarantees		
For subsidiaries	3,946,166.8	3,474,182.0
For others	-	63.1
Leasing commitments		
Due next year	8,189.8	7,324.7
Due over a year	13,724.8	13,631.2
Other commitments	818.4	966.0
Total	**3,968,899.9**	**3,496,167.0**

18. Derivatives

Fair values of derivative instruments, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Foreign exchange forward contracts with external parties	6,112.0	-14,333.8
Foreign exchange forward contracts with subsidiaries	7,929.0	10,084.0
Total	**14,041.0**	**-4,249.7**

Nominal values of derivative instruments, EUR 1,000	Dec 31, 2024	Dec 31, 2023
Foreign exchange forward contracts with external parties	3,124,729.9	2,976,926.6
Foreign exchange forward contracts with subsidiaries	1,067,642.2	840,595.2
Total	**4,192,372.1**	**3,817,521.8**

Derivative contracts are entered for hedging purposes in line with KONE Treasury policy and are recognized at fair value. Derivatives are classified as financial assets at fair value through profit or loss. The majority of the foreign exchange derivatives mature within a year. The fair values of the foreign exchange derivatives are measured based on the price information derived from the active markets and commonly used valuation methods.

More information about financial risks management is described in the notes 2.4 and 5.3 to the consolidated financial statements.

Subsidiaries

The following list includes companies where the parent company KONE Oyj has control as of December 31, 2024. Additional information is included in note 1 of the consolidated financial statements.

Country/Region	Company	Shareholding %	
		Group	Parent company
Andorra	KONE Ascensors i Escales, S.A.	100	
Australia	KDB Australia Pty Ltd	100	
	KONE Elevators Employee Benefits Pty Limited	100	
	KONE Elevators Pty Ltd	100	
	KONE Holdings (Australia) Limited	100	
	Orbitz Elevators Services Pty Ltd	100	
Austria	KONE AG	100	100
Bahrain	KONE Bahrain W.L.L.	0	
	KONE Elevators W.L.L.	49	
Belgium	KDB Belgium SRL	100	100
	KONE Belgium S.A.	100	100
Bosnia and Herzegovina	KONE d.o.o. Sarajevo	100	
Bulgaria	KONE EOOD	100	100
Canada	KONE Inc.	100	49
China mainland	Giant Kone Elevator Co., Ltd.	100	40
	KONE Elevator (Shanghai) Co., Ltd.	100	
	KONE Elevators Co., Ltd.	100	
	Kunshan KONE Industrial Machinery Co., Ltd.	100	100
Croatia	KONE d.o.o.	100	100
Cyprus	KONE Elevators Cyprus Limited	100	100
Czech Republic	KONE, a.s.	100	100
	KONE Industrial - koncern s.r.o.	100	100
Denmark	KDB Denmark ApS	100	
	KONE A/S	100	100
Egypt	KONE LLC	100	
Estonia	AS KONE	100	100
Finland	Finescal Oy	100	100
	KDB Finland Oy	100	
	KONE Digital Services Oy	100	100
	KONE Hissit Oy	100	100

Country/Region	Company	Shareholding %	
		Group	Parent company
	KONE Industrial Oy	100	100
France	2STP S.A.S.	100	
	Ascenseurs Portes Automatiques Arnaud S.A.S.	100	
	Ascenseurs Soulier S.N.C.	100	
	ATPE SAS	100	
	ATS-ATPE S.A.S.	100	
	Automatismes du Mont Blanc S.A.S.	100	
	Delta Ascenseurs S.A.S.	100	
	KDB France S.A.S.	100	
	KONE ATS S.A.S	100	
	KONE Développement S.N.C.	100	
	KONE Holding France S.A.S.	100	100
	KONE S.A.	99.99	
	Liftman S.A.S.	100	
	MP2 Gestion Participation	100	
	PACA Ascenseurs Services	100	
	Prokodis S.A.S.	100	
	R.M.D. S.A.S.	100	
	Technique & Mecanique des Elevateurs S.A.S.	100	
Germany	Alois Kasper GmbH	100	
	ATB Aufzugtechnik Berlin GmbH	100	
	ATB-Aufzugstechnik GmbH	100	
	ATH Aufzüge GmbH	100	
	Aufzugstechnik Rhein Ruhr GmbH	100	
	DANY Aufzüge GmbH	100	
	JESCH-Aufzüge GmbH & Co. KG	100	
	JESCH GmbH	100	
	KONE Automatiktüren GmbH	100	
	KONE Escalator Supply Service Center Europe GmbH	100	
	KONE Garant Aufzug GmbH	100	

Country/Region	Company	Shareholding %	
		Group	Parent company
	KONE GmbH	100	100
	KONE Servicezentrale GmbH	100	
	Matthias Schernikau GmbH	100	
	Trierer Aufzugbau Baasch & Didong GmbH	100	
Greece	KONE S.A.	100	
Hong Kong SAR	KONE Elevator (HK) Limited	100	0.00
	Shan On Engineering Company Limited	100	
Hungary	KONE Felvonó Kft.	100	100
Iceland	KONE ehf	100	100
India	KONE Elevator India Private Limited	100	99.99
Indonesia	PT KONE Indo Elevator	100	1.04
	PT. Mitra Indo Utama	0	
Ireland	Ennis Lifts Limited	100	
	KONE (Ireland) Limited	100	
Israel	KONE LTD	100	100
Italy	ACMA S.r.l.	60	
	Ascensori & Ascensori S.r.l.	64	
	Cerqueti Servizi S.r.l.	100	
	Cofam S.r.l.	100	
	CRON.UP S.r.l.	80	
	Elevant Servizi S.r.l.	70	
	Elevatori Bari S.r.l.	89	
	Elevators S.r.l.	60	
	Eurolift Ascensori S.r.l.	70	
	Euroservice Merano S.r.l.	90	
	Ferrara Ascensori S.r.l.	60	
	Gianfranceschi Ascensori S.r.l.	97	
	GSB Ascensori S.r.l.	65	
	KONE Industrial S.p.A.	100	100
	KONE S.p.A.	100	26.86
	L.A.M. Lombarda Ascensori Montacarichi S.r.l.	70	
	MARIBO-SIMA ascensori S.r.l.	70	
	Nettuno S.r.l.	75	
	Neulift S.p.A.	100	
	Neulift Service Molise S.r.l.	51	
	Neulift Service Triveneto S.r.l.	100	
	Rimma S.r.l.	60	

Country/Region	Company	Shareholding %	
		Group	Parent company
	SIE Elevatori S.r.l.	100	
	Slimpa S.p.A.	100	
	Tecnocram S.r.l.	91.5	
	Tosca Ascensori S.r.l.	66.67	
	Unilift S.r.l.	89.97	
	Vitali Ascensori S.r.l.	100	
Kazakhstan	KONE Kazakhstan LLP	100	
Kenya	KONE Kenya Limited	49	
Kuwait	Al-Sabriyah Elevators and Escalators Company, W.L.L.	49	
Latvia	SIA KONE Lifti Latvija	100	0.5
Lithuania	UAB KONE	100	100
Luxembourg	KONE Luxembourg Sàrl	100	
Macedonia	KONE Makedonija Dooel Skopje	100	
Malaysia	KONE Elevator (M) Sdn. Bhd.	29.88	29.88
Mexico	KONE Industrial, S.A. de C.V.	100	
	KONE Mexico, S.A. de C.V.	100	0.1
Monaco	S.A.M. KONE	99.87	
Montenegro	KONE d.o.o. Podgorica	100	
Morocco	KONE Elevators and Escalators Sàrl AU	100	100
Netherlands	Hissi B.V.	100	
	KDB Holding B.V.	100	
	KDB Netherlands B.V.	100	
	KONE B.V.	100	
	KONE Deursystemen B.V.	100	
	KONE Finance Holding B.V.	100	
	KONE Holland B.V.	100	100
	KONE Nederland Holding B.V.	100	
New Zealand	KONE Elevators (NZ) Limited	100	
	Orbitz Elevators (NZ) Pty Limited	100	
Norway	KDB Norway AS	100	
	KONE Aksjeselskap	100	100
	KONE Dører og Rulletrapper AS	100	100
Oman	KONE Assarain LLC	70	
Philippines	Elevators Philippines Construction, Inc.	39.80	
	KPI Elevators, Inc.	99.99	
Poland	KONE Sp.z o.o.	100	100

