



KONE Q1 2024

Interim report for January–March

Dedicated to
People Flow™

KONE's January–March 2024 review:

Good start to the year with sales growth and improved profitability

January–March 2024

- Orders received declined by 1.2% to EUR 2,235.7 (1–3/2023: 2,263.1) million. At comparable exchange rates, orders grew by 1.6%.
- Sales grew by 0.5% to EUR 2,568.2 (2,556.6) million. At comparable exchange rates, sales grew by 2.7%.
- Operating income (EBIT) was EUR 262.4 (238.3) million or 10.2% (9.3%) of sales. Adjusted EBIT was EUR 262.4 (241.9) million or 10.2% (9.5%) of sales.¹
- Cash flow from operations (before financing items and taxes) was EUR 398.2 (456.0) million.

Business outlook for 2024 (specified)

KONE expects its sales to grow 0–5% at comparable exchange rates in 2024. Adjusted EBIT margin is expected to be in the range of 11.5%–12.3%. Assuming that foreign exchange rates remain at the April 2024 level, the impact of foreign exchange rates on the adjusted EBIT would be limited.

KONE previously expected its sales to be stable or to grow slightly at comparable exchange rates in 2024. The improvement in adjusted EBIT margin was expected to continue in 2024, albeit with less tailwinds than in 2023.

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

Key figures

		1-3/2024	1-3/2023	Change	1-12/2023
Orders received	MEUR	2,235.7	2,263.1	-1.2%	8,577.7
Order book	MEUR	9,133.0	9,176.2	-0.5%	8,715.7
Sales	MEUR	2,568.2	2,556.6	0.5%	10,952.3
Operating income	MEUR	262.4	238.3	10.1%	1,200.1
Operating income margin	%	10.2	9.3		11.0
Adjusted EBIT ¹	MEUR	262.4	241.9	8.4%	1,248.4
Adjusted EBIT margin ¹	%	10.2	9.5		11.4
Income before tax	MEUR	265.7	241.1	10.2%	1,206.1
Net income	MEUR	205.9	185.7	10.9%	931.6
Basic earnings per share	EUR	0.39	0.36	10.5%	1.79
Cash flow from operations (before financing items and taxes)	MEUR	398.2	456.0		1,485.2
Interest-bearing net debt	MEUR	-437.9	-738.8		-1,013.4
Equity ratio	%	32.8	32.5		40.9
Return on equity	%	33.8	30.0		33.0
Net working capital (including financing items and taxes)	MEUR	-921.8	-1,032.3		-861.2
Gearing	%	-20.9	-35.4		-36.4

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

Philippe Delorme, President and CEO:

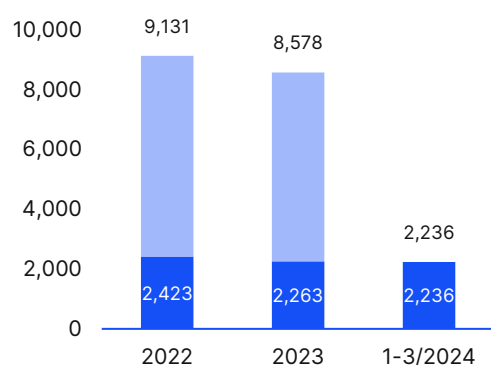
"We had a good start to the year in a mixed operating environment. We had very good orders received in many parts of the world with strongest growth in India, South-East Asia and North America. We won several important infrastructure projects in both Modernization and New Building Solutions and continued to gain market share in Modernization more broadly. At the same time our New Building Solutions orders continued to be negatively impacted by the property market downturn especially in China. Despite this, we are optimistic about the growth opportunities in the markets. We have made a modest upgrade to our market outlook for the New Building Solutions markets in Europe and Americas as well as the Modernization market in Americas.

Overall, our Q1 financial results demonstrated again the resilience of our business. Our sales grew by 3% at comparable exchange rates driven by strong growth in Service and Modernization. Profitability continued to improve, and cash generation was healthy. All in all, I'm happy with many aspects of our first quarter development while recognizing we still have work to do to reach our ambitions. I want to extend a big thank you to everyone at KONE for the solid start for 2024. With one quarter behind us, we have now specified our guidance for the year, and expect sales to grow by 0-5% at comparable exchange rates, and the adjusted EBIT margin to be in the range of 11.5%-12.3% in 2024.

During my first quarter at KONE, I have had the opportunity to spend more time with our KONE teams and customers around the world, and I see many great opportunities ahead of us. We have several strengths to build on such as our unique culture and outstanding innovations which we now need to scale at speed. One exciting opportunity stems from combining our existing strengths in service mindset with the digital transformation we are accelerating in services. Sustainability has also come across as a shared priority for our people and our customers, and we are paving the way for faster scope 3 emission reductions for example by pushing for regenerative drives as a standard. Today we will also publish our Sustainability Report where we share more about our progress on leading the way in sustainability in our industry."

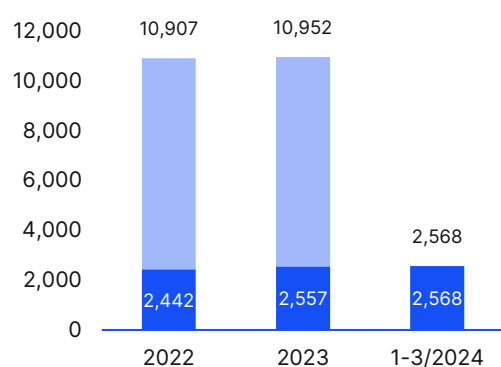
Key Figures

Orders received (MEUR)



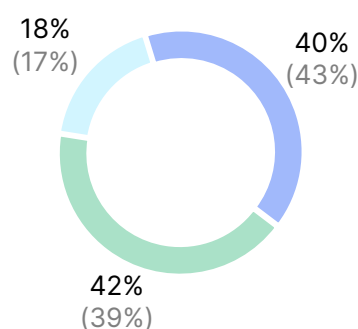
- **In January–March 2024**, orders received declined by 1.2% (at comparable exchange rates, orders received grew by 1.6%).
- At comparable rates, New Building Solutions orders received declined slightly with clear decline in the volume business and clear growth in major projects. In Modernization, orders received grew significantly with clear growth in the volume business and significant growth in major projects.
- The margin of orders received was stable both year-on-year and compared to the previous quarter.