Country/Region	Company	Shareholding %	
		Group	Parent company
Portugal	KONE Portugal - Elevadores, Lda.	100	1
Qatar	KONE Elevators W.L.L.	49	49
Romania	KONE Ascensorul S.A.	100	99.99
Saudi Arabia	KONE Areeco Limited	50	10
	KONE Regional Headquarters LLC	100	
Serbia	KONE d.o.o. Beograd-Novi Beograd	100	
Singapore	KONE Pte Ltd.	100	
Slovak Republic	KONE Business Services, s.r.o.	100	100
	KONE s.r.o.	100	100
Slovenia	KONE d.o.o.	100	100
South Africa	Addo Private Equity Fund 2 (Pty) Ltd.	100	
	KONE Elevators South Africa (Pty) Ltd	100	
	United Elevators (Pty) Ltd.	100	
Spain	Ascensores HERCO S.L.	100	
	Ascensores Muguerza, S.A.U.	100	
	KONE Elevadores, S.A.	100	99.99
	Neulift, S.L.	100	
	Serki Instalaciones Y Servicios S.I.	98	
	Técnicas Autocontrol, S.L.U.	100	
Sweden	KDB Sweden AB	100	
	KONE AB	100	
Switzerland	KONE (Schweiz) AG	100	100

Country/Region	Company	Shareholding %	
		Group	Parent company
Taiwan, China	Kang-En Taiwan Elevator Technology Service Co., Ltd	100	
	KONE Elevators Taiwan Co. Ltd	100	
Thailand	KONE Public Company Limited	84.08	
	Thai Elevators and Escalators Company Limited	74	
	Thai Elevators Holding Company Limited	49	
Tunisia	KONE Elevators & Escalators Assembly	100	
	KONE Elevators & Escalators Sarl	100	
Türkiye	KONE Asansör Sanayi ve Ticaret A.S.	100	
Uganda	KONE Uganda Limited	100	
Ukraine	KONE Lifts LLC	100	
United Arab Emirates	KONE (Middle East) LLC	49	49
United Kingdom	Consult Lift Services Ltd	100	
	KONE Pension Trustees Ltd.	100	
	KONE Plc	100	100
	KONE (NI) Limited	100	
USA	ENOK Electrical Company, LLC	100	
	KONE Holdings, Inc.	100	
	KONE Inc.	100	
	Marine Elevators LLC	100	
Vietnam	KONE Vietnam Limited Liability Company	100	

Board of Directors' dividend proposal and signatures

Board of Directors' dividend proposal

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

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.7975 be paid on the outstanding 76,208,712 class A shares and EUR 1.80 on the outstanding 441,319,396 class B shares, resulting in a total amount of proposed dividend of EUR 931,360,072.62. The Board of Directors further proposes that the remaining distributable profits, EUR. 2,283,821,178.51 be retained and carried forward.

The Board proposes that the dividend payment date is March 14, 2025.

Signatures to the Board of Directors' report and Financial statements

The financial statements, prepared in accordance with applicable accounting regulations, give a true and fair view of the assets, liabilities, financial position, and profit or loss of both the company and the group of companies included in its consolidated financial statements.

The management report contains a fair review of the development and performance of the business operations of both the company and the group of companies included in its consolidated financial statements, as well as a description of the most significant risks and uncertainties and other aspects of the company's condition.

The sustainability report included in the management report has been prepared in accordance with the reporting standards referred to in Chapter 7 and Article 8 of the Taxonomy Regulation.

Helsinki, February 11, 2025

Antti Herlin

Jussi Herlin

Matti Alahuhta

Susan Duinhoven

Marika Fredriksson

Iiris Herlin

Timo Ihamuotila

Ravi Kant

Krishna Mikkilineni

Philippe Delorme,
President & CEO

The Auditor's Note

Our auditor´s report has been issued today.

Helsinki, February 11, 2025

Ernst & Young Oy
Authorized Public Accountants

Heikki Ilkka
Authorized Public Accountant

Auditor’s report

(Translation of the Finnish original)

To the Annual General Meeting of KONE Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of KONE Corporation (business identity code 1927400-1) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.2 to the consolidated financial statements and note 5 to the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.
We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter

Revenue recognition of new equipment and modernization sales and related accruals
The accounting principles and disclosures about revenue recognition of new equipment and modernization sales and related accruals are included in notes 1 and 2.1.
 	
In accordance with its accounting principles KONE applies the percentage of completion (PoC) method for recognizing revenue over time from new equipment and modernization contracts. The percentage of completion is based on the cost-to-cost method. In year 2024, approximately 60 % percent of the KONE´s sales of 11,1 billion euros were recognized under the PoC method.
 	
The recognition of revenue by applying PoC method and the estimation of the outcome of projects require significant management judgement in estimating the cost-to-complete. We assessed the risk to mainly relate to the stage of completion of projects, which were incomplete at 31 December 2024.
 	
The Group makes several types of accruals related to risks associated with revenue recognition by applying PoC method. These accruals require high level of management judgment.
 	
Based on above, revenue recognition based on PoC method, including related accruals, was a key audit matter. Revenue recognition based on PoC method was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).
	Our audit procedures to address the risk of material misstatement in respect of the revenue recognition from new equipment and modernization projects, included, among others:
	
	• Assessment of the Group's accounting policies over revenue recognition over time and recognition of project related accruals.
	• Gaining an understanding of the revenue recognition process including related accruals.
	• Inspecting on a sample basis the project documentation such as contracts and other written communication.
	• Testing on a sample basis the percentage of completion and accrual calculations and the inputs of estimates in the calculations, as well as comparing the estimates to actuals.
	• Analytical procedures.
	• Evaluation of financial development and current status by
	  ○ analyzing the changes in assumptions relating to estimated revenues, costs, and related accruals and receipts of project payments, and
	  ○ discussions with different levels of the organization including project level and financial organization.
	• Performing inquiries with management with regards to any significant events or legal matters that could affect the project estimates and provisions.
	• Assessing the Group's disclosures in respect of revenue recognition and related accruals.

Valuation of accounts receivable *The accounting principles and disclosures relating to accounts receivable are included in notes 1 and 3.2.* Valuation of accounts receivable was a key audit matter due to the significance of the account balance and because valuation requires management to make significant judgments especially due to uncertainties related to Chinese real estate market. Valuation of accounts receivable requires management to evaluate the probability of the recoverability of receivables and to record an impairment loss for doubtful accounts over the portion for which payment is unlikely. As of balance sheet date 31 December 2024, the carrying value of accounts receivable amounted to 2 494,8 million euros. The carrying value of account receivable shown in the balance sheet as of 31 December 2024 is a result of gross receivables deducted by reserve of expected credit losses which is based on management's judgment and amounting to 458,8 million euros as of 31 December 2024.	We performed, among others, the following audit procedures: • We evaluated the valuation methods applied on valuation of accounts receivable as well as performed quarterly analyses of overdue and undue gross receivable balance development and corresponding movement in expected credit loss reserve during the year. • We sent receivable balance confirmation requests to counterparties and compared trade receivable balances to subsequent cash receipts. • We analysed management's estimates of expected credit losses of the most significant aged and overdue receivables considering historical payment patterns as well as recent communications with the counterparties and dunning procedures. • We considered the appropriateness of the Group's disclosures in respect of trade receivables.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting with effect from 2 March 2021, and our appointment represents a total period of uninterrupted engagement of 4 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor’s report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 11 February, 2025

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Independent Auditor’s Report on the ESEF Consolidated Financial Statements of KONE Oyj

(Translation of the Finnish original)

To the Board of Directors of KONE Oyj

We have performed a reasonable assurance engagement on the financial statements KONE-2024-12-31-fi.zip of Kone Oyj (y-identifier: 1927400-1) that have been prepared in accordance with the Commission’s regulatory technical standard for the financial year ended 31.12.2024.

Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the company’s report of Board of Directors and financial statements (the ESEF financial statements) in such way that they comply with the regulatory technical standard adopted by the European Commission. This responsibility includes:

- preparing the ESEF-financial statements in XHTML format in accordance with Article 3 of the Commission’s regulatory technical standard
- tagging the primary financial statements, notes and company’s identification data in the consolidated financial statements that are included in the ESEF financial statements with iXBRL tags in accordance with Article 4 of the Commission’s regulatory technical standard and
- ensuring the consistency between the ESEF financial statements and the audited financial statements

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance with the requirements of the Commission’s regulatory technical standard.

Auditor’s Independence and Quality Management

We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to the engagement we have performed, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor’s Responsibilities

Our responsibility is to, in accordance with Chapter 7, section 8 of the Securities Market Act, provide assurance on the financial statements that have been prepared in accordance with the Commission’s technical regulatory standard. We express an opinion on whether the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, in accordance with the requirements of Article 4 of the Commission's regulatory technical standard.

Our responsibility is to indicate in our opinion to what extent the assurance has been provided. We conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000.

The engagement includes procedures to obtain evidence on:

- whether the primary financial statements in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether the notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements have been tagged, in all material respects, with iXBRL tags in accordance with the requirements of Article 4 of the Commission's regulatory technical standard and
- whether there is consistency between the ESEF financial statements and the audited financial statements.

The nature, timing and extent of the selected procedures depend on the auditor’s judgement. This includes an assessment of the risk of material deviations due to fraud or error from the

requirements of the Commission’s technical regulatory standard. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

Our opinion pursuant to Chapter 7, Section 8 of the Securities Markets Act is that the primary financial statements, notes and company's identification data in the consolidated financial statements that are included in the ESEF financial statements of Kone Oyj KONE-2024-12-31-fi.zip for the financial year ended 31.12.2024 have been tagged, in all material respects, in accordance with the requirements of the Commission's regulatory technical standard.

Our opinion on the audit of the consolidated financial statements of Kone Oyj for the financial year ended 31.12.2024 has been expressed in our auditor's report dated 11.2.2025. With this report we do not express an opinion on the audit of the consolidated financial statements nor express another assurance conclusion.

Helsinki 11.2.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Heikki Ilkka
Authorized Public Accountant

Assurance report on the sustainability statement

(Translation of the Finnish original)

To the Annual General Meeting of Kone Oyj

We have performed a limited assurance engagement on the group sustainability statement of Kone Oyj (1927400-1) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability statement does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Kone Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability statement with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability statement as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the *Responsibilities of the Group Sustainability Auditor* section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other Matter

We draw attention to the fact that the group sustainability statement of Kone Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability statement. Our opinion is not modified in respect of this matter.

Group sustainability auditor´s Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Kone Oyj are responsible for:

- the group sustainability statement and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability statement with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability statement that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Statement

The preparation of the group sustainability statement requires a materiality assessment from the company in order to identify relevant disclosures. This significantly involves management judgment and choices. Group sustainability reporting is also characterized by estimates and assumptions, as well as measurement and estimation uncertainty.
The determination of greenhouse gases is subject to inherent uncertainty due to the incomplete scientific data used to determine the emission factors and the numerical values needed to combine emissions of different gases.
In addition, when reporting forward-looking information, the company must make assumptions about possible future events and disclose the company's possible future actions in relation to these events. The actual outcome may be different because predicted events do not always occur as expected.

Responsibilities of the Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion.
Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability statement.
Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability statement, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Our procedures included for ex. the following:

- We have interviewed the key persons responsible for collecting and reporting the information included in the group sustainability statement.
- Through interviews, we gained an understanding of the group's control environment related to the group sustainability reporting process.
- We evaluated the implementation of the company's double materiality assessment process against the requirements of ESRS standards and the compliance of the information provided for the double materiality assessment with ESRS standards.
- We assessed whether the group sustainability statement in material respect meets the requirements of ESRS standards for material sustainability topics:
    - We have tested the accuracy of the information presented in the group sustainability statement by comparing the information on a sample basis with supporting company documentation.
    - We have on a sample basis performed analytical assurance procedures and related inquiries, recalculation and inspected documentation, as well as tested data aggregation to assess the accuracy of the group sustainability statement.
- We gained an understanding of the process by which a company has defined taxonomy-eligible and taxonomy-aligned economic activities and evaluate the regulatory compliance of the information provided.

Helsinki 11.2.2025

Ernst & Young Oy
Authorized Sustainability Audit Firm

Heikki Ilkka
Authorized Sustainability Auditor

Corporate Governance Statement

KONE's Corporate Governance Statement for the financial year 2024 has been prepared in accordance with the requirements of the Finnish Corporate Governance Code 2025. KONE Corporation complies with the Finnish Corporate Governance Code 2025 issued by the Securities Market Association, with the exception of recommendations 17 (Independence of the company of the members of the remuneration committee) and 18 (Independence of the company of the members of the nomination committee). These exceptions are due to the company's ownership structure. The company's largest shareholder, Antti Herlin, controls 62 percent of the company's voting rights and 23 percent of its shares. The significant entrepreneurial risk associated with ownership is considered to justify the main shareholder serving as the Chairman of the Board of Directors and a member of the Board's Nomination and Compensation Committee and, in this capacity, overseeing shareholders' interests.

The Corporate Governance Code in its entirety is available at the Securities Market Association website www.cgfinland.fi. This statement is available on the company's website at www.kone.com and it has been issued separately of the Board of Directors' Report.

Regulatory Framework

KONE follows, among others, the Finnish Limited Liability Companies Act, the Securities Markets Act and other laws and regulations applicable to publicly listed companies in Finland, its Articles of Association, the Rules of the Helsinki Stock Exchange, as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority.

Governing Bodies

KONE's governance bodies and officers with the greatest decision-making power are the General Meeting of Shareholders, the Board of Directors of KONE Corporation, the Chairman of the Board and the President and CEO. The Board of Directors is responsible for the administration of the company and the appropriate organization of its operations.

The President and CEO, supported by the Executive Board, is responsible for operative management of the company.

Annual General Meeting

At the Annual General Meeting, the shareholders of the company exercise their decision-making power. The Annual General Meeting of Shareholders decides on the matters stipulated in the Finnish Companies Act and the Articles of Association, including the shareholders approve the consolidated financial statements, decide on the distribution of profits, select the members of the Board of Directors and the auditors and determine their compensation.

KONE Corporation's Annual General Meeting is convened by the Board of Directors. According to the Articles of Association, the Annual General Meeting of Shareholders shall be held within three months of the closing of the financial year on a date decided by the Board of Directors.