Sales (MEUR)



- **In January–March 2024**, sales grew by 0.5% (grew by 2.7% at comparable exchange rates). Growth (at comparable exchange rates) across all Areas in the Service and Modernization businesses compensated for the decline in New Building Solutions sales.
- New Building Solutions sales declined by 7.3% (declined by 4.2% at comparable exchange rates) mainly due to lower deliveries in Greater China and Europe. Service sales grew by 7.5% (grew by 9.0% at comparable rates) and Modernization sales grew by 3.9% (grew by 5.3% at comparable rates).
- In the Americas Area, sales grew by 7.1% (grew by 7.9% at comparable rates). Sales in the Europe Area grew by 2.4% (grew by 2.2% at comparable rates). In the Asia-Pacific, Middle East and Africa (APMEA) Area, sales grew by 2.7% (grew by 8.9% at comparable rates). In the Greater China Area, sales declined by 9.9% (declined by 4.9% at comparable rates).

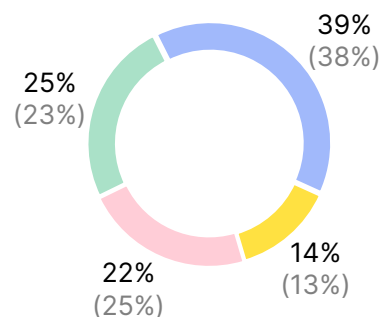
Sales by business



■ New Building Solutions ■ Service ■ Modernization

1-3/2024 (1-3/2023)

Sales by Area¹

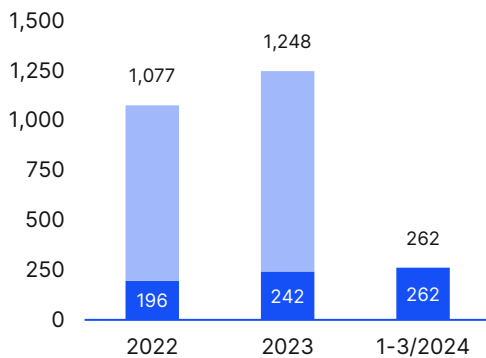


■ Americas ■ Europe ■ APMEA ■ Greater China

1-3/2024 (1-3/2023)

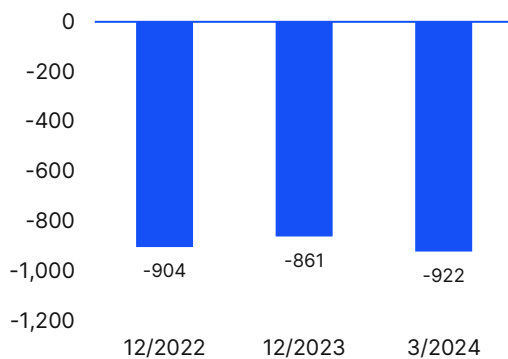
¹ KONE has previously disclosed geographical information about sales separately for three regions: EMEA, Americas, and APAC. From 2024 onwards, KONE discloses geographical information about sales separately for four Areas: Europe, Americas, APMEA (Asia-Pacific, Middle East and Africa), and Greater China.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

Adjusted EBIT (MEUR)



- **In January–March 2024**, operating income was 10.2% of sales (1–3/2023: 9.3%). Adjusted EBIT margin was 10.2% (9.5%).
- Profitability improved thanks to favorable business mix and better pricing in deliveries. Broad-based inflation together with fixed cost absorption was a headwind but these were partly offset by the savings from the operating model renewal.
- With comparable exchange rates, the translation impact on operating income for the comparison period was EUR -4.3 million.

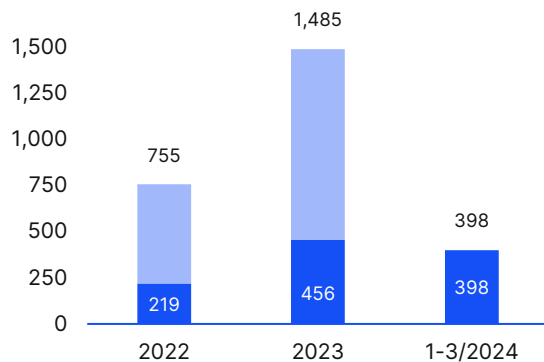
Net working capital¹ (MEUR)



- **At the end of March 2024**, net working capital improved moderately compared to the beginning of the year.
- Foreign exchange rates had an approximately EUR 2 million positive impact on the net working capital.

¹ Including financing items and taxes

Cash flow² (MEUR)



- **In January–March 2024** cash flow declined slightly but was still solid at EUR 398.2 million.

² Cash flow from operations before financing items and taxes

KONE's January–March 2024 review

KONE's operating environment

	New Building Solutions market in units 1–3/2024	Service market in units 1–3/2024	Modernization market in monetary value 1–3/2024
Total market	-	+	++
North America	---	+	++
Europe	stable	+	++
Asia-Pacific, Middle East and Africa	+++	++	+++
China	---	++	++

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

January–March 2024

The global **New Building Solutions** market declined slightly during the first quarter with regional differences in demand. **In North America**, the market declined clearly. **In Europe**, the activity was mixed with growth in Southern and Eastern parts of Europe, and weak market in the Western parts and Nordics. **In Asia-Pacific, Middle East and Africa**, activity grew significantly with continued strong demand for example in India. Activity declined clearly **in China** due to property market downturn.

Growth in **Service** markets was broad-based with slight growth in more mature markets and clear growth in Asia-Pacific, Middle East and Africa and China. **Modernization** markets grew across all areas.

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

Orders received and order book

Orders received (MEUR)	1-3/2024	1-3/2023	Change	Comparable change ¹	1-12/2023
Orders received	2,235.7	2,263.1	-1.2%	1.6%	8,577.7

Order book (MEUR)	Mar 31, 2024	Mar 31, 2023	Change	Comparable change ¹	Dec 31, 2023
Order book	9,133.0	9,176.2	-0.5%	1.3%	8,715.7

¹ Change at comparable foreign exchange rates

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

January–March 2024

Orders received declined by 1.2% as compared to January–March 2023 and totaled EUR 2,235.7 million. At comparable exchange rates, KONE's orders received grew by 1.6%.