Board of Directors

Duties and responsibilities

The Board of Directors' duties and responsibilities are defined primarily by the Articles of Association and the Finnish Limited Liability Companies' Act. The Board's duties include:

- ensuring appropriate arrangement of the control of the company accounts and finances
- approving the financial statements, the Board's report including the Sustainability Statement, the Corporate Governance Statement as well as the interim reports
- monitoring and evaluating the financial and sustainability reporting processes, the efficiency of the company's internal control, internal audit and risk management systems
- preparing issues to be presented to the shareholders' meeting
- appointing the President and CEO, and determining his/her remuneration
- approving the remuneration policy and remuneration report
- approving and confirming strategic guidelines and the principles of risk management
- approving annual budgets and plans
- decisions on the company's corporate structure
- decisions on major acquisitions and investments
- decisions on other matters falling under the Board's responsibility by law.

The Board has created rules of procedure stipulating the duties of the Board, its Chairman and its Committees. The Board of Directors holds seven regular meetings a year and additional meetings as required. The Board of Directors reviews its own performance and procedures once a year.

Members of the Board

The Annual General Meeting elects five to ten members and no more than three deputy members to the Board of Directors in accordance with KONE Corporation's Articles of

Association. The term of the Board of Directors shall expire at the end of the next Annual General Meeting. The Board of Directors elects a Chairman and Vice Chair among its members. The proposals for Board members are prepared by the Nomination and Compensation Committee under the steering of the Chairman of the Board.

The Board has defined the Board diversity policy which gives guidance to the nomination of the Board of Directors. The objective is to have a Board composition that is diverse and balanced, fostering a dynamic and inclusive environment where members' backgrounds complement each other and create synergies that benefit KONE, its stakeholders and operations.

Board members are nominated and selected based on their merits, qualifications, competencies, skills, and integrity as well as their ability to dedicate time and contribute to the Board's overall effectiveness and the strategic direction of the company.

During the preparation and in the proposal to the General Meeting of Shareholders, attention is paid to the board candidates' broad and mutually complementary background, professional experience, expertise, cultural background, nationality, age, gender and views of both KONE's business and other industries. The Board members should have combined experience in different markets and geographies and in strategically important focus areas for KONE. The objective is to have balanced gender representation on the Board. The independence of the members of the Board is assessed in line with the independence criteria of the Finnish Corporate Governance Code.

Committees

The Board of Directors has appointed two committees consisting of its members: the Audit Committee and the Nomination and Compensation Committee. The Board has confirmed rules of procedure for both Committees. The Secretary to the Board acts as the Secretary of both Committees.

The Audit Committee monitors the Group's financial situation and monitors and evaluates reporting processes related to the financial statements and interim reports as well as the sustainability statement. The Audit Committee monitors and evaluates the adequacy and appropriateness of KONE's internal control and risk management, as well as the compliance with rules and regulations. It also deals with the Corporation's internal audit plans and reports. The Head of Assurance reports the internal audit results to the Committee. The Audit Committee also monitors and evaluates how agreements and other transactions between the company and its related parties meet the requirements relating to ordinary business operations and general market terms and monitors and oversees the financial statement and financial reporting process. In addition, the Audit Committee processes the description of the main features of the internal control and risk management systems pertaining to the financial reporting process included in the company's corporate governance statement.

The Audit Committee evaluates the auditing of the Group's companies and the appropriateness of the related arrangements and auditing services and reviews the auditors' reports. Furthermore, the committee monitors and evaluates the independence of the external auditors including particularly the provision of non-audit services to the company and approves the principles of accepting fees for non-audit services. The Audit Committee prepares a proposal to the Annual General Meeting regarding the auditors to be elected for the Corporation. The Audit Committee also monitors the assurance of the sustainability reporting and prepares a proposal for the election of assurance service provider for sustainability reporting.

The Nomination and Compensation Committee prepares proposals to be made to the Annual General Meeting regarding the nomination of Board members and their compensation, makes decisions regarding senior management appointments and compensation and oversees the succession planning of senior management, including the President and CEO. The Committee also decides on the compensation systems to be used, and prepares the remuneration policy and remuneration report for the company's governing bodies.

Management

Chairman of the Board, Executive Vice Chair of the Board and the President and CEO

KONE Corporation's Board of Directors appoints the Chairman of the Board, the possible executive Vice Chair of the Board and the President and CEO. The Board determines the terms and conditions of employment of the executive Vice Chair of the Board and the President and CEO, and these are defined in their respective written contracts. The Chairman of the Board and the Vice Chair of the Board prepare matters to be considered by the Board together with the President and CEO and the corporate staff.

The Chairman of the Board, the Vice Chair of the Board and the President and CEO are responsible for the execution of the targets, plans, strategies and goals set by the Board of Directors within the KONE Group. The President and CEO is responsible for operational leadership within the scope of the strategic plans, budgets, operational plans, guidelines and orders approved by KONE Corporation's Board of Directors. The President and CEO presents operational matters to the Board and is responsible for implementing the decisions of the Board.

Executive Board

The Executive Board supports the President and CEO in executing the corporate strategy. The Executive Board follows business developments, initiates actions and defines operating principles and methods in accordance with guidelines handed down by the Board of Directors and the President and CEO. The Executive Board holds regular monthly meetings and additional meetings as required.

Risk management, internal control, related party transactions and audit

KONE Corporation's Board of Directors has ratified the principles of risk management, internal control and internal auditing to be followed within the Group.

Risk management

The aim of risk management at KONE is to identify the risks and uncertainties related to the achievement of KONE's objectives, assess the likelihood and magnitude of the risks and opportunities and to identify necessary actions to mitigate the negative impacts of identified risks.

KONE's Global Risk Management function develops, coordinates and facilitates systematic risk management integrated into KONE's core business processes and decision-making. KONE's business units are responsible for identifying, assessing and managing risks that can threaten the achievement of their business objectives as part of KONE's strategic planning and budgeting processes.

Key risks are reported to the Global Risk Management function, which consolidates the risk information to the Executive Board. Executive Board members for Areas and global functions are owners of the key risks and opportunities relevant to the objectives of their organization. The Executive Board reviews and approves the Risk Management Policy and approves KONE's risk tolerance. KONE's Board of Directors approves the risk management principles of KONE and is responsible for monitoring and evaluating the effectiveness of KONE's risk management systems. The Board of Directors also reviews key risks and risk treatment action plans and acts, when necessary, on key risks reported to the Board.

Internal control

The aim of KONE's internal control environment is to ensure that the Group's operations are efficient and profitable, risks and opportunities are managed to an acceptable level and that the financial and operational reporting is reliable and in compliance with the applicable regulations, policies and practices.

The Board's Audit Committee monitors the efficiency and functioning of the internal control environment. The management is responsible for establishing and maintaining adequate internal controls and for monitoring their effectiveness as part of operative management. The management is supported by a dedicated Internal Controls function, responsible for facilitating and coordinating the internal control design, implementation and monitoring across the organization.

KONE's internal control framework is built and based on corporate values, the KONE Code of Conduct, a culture of honesty and high ethical standards. The framework is supported by a dedicated leadership, training programs, a positive and diligent corporate culture and working environment as well as by attracting and promoting dedicated and competent employees. Global and local policies and principles are key part of the internal control framework.

KONE's internal controls are designed to manage relevant operational, financial, and compliance risks as part of KONE's processes and employee job roles. Internal controls are supported by global and local policies and principles that are continuously maintained by incorporating changes and developments from the business operations and information systems.