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

The margin of orders received was stable both year-on-year and compared to the previous quarter. In Greater China, pricing and mix together had over 10% negative impact on average new equipment prices.

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

Orders received in the Europe Area grew slightly at comparable exchange rates as compared

to January–March 2023. New Building Solutions orders declined significantly and Modernization orders grew significantly in the Area.

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

Orders received in Greater China Area declined significantly. New Building Solutions orders declined slightly in units and declined significantly in monetary value. Modernization orders grew clearly.

Order book declined by 0.5% compared to the end of March 2023, nevertheless standing at a strong level of EUR 9,133.0 million at the end of the reporting period. At comparable rates, the order book grew by 1.3%.

Order book margin continued to be at a healthy level. Customer cancellations were at a very low level.

Sales

By business (MEUR)	1-3/2024	1-3/2023	Change	Comparable change ¹	1-12/2023
New Building Solutions	1,028.5	1,109.3	-7.3%	-4.2%	4,921.5
Service	1,083.1	1,008.0	7.5%	9.0%	4,127.0
Modernization	456.6	439.3	3.9%	5.3%	1,903.8
Total	2,568.2	2,556.6	0.5%	2.7%	10,952.3

By Area (MEUR)	1-3/2024	1-3/2023	Change	Comparable change ¹	1-12/2023
Americas	636.8	594.7	7.1%	7.9%	2,469.4
Europe	1,006.7	983.3	2.4%	2.2%	4,000.7
APMEA	350.7	341.6	2.7%	8.9%	1,470.9
Greater China	574.1	637.0	-9.9%	-4.9%	3,011.3
Total	2,568.2	2,556.6	0.5%	2.7%	10,952.3

¹ Change at comparable foreign exchange rates

January–March 2024

KONE's sales grew by 0.5% as compared to January–March 2023, and totaled EUR 2,568.2 million. At comparable exchange rates, KONE's sales grew by 2.7%. Growth (at comparable exchange rates) across all Areas in Service and Modernization compensated for the decline in New Building Solutions sales.

New Building Solutions sales declined by 4.2% at comparable exchange rates mainly due to lower deliveries in Greater China and Europe. Service sales grew by 9.0% at comparable exchange rates, thanks to service base growth, improved pricing and continued momentum in value-added services. Modernization sales grew by 5.3% at comparable exchange rates.

In the Americas Area, sales grew by 7.1% and totaled EUR 636.8 million. At comparable exchange rates, sales grew by 7.9%. New Building Solutions sales grew significantly, Service sales grew slightly and Modernization sales grew slightly in the Area.

Sales in the Europe Area grew by 2.4% and totaled EUR 1,006.7 million. At comparable exchange rates, sales grew by 2.2%. New Building Solutions sales declined significantly, Service sales grew clearly and Modernization sales grew slightly in the Area.

In the Asia-Pacific, Middle East and Africa (APMEA) Area, sales grew by 2.7% and totaled EUR 350.7 million. At comparable exchange rates, sales grew by 8.9%. New Building Solutions sales grew clearly, Service sales grew significantly and Modernization sales grew slightly in the Area.

Sales in the Greater China Area declined by 9.9% and totaled EUR 574.1 million. At comparable exchange rates, sales declined by 4.9%. New Building Solutions sales declined significantly, Service sales grew significantly and Modernization sales grew significantly in the Area.

Financial result

	1-3/2024	1-3/2023	Change	1-12/2023
Operating income, MEUR	262.4	238.3	10.1%	1,200.1
Operating income margin, %	10.2	9.3		11.0
Adjusted EBIT, MEUR	262.4	241.9	8.4%	1,248.4
Adjusted EBIT margin, %	10.2	9.5		11.4
Income before taxes, MEUR	265.7	241.1	10.2%	1,206.1
Net income, MEUR	205.9	185.7	10.9%	931.6
Basic earnings per share, EUR	0.39	0.36	10.5%	1.79

January–March 2024

KONE's operating income (EBIT) was EUR 262.4 million or 10.2% of sales. Adjusted EBIT was EUR 262.4 million or 10.2% of sales. Profitability improved thanks to favorable business mix and better pricing in deliveries. Broad-based inflation together with fixed cost absorption was a headwind but these were partly offset by the savings from the operating model renewal.

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

With comparable exchange rates, the translation impact on operating income for the comparison period was EUR -4.3 million.

Basic earnings per share was EUR 0.39.

Cash flow and financial position

	1-3/2024	1-3/2023	1-12/2023
Cash flow from operations (before financing items and taxes), MEUR	398.2	456.0	1,485.2
Net working capital (including financing items and taxes), MEUR	-921.8	-1,032.3	-861.2
Interest-bearing net debt, MEUR	-437.9	-738.8	-1,013.4
Gearing, %	-20.9	-35.4	-36.4
Equity ratio, %	32.8	32.5	40.9
Equity per share, EUR	3.98	3.97	5.32

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

In January–March 2024 cash flow from operations (before financing items and taxes) declined slightly but was still solid at EUR 398.2 million.

Net working capital (including financing items and taxes) was EUR -921.8 million at the end of March 2024. Compared to the beginning of the year net working capital improved moderately. Foreign exchange rates had an approximately EUR 2 million positive impact.

Interest-bearing net debt was EUR -437.9 million at the end of March 2024. KONE's cash and cash

equivalents together with current deposits and loan receivables were EUR 1,128.2 (Dec 31, 2023: 1,688.4) million at the end of the reporting period. Interest-bearing liabilities were EUR 704.3 (Dec 31, 2023: 687.8) million, including a pension liability of EUR 130.2 (Dec 31, 2023: 132.9) million and lease liabilities of EUR 369.9 (Dec 31, 2023: 349.1) million. Additionally, KONE had an asset on employee benefits, EUR 10.3 (Dec 31, 2023: 9.2) million. Gearing was -20.9% and the equity ratio was 32.8% at the end of March 2024.

Equity per share was EUR 3.98.

Capital expenditure and acquisitions

MEUR	1-3/2024	1-3/2023	1-12/2023
On fixed assets	24.8	25.9	161.2
On leasing agreements	56.4	33.1	161.1
On acquisitions	55.5	68.1	190.3
Total	136.8	127.1	512.7

KONE's capital expenditure and acquisitions totaled EUR 136.8 million in January–March 2024. Capital expenditure excluding acquisitions was mainly related to manufacturing and R&D facilities, and IT licenses as well as tools and equipment in R&D.

Capital expenditure on leases consists mainly of maintenance vehicles and office facilities.

Acquisitions totaled EUR 55.5 million in January–March 2024. KONE completed several predominantly service-related acquisitions in Europe.

Research and development

	1-3/2024	1-3/2023	Change	1-12/2023
R&D expenditure, MEUR	48.4	46.1	4.9%	185.0
As percentage of sales, %	1.9	1.8	4.5%	1.7

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

well as cost competitive market access for our innovative solutions.

Research and development expenditure totaled EUR 48.4 million, representing 1.9% of sales in January–March 2024. R&D expenditure includes the development of new products and service concepts as well as further development of existing solutions and services.

In February 2024, after successfully establishing an escalator factory in Chennai at the end of 2023, KONE delivered the first escalators to a customer in the city of Pune. The production site complements KONE's new state-of-the-art R&D facility, including an elevator test tower and labs. While China continues to be a strategic base for escalator production, expanding production to India supports KONE's ambition to have the most resilient and competitive supply chain in the industry.

Personnel

KONE employees	1-3/2024	1-3/2023	1-12/2023
Average number of employees	63,674	63,232	63,164
Number of employees at the end of period	63,647	62,976	63,536
Americas	7,663	7,469	7,625
Europe	20,949	20,540	20,542
APMEA	12,104	12,094	12,116
Greater China	22,931	22,872	23,253

KONE's main goal is to have the most capable and engaged team of professionals, who succeed in a changing world. Great employee experience, a diverse and inclusive culture, continuous learning, flexibility, and wellbeing are the core elements in our Empowered People Way to Win, one of the four KONE-wide transformation and development initiatives, which enable us to succeed in our strategy. KONE's activities are all guided by ethical principles. Employee rights and responsibilities include the right to a safe and healthy working environment, fair and equitable labor conditions, personal wellbeing, freedom of association, collective bargaining, non-discrimination, and the right to a working environment in which harassment and bullying are not tolerated.

Employee engagement, KONE culture and talent

We actively encourage diversity at KONE, and our values guide us in upholding an inclusive culture. During the first quarter of 2024 we celebrated International Women's Day and encouraged our employees to take part in the Inspire Inclusion campaign. Our women's employee resource group Spark organized a global virtual event to discuss gender equity open for everyone at KONE to attend, and we offered a global virtual webinar on female health.

During the first quarter, we also launched our DEI (Diversity, Equity and Inclusion) e-learning, targeted towards all employees at KONE, to ensure everyone has the fundamental understanding and knowledge of why diversity, equity and inclusion matters and what role we all have to play in this journey.

With the operating model renewal now complete, recruitment volumes increased by 29% compared to the first quarter of 2023 due to higher operative hiring and a steady requirement for salespersons. We also opened the recruitment for summer trainee

positions in many of our countries to build the talent pipeline.

Rewarding and performance

In the first quarter of 2024 we made payments from KONE Bonus plan, covering approximately 13,000 KONE employees. KONE bonus plan is based on business and individual performance. Business performance is measured through scorecards that focus on financial goals and our success in strategy execution. Individual performance is measured through employee's achievements and demonstration of KONE values.

Employee performance discussions focused on goal setting for 2024 and achievement reviews for the previous year were held during the first quarter. We also conducted an annual salary review, which is aligned with our "Pay for Performance" philosophy and closely follows rewarding from a pay equity perspective. Covering over 42,000 KONE employees, the review showed that men and women in similar positions continue to be compensated equally on a global level.

Learning and development

During the first quarter, we focused heavily on building the KONE Learning and Development (L&D) training delivery capability by organizing multiple Train the Trainer (TTT) sessions, resulting in an increase in the number of internal trainers both in Sales and Leadership. In Sales we focused on Solution Selling learning concept and in Leadership both in Leadership Fundamentals as well as Leadership Excellence. We used our global learning offering owners to deliver the TTT and the participants were from L&D community, Unit People & Communications teams as well as from the business units. The internal trainer networks enable scale and quality of training delivery at KONE.

In line with our commitment to safety as a key strategic priority, we launched two safety training programs based on our global installation policy during the first quarter. These training programs were implemented on a global basis. With continuous focus on ensuring safety and method compliance in the field, this global visibility will provide us even more insights into safety competence development.

Highlights

- DEI e-learning launched
- Annual salary review demonstrates equal compensation practices

Environment

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

Recognitions

During the first quarter of 2024, KONE was once again recognized by CDP for its efforts in reducing emissions, mitigating climate risks, and developing a low-carbon economy by being placed on CDP's Climate Change List. KONE is among a small number of companies to achieve an A out of over 21,000 companies scored. KONE has disclosed through CDP since 2009 and this is the 11th consecutive year for KONE to receive a leadership score of A or A-. KONE was also recognized on 2023 CDP Supplier Engagement Leaderboard, which recognizes companies that actively engage with their suppliers on climate topics.

KONE's continued performance in driving sustainability has also been recognized on a recent Clean200 ranking. Released by Corporate Knights and California-based shareholder advocates As You Sow, the Clean200 list ranks publicly traded companies that are leading clean economy solutions and earning the most from sustainable sources. In the 2024 Clean200 ranking, KONE reached 55th place (2023: 53) and is the only elevator and escalator company on the list.

Environmental targets and outcomes

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

have pledged to have carbon neutral operations by 2030.