KONE's business units are responsible for implementing the control framework and for monitoring adherence to the globally and locally agreed policies and principles. KONE's Global Finance has the oversight responsibility of the overall framework.

Internal control procedures over financial reporting

Correct financial reporting in KONE's internal control framework means that its financial statements give a true and fair view of the financial performance of the operations and the financial position of the Group and that such statements do not include intentional or unintentional misstatements or omissions both in respect of the figures and level of disclosure.

Corporate-wide financial management and control of operations is coordinated by the Global Finance function and implemented by a network of subsidiary and business entity controllers within KONE.

KONE's monthly business planning and financial reporting process represents a key control procedure within KONE in ensuring the effectiveness and efficiency of operations. This process includes in-depth analyses of deviations between actual performance, budgets, prior year performance and latest forecasts for the business on multiple levels of the organization. The process covers financial information as well as other key performance indicators that measure the operational performance on a business unit and corporate level. The process is designed to ensure that any deviations from plans in terms of financial or operating performance and financial management policies are identified, communicated and reacted upon efficiently, in a harmonized and timely manner. KONE's financial statements are based on this management reporting process.

Financial control tasks are built into the business processes of KONE as well as into the management's ongoing business supervision and monitoring. KONE has established Financial Control Models for the New Building Solutions, Service and Modernization as well as for treasury and tax matters. The models have been defined to ensure that the financial control covers the relevant tasks in an efficient and timely manner.

The interpretation, application and monitoring of the compliance of accounting standards is centralized in the Global Finance function, which maintains, under the supervision of the Audit Committee, the KONE Accounting Standards. Reporting and forecasting contents are defined in the KONE Accounting and Reporting Instructions. These standards and instructions are maintained and updated centrally by the Global Finance function and applied uniformly throughout KONE.

KONE has a global enterprise resource planning (ERP) system which is built to reflect the KONE Accounting Standards and the KONE Accounting and Reporting Instructions. KONE applies a controlled change management process ensuring that no changes to the financial reporting logic of the ERP system can be made without approval from the Global Finance function. Automatic interfaces between different systems are principally applied in the period-end financial reporting process of KONE. Transactional processing is increasingly automated and centralized in dedicated shared service centers.

Effective internal control over record to report processes, from business processes and systems to the financial

More information

The most significant risks and uncertainties related to KONE's business are described in the Board of Directors' Report. Financial risk management is described in notes 2.4 and 5.3 in the Annual Review.

statements, is important in ensuring the correctness of financial reporting. This is driven by the identification of key data elements of the business and the quality of the data to ensure correct financial reporting and forecasting ability.

Internal audit

The Corporation has an internal audit function, KONE Assurance, which operates separately from the management. The purpose, scope, authority, and principles of independence and objectivity of the Assurance function are outlined in the KONE Assurance Charter, approved by the Audit Committee. The KONE Assurance function is responsible for assessing the adequacy and effectiveness of risk management, governance, compliance and internal control systems, and providing recommendations to improve these processes. It reports its findings to the Audit Committee which also approves the risk-based assurance plan. The Head of Assurance, Kristian Snäll, reports to the Vice Chair of the Board.

Related party transactions

KONE evaluates and monitors related party transactions between the company and its related parties. KONE maintains a list of related parties. KONE's related parties comprise its subsidiaries as well as the Board of Directors, the President and CEO, the Executive Board including any companies controlled or significantly influenced by them. KONE's Board of Directors has approved guidelines for how to recognize, handle, approve, monitor and report related party transactions. According to the guidelines, the Corporate Controlling function follows and monitors related party transactions as part of KONE's normal reporting and control procedures and reports related party transactions to the Audit Committee annually.

KONE's Board of Directors decides on any related party transactions which are not considered normal business activities or differ from market terms. KONE reports relevant and material related party transactions annually in the notes of consolidated financial statements.

External audit

The objective of a statutory audit is to express an opinion on whether the consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group, as well as whether the parent company's financial statements give a true and fair view of the parent company's financial performance and financial position. Statutory audit also encompasses the audit of the accounting and governance in the company. The auditor considers whether the information in the Board of Directors' Report is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable legal requirements.

According to the Articles of Association, the company must have a minimum of one and a maximum of three Auditors. The Auditors must be authorized public accountants or authorized public accounting firms. The Auditor is elected at the Annual General Meeting for a term that ends at the conclusion of the Annual General Meeting following the start of the term of the Auditor.

Insiders

KONE Corporation adheres to the insider guidelines of the Nasdaq Helsinki Ltd, which have been supplemented with internal insider guidelines approved by the Board of Directors. In compliance with the Market Abuse Regulation, the person discharging managerial responsibilities in KONE Corporation (managers) include the members and deputy members of the Board of Directors, the President and CEO and the members of the Executive Board. Managers are permitted to trade in KONE shares and other financial instruments of KONE during a six-week period starting on the next day after the publishing of annual and interim results.

KONE does not maintain a list of permanent insiders. The company maintains deal-specific insider lists for projects or events constituting insider information. Deal-specific insiders are prohibited from trading with financial instruments of KONE during the validity of the project. KONE maintains up-to-date information of the persons that participate in the preparation, drawing-up and disclosure of quarterly and year-end financial reports and who, therefore, are subject to the trading restriction during the closed period. The closed period starts six weeks following the publishing of the financial statements bulletin or interim report and ends at the end of the day of publication of the financial statements bulletin/interim report. The person in charge of KONE's insider matters is the Secretary to the Board of Directors.

Corporate governance in 2024

Annual General Meeting

The Annual General Meeting was held in Helsinki, Finland on February 29, 2024.

Board of Directors and committees

The Annual General Meeting elected nine members to KONE's Board of Directors: Antti Herlin (Chairman), Jussi Herlin (Executive Vice Chair), Matti Alahuhta, Susan Duinhoven, Marika Fredriksson, Iiris Herlin, Timo Ihamuotila, Ravi Kant and Krishna Mikkilineni.

A majority of the Board members has international professional experience in various types of positions, and they are, or have been, members of the Board of Directors in both listed and unlisted companies. Each board member has a university degree and three of them a doctorate. These degrees are from various fields, with technical fields and economics in the majority. The members represent five different nationalities. Of the Board members, six (67%) are male and three (33%) are female. Regarding age, 22% of the members are below 50 years of age, 44% between 51-65 and 33% over 65. Diversity of the Board is considered to be at a good level to ensure wide range of perspectives and experience and effective performance of the Board of Directors to support KONE's strategic goals.

Of the Board members, Matti Alahuhta, Susan Duinhoven, Marika Fredriksson, Iiris Herlin, Timo Ihamuotila, Ravi Kant and Krishna Mikkilineni are independent of the Corporation. With the exception of Antti Herlin, Iiris Herlin and Jussi Herlin, the Board members are independent of the Corporation's significant shareholders.

The Board of Directors convened seven times in 2024 in addition to which one Board decision was made without holding a meeting (per capsulam). The average participation rate of the Board members in the meeting was 95%. Niina Vilske serves as Secretary to the Board and to its committees.

Audit committee

The Board of Directors' Audit Committee comprises Marika Fredriksson (Chair, independent member), Susan Duinhoven (independent member), Jussi Herlin and Timo Ihamuotila (independent member).

The Audit Committee held three meetings in 2024. The average participation rate of the Audit Committee members in the meetings was 100%.

Nomination and compensation committee

The Nomination and Compensation Committee comprises Jussi Herlin (Chair), Matti Alahuhta (independent member), Antti Herlin and Susan Duinhoven (independent member).

The Nomination and Compensation Committee held three meetings in 2024. The average participation rate of the Nomination and Compensation Committee members in the meetings was 100%.

President and CEO

Philippe Delorme has served as KONE Corporation's President and CEO since January 1, 2024. KONE Corporation's former President and CEO, Henrik Ehrnrooth, continued as Executive Advisor of KONE until the end of March 2024 to support the transition and induction of the new President and CEO.

Philippe Delorme's holdings of shares are presented in the table on the next page.

Executive Board

At the end of 2024, KONE's Executive Board consisted of the President and CEO and eleven members. Philippe Delorme served as KONE Corporation's President and CEO starting 1 January 2024. The other members of the Executive Board are Nicolas Alchal (interim EVP, Europe), Joe Bao (EVP, Greater China), Axel Berkling (EVP, Commercial & Operations), Kaija Bridger (EVP, People & Communications), Johannes Frände (General Counsel), Samer Halabi (EVP, Asia-Pacific, Middle East and Africa), Ilkka Hara (Chief Financial Officer), Mikko Korte (EVP, Supply Chain), Karla Lindahl (EVP, Europe; on parental leave), Tomio Pihkala (EVP, Chief Technology Officer), Ken Schmid (EVP, Americas) and Kaori Uehigashi (interim EVP, Strategy & Transformation). Susanne Skippari served as an executive board member until June 30, 2024.

Number of Board and Committee meetings in 2024 and participant attendance:

	Board	Audit Committee	Nomination and Compensation Committee
Antti Herlin	6/7		3/3
Jussi Herlin	7/7	3/3	3/3
Matti Alahuhta	7/7	1/1	3/3
Susan Duinhoven	7/7	3/3	2/2
Marika Fredriksson	7/7	3/3	
Iiris Herlin	6/7		
Timo Ihamuotila*	6/6	2/2	
Ravi Kant	6/7		1/1
Marcela Manubens*	1/1		
Krishna Mikkilineni	7/7		

* Marcela Manubens served as Board member until February 29, 2024. Timo Ihamuotila was elected to the Board on February 29, 2024.

Shareholdings of KONE Board on Dec 31, 2024 and changes in shareholding during the period Jan 1–Dec 31, 2024

	Position	Born	Gender	Nationality	Education	Class A shares	Change	Class B shares	Change
Antti Herlin	Chair	1956	Male	Finnish	D.Sc. (Econ.) h.c., D.Arts h.c., D.Sc. (Tech.) h.c.	70,561,608	-	53,062,160	+2,006
Jussi Herlin	Vice Chair	1984	Male	Finnish	M.Sc. (Econ.)			105,467	0
Matti Alahuhta	Member	1952	Male	Finnish	D.Sc. (Tech.), D.Sc. (Tech.) h.c.			757,757	+1,003
Susan Duinhoven	Member	1965	Female	Dutch	Ph.D. (Physical Chemistry), B.Sc. (Physical Chemistry)			4,644	+1,003
Marika Fredriksson	Member	1963	Female	Swedish	M.Sc. (Econ.)			1,882	+1,003
Iiris Herlin	Member	1989	Female	Finnish	M.Soc.Sc., Bachelor of Natural Resources			138,804	+1,003
Timo Ihamuotila	Member	1966	Male	Finnish	Lic. Sc. (Finance)			13,003	+1,003
Ravi Kant	Member	1944	Male	Indian	B.Tech. (Hons.), M.Sc., D.Sc. (Hon.)			5,957	+1,003
Krishna Mikkilineni	Member	1959	Male	American	Ph.D. (Electrical and Computer Engineering), B.Tech. (Electronics and Communications Engineering)			2,840	+1,003

The Executive Board members' holdings of shares are presented in the adjacent table.

Auditing

KONE Corporation's Auditor is audit firm Ernst & Young Oy. The auditor-in-charge is Heikki Ilkka. The fees paid to Ernst & Young Oy during 2024 were EUR 1.3 million for auditing and EUR 1.1 million for tax and other services.

Insiders

The shareholding of the members of the Board of Directors, the Management of KONE and the corporations under their control amounted to 125,069,627 shares on December 31, 2024, which represents 23.6% of total shares and 62.5% of voting rights. Antti Herlin's ownership is 123,623,768 shares and 75,867,824 votes. The individual holdings of the members of the Board of Directors and the KONE Management, and the changes occurred in them during the financial year, are presented in the adjacent tables.

Related party transactions

Except for management remuneration, there have not been any material transactions between KONE and its members of the Board of Directors, the President & CEO or the members of the Executive Board including any companies controlled or significantly influenced by them.

Shareholdings of KONE Management on Dec 31, 2024 and changes in shareholding during the period Jan 1–Dec 31, 2024

	Position	Born	Gender	Nationality	Education	Class B shares	Change
Philippe Delorme	President and CEO	1971	Male	French	M.Sc. (Manufacturing), MBA (International Business)	0	
Nicolas Alchal	Executive Vice President, Europe (interim)	1981	Male	Greek	M.Sc. (Electrical Engineering), MBA (Business Administration)	5,773	+1,478
Joe Bao	Executive Vice President, Greater China	1982	Male	American	B.A. (Management Information Systems)	0	
Axel Berkling	Executive Vice President, Commercial & Operations	1967	Male	German	M.Sc. (Econ)	75,226	+6,252
Kaija Bridger	Executive Vice President, People & Communications	1972	Female	Finnish	M.Sc. (Psychology)	95	
Johannes Frände	General Counsel	1979	Male	Finnish	LL.M., M.Sc. (Computer Science)	5,494	+4,015
Samer Halabi	Executive Vice President, Asia-Pacific, Middle East and Africa	1970	Male	Dominican	M.Sc. (Mechanical Engineering)	40,140	+8,029
Ilkka Hara	Chief Financial Officer	1975	Male	Finnish	M. Sc. (Finance and Accounting)	61,311	+6,022
Mikko Korte	Executive Vice President, Supply Chain	1968	Male	Finnish	M.Sc. (Eng)	66,778	+6,022
Karla Lindahl	Executive Vice President, Europe (on parental leave)	1981	Female	Finnish	LL.M., M.A. (EC Competition Law)	11,444	+1,505
Tomio Pihkala	Chief Technology Officer	1975	Male	Finnish	M.Sc. (Mechanical Engineering)	119,680	+6,022
Ken Schmid	Executive Vice President, Americas	1963	Male	American	MBA (Business Administration)	29,564	+5,048
Kaori Uehigashi	Executive Vice President, Strategy & Transformation (interim)	1979	Female	Finnish	M.Sc. (Industrial Engineering)	0	

More information

As of July 3, 2016, the trades of KONE Board and Management are published as stock exchange releases.

Board of Directors

Antti Herlin
Chairman of the Board
b. 1956, D.Sc. (Econ.) h.c., D.Arts h.c., D.Sc. (Tech) h.c.
Member of the Board since 1991.
Has served as Chairman of the Board since 2003. Previously served as Executive Chairman of the Board of KONE 2006–2021, as CEO of KONE 1996–2006, and as Deputy Chairman 1996–2003.
Current key positions of trust are Chairman of the Board of Security Trading Oy, Chairman of the Board of Holding Manutas Oy, and Chairman of the Board of the Tiina and Antti Herlin Foundation.

Jussi Herlin
Vice Chair of the Board
b. 1984, M.Sc. (Econ)
Member of the Board since 2012.
Has served as Executive Vice Chair of the Board of KONE since 2021 and Vice Chair of the Board since 2014.
Previously served as Senior Business Analyst and Strategy Development Manager at KONE 2016–2020, as Consultant at Accenture 2012–2014, and as Deputy Member of the Board of KONE Corporation 2007–2012.
Current key positions of trust are Member of the Board of Security Trading Oy, Member of the Board of Holding Manutas Oy, Member of the Board of Technology Industries of Finland and Member of the Board of the KONE Centennial Foundation.