Our 2023 carbon footprint calculations were finalized during the first quarter of 2024. KONE's total carbon footprint data (Scope 1, 2 and 3 GHG emissions) has been externally assured. In 2023, KONE exceeded its target to reduce the operational carbon footprint (Scope 1 and 2) by 25% compared to 2018 (154,700 tCO₂e). Due to the expansion of our operations, we also measure comparable carbon footprint scope, which by the end of 2023 had decreased by 27% compared to 2019 baseline (144,400 tCO₂e). The largest individual factor contributing to the reduction in Scope 1 and 2 greenhouse gas (GHG) emissions was the systematic transition to both the use of renewable electricity in our facilities globally and a lower-emission vehicle fleet. KONE is committed to reducing electricity consumption in its own operations and set a target to increase the share of electricity from renewable sources to more than 85% by the end of 2023 and to 100% by 2030. In 2023, electricity from renewable sources accounted for 97% of electricity consumption, up from 84% in the previous year.

In 2023, our absolute Scope 3 product and value chain emissions (including purchased goods and services and the use of sold products) decreased by 1.8% compared to 2018 and 3.9% compared to 2022. Emissions per product ordered decreased by 5.1% compared to 2018 (71.4 tCO₂e/order) and 0.8% compared to 2022 (68.3 tCO₂e/order). The further-improved energy efficiency of our products contributed to the reduction of emissions in 2023, due to, for instance, the increased share of energy-efficient electrification systems and regenerative drives in ordered elevators. Furthermore, in 2023, a larger share of customers' buildings was located in countries that increased the share of renewable energy in their national electricity production, thus emitting fewer GHG emissions.

KONE has also set a separate target of a 4% annual reduction in its Scope 3 logistics carbon footprint relative to units delivered. In 2023, the GHG emissions from logistics increased by 0.6% in absolute terms, and the number of units delivered decreased by 1.7% compared to 2022. Thus, relative to units delivered, KONE's logistics emissions increased by 2.3% compared to the previous year. The most significant factor impacting on our logistics carbon footprint was the increase in air freight emissions, driven by the growth in spare part sales, which is the primary contributor to the use of air freight deliveries at KONE. Business travel emissions increased by 78% compared to the previous year but remained lower than pre-COVID-19 levels.

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

Highlights

- In Q1 2024, KONE was ranked among leaders in multiple responsibility rankings
- In 2023, the product and value chain related Scope 3 GHG emissions reduced by 5.1% (per product ordered) compared to 2018 and Scope 1 and 2 GHG emissions reduced by almost 25% compared to 2018
- Externally verified Environmental Product Declarations (EPDs) published for three Modernization solutions in Q1 2024

or other conservation parks, or biodiversity-sensitive areas.

We track the amount of NO_x, SO_x and VOC emissions, and our long-term target is to limit the amount of NO_x and SO_x emissions to less than one ton per year and VOC emissions to less than two tons per year. In 2023, KONE met its air pollution reduction target.

KONE's Sustainability Report 2023, to be published during the second quarter of 2024, will include more sustainability information.

KONE's sustainable offering

KONE supports sustainable and green building through an energy-efficient and innovative offering, the use of

functional and sustainable materials, as well as the transparent documentation of our products' environmental impacts.

KONE has a wide range of best-in-class energy performance references for its products in various building types, market areas and product specifications, and currently has a total of 34 best-in-class energy efficiency references for elevator and escalator platforms according to the international ISO 25745 standard for the energy performance of lifts, escalators and moving walks. During the first quarter of 2024, externally verified Environmental Product Declarations (EPDs) were published for RESOLVE™ 200 DX, RESOLVE™ 400 DX and KONE ReGenerate™ 200 DX Europe modernization solutions.

Changes in the Executive Board

Philippe Delorme started as President and CEO of KONE on January 1, 2024. Henrik Ehrnrooth continued as Executive Advisor until the end of March 2024, supporting the transition and induction of the new CEO. KONE announced Philippe Delorme's appointment on October 25, 2023.

Kaori Uehigashi started as an interim Executive Vice President for Strategy & Transformation on

January 4, 2024, and will act in this position until the end of 2024.

Nicolas Alchal started his position as an interim Executive Vice President for Europe Area on March 1, 2024, when Karla Lindahl started her maternity leave. Karla will return to the position of Executive Vice President, Europe in early 2025. KONE announced these changes on December 19, 2023.

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 64 million at the end of March 2024 (December 31, 2023: EUR 64 million). KONE's position is that the claims are without merit. No provision has been made.

Most significant risks

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

Strategic risks

The demand for KONE's products and services and the competitive environment are impacted by the general economic cycles and especially the level of activity within the construction industry. The weak economic outlook, and its impacts on construction markets especially in Europe and in the US, represents a risk to KONE's business and profitability. KONE aims to mitigate these risks with more dynamic pricing strategies and contract models as well as ongoing actions to improve productivity and lower product costs. As Greater China accounts for over a fifth of KONE's sales, a sustained market slowdown in the Chinese construction sector may limit KONE's New Building Solutions sales growth.

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 in China, could affect market dynamics and KONE's market share.

Operational risks

Empowered employees with relevant competencies and skills are key to the successful execution of our strategy. With business models and ways of working changing in the elevator and escalator industry, KONE needs new organizational capabilities, as well as new competencies and talent on the individual employee level in different fields, such as in digitalization. At the same time, the competition over talent, such as skilled field workforce, is increasing. Securing the needed resources and their competence management is critical. A failure to develop and retain the required capabilities or obtain them through recruitment could have an adverse impact on KONE's growth and profitability.

The majority of components used in KONE's supply chain are sourced from external suppliers, a

significant number of which are located in China. KONE also subcontracts a significant amount of installation activity, outsources certain business support processes and works with partners in e.g. digital services and logistics. This exposes KONE to supply chain and logistics constraints, risks related to component and subcontracted labor availability and cost as well as to continuity risk in partnerships. A failure to secure the needed materials, components or resources, or quality issues within these, could cause business disruptions, rescheduling of orders and cost increases. Labor availability constraints may also impact progress at construction sites and performance of maintenance and repair services. KONE uses its global supply network to manage supply chain disruptions as well as uncertainties in the global material markets and logistics.

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

Hazard, security and incidental risks

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

Geopolitical tensions, for instance those related to the war in Ukraine as well as the Red Sea conflict which escalated during the first quarter of 2024, may lead to further cyber, hybrid and even conventional attacks causing local and global digital disturbances that may impact KONE, our customers and our suppliers.