Matti Alahuhta
b. 1952, D. Sc. (Tech.), D.Sc. (Tech.) h.c.
Member of the Board since 2003.
Previously served as President and CEO of KONE 2006-2014, as President of KONE 2005-2006, as Executive Vice President of Nokia Corporation 2004, as President of Nokia Mobile Phones 1998-2003, as President of Nokia Telecommunications 1993-1998, and as SVP, Public Networks 1992 and VP, Dedicated Networks 1986-1991 in Nokia Telecommunications.
Current key positions of trust are Chairman of the Board of DevCo Partners Corporation and Member of the Board of Volvo Group (publicly listed company).

Susan Duinhoven
b. 1965, Ph.D. (Physical Chemistry), B. Sc. (Physical Chemistry)
Member of the Board since 2020.
Previously served as President and CEO of Sanoma Corporation (publicly listed company) from 2015 till January 1, 2024. Previously served as CEO of Koninklijke Wegener N.V. 2013–2015, as CEO of Western Europe / CEO Netherlands at Thomas Cook Group Plc 2010–2013, as Managing Director of Benelux & New Acquisitions Europe at Reader's Digest 2008–2010, and as CEO at De Gule Sider A/S 2005–2007. Started her career at Unilever in 1988.

Marika Fredriksson
b. 1963, M.Sc. (Econ.)
Member of the Board since 2023.
Previously served as CFO and Group Executive Vice President of Vestas Wind Systems A/S 2013–2022, CFO of Gambro AB 2009–2012, CFO of Autoliv Inc. 2008–2009, and has held various positions, including CFO and Senior Vice President Finance and Strategy at Volvo Construction Equipment Corporation 1996–2008.
Current key positions of trust are Member of the Board of A.P. Møller - Maersk A/S (publicly listed company), Member of the Board of AB Industrivärden (publicly listed company), Member of the Board of Sandvik AB (publicly listed company), Member of the Board of Ecolean AB, and Chairman of the Board of emagine Consulting.

Iiris Herlin
b. 1989, M.Soc.Sc., Bachelor of Natural Resources
Member of the Board since 2015.
Previously served as Deputy Member of the Board 2013–2014.
Current key positions of trust are Member of the Board of Security Trading Oy and Member of the Board of the Tiina and Antti Herlin Foundation.

Timo Ihamuotila
b. 1966, Lic. Sc. (Finance)
Member of the Board since 2024
Serves as CFO of ABB Ltd since 2017. Previously served as CFO of Nokia Corporation 2009–2016, Executive Vice-President, Sales, Markets of Nokia Corporation 2008–2009, and has held various other positions at Nokia Corporation, including Executive Vice-President, Sales and Portfolio Management, Mobile Phones 2007, Senior Vice-President, CDMA Business Unit, Mobile Phones 2004–2007, director positions in the finance function 1999–2004 and Manager of Dealing & Risk Management 1993–1996. Prior to that, he served as Vice-President of Nordic Derivatives Sales at Citibank Plc 1996–1999 and Analyst, Assets and Liability Management at Kansallis-Osake-Pankki 1990–1993.
Current key position of trust as a member of the board of Oras Invest Oy.

Ravi Kant
b. 1944, B.Tech. (Hons.), M.Sc., D.Sc. (Hon)
Member of the Board since 2014.
Previously served in different positions at Tata Motors 1999–2014 (as Managing Director and CEO 2005–2009 and after that as the Vice Chairman of the Board of Directors until 2014). Prior to that, he served as Director, Consumer Electronics at Philips India, as Director (Marketing) at LML Ltd., and as Vice President (Marketing) at Titan Watches Ltd.
Current key positions of trust are Member of the Board of Hawkins Cookers Ltd (publicly listed company), and Chairman of the Advisory Board of both MedTherapy India and Akhandjyoti Eye Hospital.

Krishna Mikkilineni
b. 1959, Ph.D. (Electrical and Computer Engineering), B.Tech. (Electronics and Communications Engineering).
Member of the Board since 2022.

Previously served in different positions at Honeywell International Inc. both in the U.S.A. and India 1985–2019 (latest positions were Chief Technology Officer, Chief Information Officer, Chief of Integrated Supply Chain & Customer Service globally across the Honeywell Corporation). Prior to that, he was President of Honeywell Technology Solutions.
Current key positions of trust are Senior Advisor for various start-ups, General Partner in a Venture Capital fund, Member of the Board of CompoSecure Inc. (publicly listed company), and Member of the Board of a Private Equity firm. He actively manages a private philanthropic foundation focused on education and elderly care.

Marcela Manubens served as a Board member until February 29, 2024. Timo Ihamuotila was elected to the Board on February 29, 2024.

Executive Board

Philippe Delorme
President and CEO
b. 1971, M.Sc. (Manufacturing), MBA (International Business)
President and CEO of KONE and employed by the company since 2024.
Prior to joining KONE, he worked at Schneider Electric in various roles, most recently as Executive Vice President, Europe Operations. Prior to that he held key positions in the areas of strategy, technology, operations, and sales in Europe, the US and Asia. He was a member of the Schneider Electric Executive Committee from 2009 to 2023.

Nicolas Alchal
Europe (interim)
b. 1981, M.Sc. (Electrical Engineering), MBA (Business Administration)
Member of the Executive Board since March 2024. Employed by KONE since 2011.
Previously served at KONE as Managing Director for Middle East, Türkiye and Africa 2022–2024, as New Equipment Business Director and Delivery Operations Director for South Europe, Middle East and Africa 2019– 2021, and as Managing Director for UAE, Qatar, Oman and Bahrain 2011–2018.
Prior to joining KONE, he worked in various leadership roles at ThyssenKrupp Elevator in the United Arab Emirates 2007–2011.

Joe Bao
Greater China
b. 1982, B.A. (Management Information Systems)
Member of the Executive Board and employed by KONE since October 2022.
Previously served as President of Microsoft China 2021–2022, as well as in various leadership roles in the areas of sales, marketing, and strategy at both Microsoft Corporate headquarters and the Greater China Region 2004–2021.
Current key positions of trust: Member of the Board of Governors for FinnCham Shanghai.

Axel Berkling
Commercial & Operations
b. 1967, M.Sc. (Econ.)
Member of the Executive Board since 2016. Employed by KONE since 1998.
Previously served at KONE as Executive Vice President, Strategy & Transformation July–October 2023, as Executive Vice President, Central and North Europe 2021–2023, as Executive Vice President, Asia-Pacific 2016–2021, as Managing Director, KONE Germany 2012–2016, and in various regional commercial roles (including Service Director in Germany) 2007–2012. Prior to joining KONE, he served at Nass Magnet GmbH as Managing Director 1996–1998 and at Arthur Andersen in different roles 1992–1995.

Kaija Bridger
People & Communications
b. 1972, M.Sc. (Psychology)
Member of the Executive Board since 2024. Employed by KONE since 2015.
Previously served at KONE as Vice President, People & Communications for KONE Asia-Pacific, Middle East, and Africa 2022–2024 and as Head of Talent Management and Culture 2015–2022. Prior to joining KONE, she worked in various Human Resources consulting positions at Psycon Oy and Cubiks Finland Oy 2000–2015.

Johannes Frände
General Counsel
b. 1979, LL.M., M.Sc. (Computer Science)
Member of the Executive Board since 2021. Employed by KONE since 2012.
Previously served as Secretary to the KONE Board of Directors 2022–June 2024, Head of Legal for KONE's Service Business and KONE's Technology and Innovation unit 2017–2021 and as Senior Legal Counsel 2012–2016. Prior to joining KONE, he worked as an attorney at Roschier Attorneys Ltd. 2005–2007 and 2009–2012 and at Debevoise & Plimpton LLP 2008–2009.

Samer Halabi
Asia-Pacific, Middle East and Africa
b. 1970, M.Sc. (Mechanical Engineering)
Member of the Executive Board since 2021. Employed by KONE since 2001.
Previously served at KONE as Regional Managing Director, KONE Middle East and Africa 2010–2021, as Managing Director, KONE Qatar 2007–2010, as Managing Director, KONE Distributor Business 2004–2007, and in various other leadership roles in the Middle East and Africa region 2001–2004.

Ilkka Hara
Chief Financial Officer
b. 1975, M.Sc. (Econ.)
Member of the Executive Board and employed by KONE since 2016.
Previously served at KONE as interim leader for the South Europe and Mediterranean region between December 2022 and June 2023. Prior to joining KONE, he served at Microsoft Phones as General Manager and Chief Financial Officer 2014–2016, and at Nokia in various leadership roles 2004–2014. Prior to this, he worked at ABN AMRO 2003–2004 and at Morgan Stanley 2001–2003.
Current key positions of trust: Member of the Board of Directors at Hartili Oy and Member of the Board of Helsinki School of Economics Support Foundation.

Mikko Korte
Supply Chain
b. 1968. M.Sc. (Eng)
Member of the Executive Board since 2016. Employed by KONE since 1995.
Previously served at KONE as Executive Vice President, Operations Development 2016–2023, Head of New Equipment Business, KONE Americas 2013–2015, as Managing Director, KONE Finland and Baltics 2011–2013, as Service Director, KONE Central and North Europe 2007–2011, as Service Business Director, KONE Scandinavia

2004–2007, and as Service Operations Manager, KONE Finland 1999–2004.

Karla Lindahl

Europe (on parental leave)

b. 1981, LL.M., M.A. (EC Competition Law)
Member of the Executive Board since April 2022. Employed by KONE since 2004.
Previously served at KONE as Executive Vice President, South Europe and Mediterranean 2022–2023, as Managing Director, KONE Finland and Baltics 2017–2022, as Vice President, Strategy Development and Market Intelligence 2016–2017, as Vice President, Strategy Development and Investor Relations 2014–2016, as Director, Investor Relations 2010–2014, as Legal Counsel 2005–2010, and as Assistant Legal Counsel 2004–2005.
Current key position of trust: Member of the Board of NKT A/S.

Tomio Pihkala

Chief Technology Officer

b. 1975, M.Sc. (Mechanical Engineering)
Member of the Executive Board since 2013. Employed by KONE since 2001.
Previously served at KONE as Executive Vice President, New Equipment Business 2019–2023, as Executive Vice President, Chief Technology Officer 2015–2019, as Executive Vice President, Operations Development 2013–2015, as Vice President, Technology Finland 2011–2013, as Director, Service Equipment Business, KONE China 2009–2010, and as Director, Product Strategy and Marketing, KONE China 2007–2008.
Current key positions of trust: Member of the Board of Toshiba Elevator and Building Systems Corporation and Member of the Board of Vexve Oy.

Ken Schmid

Americas

b. 1963, B.A. (History), MBA (Business Administration)
Member of the Executive Board since 2020. Employed by KONE since 1986 (Montgomery Elevator Company until 1994).
Previously served at KONE as Senior Vice President, Finance, KONE Americas 2005–2020, as Senior Vice President, Global Information Services 2003–2005, as Senior Vice President, Chief Information Officer, KONE Americas 1998–2003, as Vice President, Quality 1995–1998, and in various new equipment sales roles in multiple branch offices.
Current key positions of trust: President, Board of Directors, National Elevator Industry, Inc. (NEII).

Kaori Uehigashi

Strategy & Transformation (interim)

b. 1979, M.Sc. (Industrial Engineering)
Member of the Executive Board and employed by KONE as of January 2024.
Previously served as Managing Director and Senior Partner at Boston Consulting Group (BCG) since 2017 and has most recently acted as the Managing Partner for BCG in Finland 2021–2023.

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

Kaori Uehigashi was appointed interim Executive Vice President for Strategy & Transformation as of January 4, 2024.

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

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

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

As of January 1, 2025 KONE's Executive Board consisted of the following members: Philippe Delorme (President and CEO), Joe Bao (EVP, Greater China), Axel Berkling (EVP, Commercial & Operations), Kaija Bridger (EVP, People & Communications), Johannes Frände (Legal Counsel), Samer Halabi (EVP, Asia-Pacific, Middle East and Africa), Ilkka Hara (Chief Financial Officer), Mikko Korte (EVP, Supply Chain), Nicolas Alchal (interim EVP, Europe), Tomio Pihkala (EVP, Chief Technology Officer), Ken Schmid (EVP, Americas) and Kaori Uehigashi (interim EVP, Strategy & Transformation).

More information

This statement is available on the company's web pages at www.kone.com and it has been given separately of the Board of Directors' Report.

Information for shareholders

Annual General Meeting

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

Further instructions and schedules for shareholders can be found on KONE's website at kone.com and in the Notice to the General meeting.

At general meetings, each KONE class A share is assigned one vote, as is each block of 10 class B shares, with the provision that each shareholder is entitled to at least one vote.

Payment of dividends

The Board of Directors proposes to the Annual General Meeting that for the financial year 2024 a dividend of EUR 1.7975 be paid for each class A share and a dividend of EUR 1.80 be paid for each class B share. All shares existing on the dividend record date, March 7, 2025 are entitled to the dividend. The dividend is proposed to be paid on March 14, 2025.

Listing of KONE securities

KONE Corporation has two classes of shares: the listed class B shares and the non-listed class A shares. The KONE class B shares are listed on the Nasdaq Helsinki Ltd. and are registered at Euroclear Finland Ltd.

More information

For more information on the Board of Directors' proposal for the distribution of profit and Shares and shareholders, please refer to the Board of Directors' Report.

Investor relations

Investor relations policy

KONE strives to offer liquid shares that present an attractive investment alternative to domestic and foreign investors. The primary task of KONE's Investor Relations is to ensure that the market has correct and sufficient information at its disposal in order to determine the value of the KONE share at all times. The aim of KONE's written communications, such as the financial statements and interim reports, the sustainability report, stock exchange and press releases, the internet pages as well as that of all other communication with investors and analysts is to accomplish this task.

In all of its communications, KONE complies with the requirements for listed companies as defined by EU legislation, the Finnish Securities Markets Act, the rules of the Nasdaq Helsinki Ltd. and any other applicable regulation concerning prompt and simultaneous disclosure of information.

Silent period

KONE observes a period of silence prior to releasing its financial results. This means that there are no discussions regarding financial issues with the capital markets or the financial media during the three-week period preceding the publication of interim results and the four-week period preceding the publication of the annual financial statements. This applies to meetings, telephone conversations and other means of communication.

Contact information

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KONE's financial reporting schedule 2025

Financial Statements Bulletin for 2024	Thursday, January 30, 2025
Annual Review 2024 incl. Financial Statements	Wednesday, February 12, 2025
Interim Report for January 1–March 31, 2025	Wednesday, April 30, 2025
Half-year Financial Report for January 1–June 30, 2025	Friday, July 18, 2025
Interim Report for January 1–September 30, 2025	Thursday, October 23, 2025

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.

KONE Corporation

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