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

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

Financial risks

The majority of KONE's sales and financial result are denominated in currencies other than the euro, which exposes KONE to risks arising from foreign exchange rate fluctuations. KONE is also exposed to counterparty risks related to financial institutions, through the significant amounts of liquid funds deposited with financial institutions, in the form of financial investments and in derivatives.

Additionally, KONE is exposed to risks related to liquidity and payment discipline of its customers, which may impact cash flow or lead to credit losses, especially in China. KONE's customer portfolio is well diversified, which limits individual customer risks. Significant changes in local financial or taxation regulation could also have an impact on KONE's financial performance, liquidity, and cash flow. For further information on financial risks, please refer to notes 2.4, 3.2 and 5.3 in the Financial Statements for 2023.

Risk management

Risks	Mitigation actions
Weakening of the global economic environment	KONE strives to continuously develop its competitiveness in all Areas and businesses. KONE has a wide geographic presence, global manufacturing capabilities and supply network, as well as a balanced business portfolio with a high share of Service business.
Geopolitical tensions impacting the competitiveness of KONE's supply chain, leading to increased costs or causing potential disruptions	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 remains high on KONE's agenda.
A failure to secure and develop the needed organizational capabilities and competencies	KONE continuously evaluates the skills and competences required for the execution of the selected strategy and develops and/or acquires these from internal talent pools or externally. KONE also has extensive training programs in place to develop and retain critical talents.
Risks related to component and subcontracted labor availability	KONE's sourcing processes aim to identify critical suppliers and supply categories and implement alternative sources, long-term agreements, last-buy options and other measures to ensure the availability of the supply. KONE has also developed multinational subcontractor pools to ensure subcontractor capacity on a regional level. Subcontractors' competences and capabilities are monitored and developed continuously, similarly as with own employees. The semiconductor market is closely monitored, and the situation managed with detailed planning of delivery execution and active involvement of supply chain partners among other actions.
Product integrity, safety or quality issues as well as issues with reputation	To mitigate product risks, KONE has strict quality control processes for product design, supply, manufacturing, installation and maintenance. In addition, KONE aims for transparent and reliable communication, to prevent reputational risks and to manage potential incidents. KONE also has stringent corporate governance principles in place.
Interruptions to KONE's or its suppliers' operations	KONE actively develops business continuity management capabilities to reduce the impact and likelihood of disruptions within its supply chain. Furthermore, KONE monitors the operations, business continuity management capabilities, financial strength and cybersecurity of its key suppliers. In addition, KONE aims to secure the availability of alternative sourcing channels for critical components and services. KONE also has a global property damage and business interruption insurance program in place. KONE's global supply chain helps mitigate the risk of interruptions. KONE has 10 manufacturing facilities in seven countries, multiple distribution centers and a large supplier network across the globe, which helps to mitigate the impacts from potential disruptions in individual locations or countries.
IT system interruptions and cybersecurity risks	KONE's security policies define controls to safeguard premises, information and information systems which are both in development and in operation, in order to detect cybersecurity incidents and to respond and recover in a timely manner. KONE works with third-party security service providers and trusted, well-known technology partners to manage the risks through the control framework. KONE conducts tests, reviews and exercises to identify areas of risk and to ensure the appropriate preparedness. The company continues to invest in its cybersecurity capabilities based on these findings. KONE also has a global cyber insurance program in place.
Financial risks	KONE applies centralized risk management in accordance with the KONE Treasury Policy. More information on financial risk management can be found in notes 2.4, 3.2 and 5.3 of KONE's Financial Statements 2023.

Decisions of the Annual General Meeting

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

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

The 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.

Dividend

The General Meeting approved dividends in line with the Board of Director's proposal of EUR 1.7475 for each of the 76,208,712 class A shares and EUR 1.75 for each of the outstanding 441,308,891 class B

shares. The date of record for dividend distribution was March 4, 2024 and dividends were paid on March 11, 2024.

Share-based incentive plans

KONE has two separate share-based incentive plans, one performance share plan and one restricted share plan.

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

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

annual growth in sales and adjusted EBIT margin (jointly 80%), and improvements in sustainability (20%). The sustainability performance condition is a combination of reductions in carbon footprint, diversity and inclusion as well as safety related targets.

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

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

Shares and share capital

Share capital and market capitalization ¹	Mar 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	11,878,257	12,159,159
Share capital, EUR	66,174,483	66,174,483
Market capitalization, MEUR ¹	22,326	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	1-3/2024
Treasury shares at the beginning of the period	12,159,159
Changes in treasury shares during the period	-280,902
Treasury shares at the end of the period	11,878,257

At the end of March 2024, the Group had 11,878,257 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		1-3/2024	1-3/2023	1-12/2023
Shares traded on the Nasdaq Helsinki Ltd., million		36.6	40.3	145.3
Average daily trading volume		581,310	630,445	579,003
Volume-weighted average share price	EUR	44.66	49.16	45.79
Highest share notation	EUR	47.58	53.34	53.34
Lowest share notation	EUR	41.33	45.52	37.2
Share notation at the end of the period	EUR	43.14	48.00	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 110,174 at its end. The number of private

households holding shares totaled 105,063 at the end of the period, which corresponds to approximately 12.3% of the listed B shares. At the end of March 2024, a total of 51.3% of the B shares were owned by nominee-registered and non-Finnish investors.

Market outlook 2024 (updated)

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

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

Modernization markets are expected to grow in all regions supported by an aging equipment base

Business outlook 2024 (specified)

KONE expects its sales to grow 0–5% at comparable exchange rates in 2024. Adjusted EBIT margin is expected to be in the range of 11.5%–12.3%. Assuming that foreign exchange rates remain at the April 2024 level, the impact of foreign exchange rates on the adjusted EBIT would be limited.

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

The key profitability drivers are sales growth in Service and Modernization, better pricing coming through in deliveries and savings from the operating model renewal. Persistent cost inflation and decision

as well as the focus on sustainability and adaptability of buildings.

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

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

KONE previously expected its sales to be stable or to grow slightly at comparable exchange rates in 2024. The improvement in adjusted EBIT margin was expected to continue in 2024, albeit with less tailwinds than in 2023.

Helsinki, April 23, 2024

KONE Corporation's Board of Directors

Consolidated statement of income

MEUR	1-3/2024	%	1-3/2023	%	1-12/2023	%
Sales	2,568.2		2,556.6		10,952.3	
Costs and expenses	-2,234.4		-2,253.7		-9,482.8	
Depreciation and amortization	-71.5		-64.6		-269.4	
Operating income	262.4	10.2	238.3	9.3	1,200.1	11.0
Financing income	13.3		16.4		50.0	
Financing expenses	-10.0		-13.6		-43.9	
Income before taxes	265.7	10.3	241.1	9.4	1,206.1	11.0
Taxes	-59.8		-55.5		-274.6	
Net income	205.9	8.0	185.7	7.3	931.6	8.5
Net income attributable to:						
Shareholders of the parent company	203.0		183.7		925.8	
Non-controlling interests	2.9		2.0		5.8	
Total	205.9		185.7		931.6	
Earnings per share for profit attributable to the shareholders of the parent company, EUR						
Basic earnings per share, EUR	0.39		0.36		1.79	
Diluted earnings per share, EUR	0.39		0.35		1.79	

Consolidated statement of comprehensive income

MEUR	1-3/2024	1-3/2023	1-12/2023
Net income	205.9	185.7	931.6
Other comprehensive income, net of tax:			
Translation differences	12.4	-39.1	-96.2
Hedging of foreign subsidiaries	-7.1	6.1	15.9
Cash flow hedges	4.8	2.0	-18.1
Items that may be subsequently reclassified to statement of income	10.1	-31.1	-98.4
Changes in fair value	-6.2	-15.0	-23.8
Remeasurements of employee benefits	1.8	-22.4	-17.2
Items that will not be reclassified to statement of income	-4.3	-37.3	-41.0
Total other comprehensive income, net of tax	5.8	-68.4	-139.5
Total comprehensive income	211.7	117.3	792.1
Total comprehensive income attributable to:			
Shareholders of the parent company	208.8	115.3	786.3
Non-controlling interests	2.9	2.0	5.8
Total	211.7	117.3	792.1

Condensed consolidated statement of financial position

Assets

MEUR		Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Non-current assets				
Goodwill		1,500.5	1,434.6	1,469.0
Other intangible assets		306.2	244.6	287.2
Tangible assets		800.4	713.6	779.7
Other non-current receivables	I/II	22.4	2.1	3.5
Shares and other non-current financial assets		91.7	106.8	97.9
Employee benefit assets	I	10.3	10.9	9.2
Deferred tax assets	II	323.0	294.1	320.2
Total non-current assets		3,054.4	2,806.7	2,966.8
Current assets				
Inventories	II	819.1	837.0	820.9
Accounts receivable	II	2,459.3	2,494.1	2,495.1
Deferred assets	II	742.5	723.9	641.0
Income tax receivables	II	98.9	115.4	118.7
Current deposits and loan receivables	I	658.3	1,072.4	1,263.9
Cash and cash equivalents	I	469.8	340.0	424.5
Total current assets		5,248.1	5,582.8	5,764.0
Total assets		8,302.5	8,389.5	8,730.8

Equity and liabilities

MEUR		Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Equity		2,094.6	2,086.9	2,786.0
Non-current liabilities				
Loans and other interest-bearing liabilities	I	454.7	417.0	438.7
Employee benefit liabilities	I	130.2	154.9	132.9
Deferred tax liabilities	II	89.3	88.7	86.3
Total non-current liabilities		674.3	660.6	657.9
Provisions	II	192.8	183.8	196.9
Current liabilities				
Loans and other interest-bearing liabilities	I	119.4	114.6	116.1
Advance payments received and deferred revenue	II	1,916.4	1,972.2	1,915.7
Accounts payable	II	836.2	937.8	927.0
Accruals	II	2,212.7	2,212.3	1,993.4
Income tax payables	II	135.9	102.1	137.7
Dividend withholding tax payable		120.3	119.3	-
Total current liabilities		5,340.8	5,458.3	5,090.0
Total equity and liabilities		8,302.5	8,389.5	8,730.8

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

Items designated " II " comprise net working capital.

Consolidated statement of changes in equity

MEUR	Attributable to the equity holders of the parent									Non-controlling interests	Total equity
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Treasury shares	Retained earnings			
Jan 1, 2024	66.2	100.3	245.7	-20.0	69.7	-96.5	-230.2	2,616.9		33.9	2,786.0
Net income for the period								203.0		2.9	205.9
Other comprehensive income:											
Translation differences					12.4						12.4
Hedging of foreign subsidiaries					-7.1						-7.1
Cash flow hedges				4.8							4.8
Changes in fair value				-6.2							-6.2
Remeasurements of employee benefits						1.8					1.8
Transactions with shareholders and non-controlling interests:											
Profit distribution								-905.5			-905.5
Change in non-controlling interests									0.2		0.2
Share-based compensation							12.3	-10.2			2.1
Mar 31, 2024	66.2	100.3	245.7	-21.4	75.0	-94.6	-217.9	1,904.2		37.1	2,094.6

MEUR	Attributable to the equity holders of the parent									Non-controlling interests	Total equity
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Treasury shares	Retained earnings			
Jan 1, 2023	66.2	100.3	393.1	21.9	150.1	-79.3	-236.6	2,420.9		29.9	2,866.5
Net income for the period								183.7		2.0	185.7
Other comprehensive income:											
Translation differences					-39.1						-39.1
Hedging of foreign subsidiaries					6.1						6.1
Cash flow hedges				2.0							2.0
Changes in fair value				-15.0							-15.0
Remeasurements of employee benefits						-22.4					-22.4
Transactions with shareholders and non-controlling interests:											
Profit distribution								-904.7			-904.7
Change in non-controlling interests									-0.7		-0.7
Share-based compensation ¹			-147.8				5.3	151.0			8.5
Mar 31, 2023	66.2	100.3	245.3	8.9	117.0	-101.6	-231.3	1,850.8		31.3	2,086.9

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.

MEUR	Attributable to the equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Treasury shares	Retained earnings		
Jan 1, 2023	66.2	100.3	393.1	21.9	150.1	-79.3	-236.6	2,420.9	29.9	2,866.5
Net income for the period								925.8	5.8	931.6
Other comprehensive income:										
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:										
Profit distribution								-904.9		-904.9
Change in non-controlling interests									-1.8	-1.8
Share-based compensation ¹			-147.4				6.4	175.7		34.7
Dec 31, 2023	66.2	100.3	245.7	-20.0	69.7	-96.5	-230.2	2,616.9	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.

Condensed consolidated statement of cash flows

MEUR	1-3/2024	1-3/2023	1-12/2023
Operating income	262.4	238.3	1,200.1
Change in net working capital	64.4	153.1	15.7
Depreciation and amortization	71.5	64.6	269.4
Cash flow from operations before financing items and taxes	398.2	456.0	1,485.2
Cash flow from financing items and taxes	-69.2	-89.4	-357.3
Cash flow from operating activities	329.0	366.6	1,127.9
Cash flow from investing activities	-72.0	-93.5	-319.4
Cash flow after investing activities	256.9	273.0	808.5
Profit distribution	-785.2	-785.5	-904.9
Change in deposits and loans receivable, net	616.7	398.6	210.5
Change in loans payable and other interest-bearing debt	-40.7	-35.8	-166.0
Changes in non-controlling interests	-0.2	-	-0.8
Cash flow from financing activities	-209.3	-422.7	-861.3
Change in cash and cash equivalents	47.6	-149.7	-52.8
Cash and cash equivalents at beginning of period	424.5	495.5	495.5
Translation difference	-2.3	-5.9	-18.2
Cash and cash equivalents at end of period	469.8	340.0	424.5

Change in interest-bearing net debt

MEUR	1-3/2024	1-3/2023	1-12/2023
Interest-bearing net debt at beginning of period	-1,013.4	-1,309.0	-1,309.0
Interest-bearing net debt at end of period	-437.9	-738.8	-1,013.4
Change in interest-bearing net debt	575.5	570.2	295.7

Payments of lease liabilities included in financing activities were EUR 34.2 (January–March 2023: 30.7) million and interest expense paid included in cash flow from financing items and taxes were EUR 5.5 (January–March 2023: 3.2) million.

Notes to the interim report

Accounting principles

KONE Corporation's Interim Report for January–March 2024 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with KONE's financial statements for 2023, published on January 25, 2024. KONE has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2023. The information presented in this Interim Report has not been audited.

Key figures

		1–3/2024	1–3/2023	1–12/2023
Basic earnings per share	EUR	0.39	0.36	1.79
Diluted earnings per share	EUR	0.39	0.35	1.79
Equity per share	EUR	3.98	3.97	5.32
Interest-bearing net debt	MEUR	-437.9	-738.8	-1,013.4
Equity ratio	%	32.8	32.5	40.9
Gearing	%	-20.9	-35.4	-36.4
Return on equity	%	33.8	30.0	33.0
Return on capital employed	%	27.5	25.2	27.8
Total assets	MEUR	8,302.5	8,389.5	8,730.8
Assets employed	MEUR	1,656.7	1,348.1	1,772.6
Net working capital (including financing and tax items)	MEUR	-921.8	-1,032.3	-861.2

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

Alternative performance measure

KONE reports an alternative performance measure, adjusted EBIT, to enhance the comparability of the business performance between reporting periods. The adjusted EBIT is calculated by excluding from EBIT significant items affecting comparability such as restructuring costs and income and expenses incurred outside normal course of business of KONE. In January–March 2024, there were no items affecting comparability. In the comparison period, items affecting comparability included restructuring costs and a positive effect arising from the revaluation of operations in Russia classified as held for sale.

Alternative performance measure		1–3/2024	1–3/2023	1–12/2023
Operating income	MEUR	262.4	238.3	1,200.1
Operating income margin	%	10.2	9.3	11.0
Items affecting comparability	MEUR	-	3.6	48.3
Adjusted EBIT	MEUR	262.4	241.9	1,248.4
Adjusted EBIT margin	%	10.2	9.5	11.4

Quarterly figures

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

		Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Orders received	MEUR	2,235.7	2,049.2	1,989.9	2,275.5	2,263.1
Order book	MEUR	9,133.0	8,715.7	8,839.5	9,041.9	9,176.2
Sales	MEUR	2,568.2	2,809.9	2,749.9	2,835.9	2,556.6
Operating income	MEUR	262.4	362.1	316.5	283.2	238.3
Operating income margin	%	10.2	12.9	11.5	10.0	9.3
Adjusted EBIT ¹	MEUR	262.4	358.6	315.9	332.0	241.9
Adjusted EBIT margin ¹	%	10.2	12.8	11.5	11.7	9.5
Items affecting comparability	MEUR	-	-3.6	-0.5	48.8	3.6

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

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

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

¹ Operating income excluding items affecting comparability

Other notes

Net working capital ¹ (MEUR)	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Inventories	819.1	837.0	820.9
Advance payments received and deferred revenue	-1,916.4	-1,972.2	-1,915.7
Accounts receivable	2,459.3	2,494.1	2,495.1
Deferred assets and income tax receivables	841.4	839.3	759.7
Accruals and income tax payables	-2,348.6	-2,314.4	-2,131.1
Provisions	-192.8	-183.8	-196.9
Accounts payable	-836.2	-937.8	-927.0
Other non-current receivables	18.6	-	-
Net deferred tax assets/liabilities	233.6	205.4	233.9
Total net working capital	-921.8	-1,032.3	-861.2

¹ To improve the comparability of net working capital across the quarters, the definition of net working capital has been revised to exclude dividend withholding tax payable. Comparative periods have been restated accordingly.

Depreciation and amortization (MEUR)	1-3/2024	1-3/2023	1-12/2023
Depreciation and amortization of fixed assets	60.0	54.2	222.4
Amortization of acquisition-related intangible assets	11.5	10.4	47.0
Total	71.5	64.6	269.4

Key exchange rates in Euros		Mar 31, 2024		Mar 31, 2023	
		Income statement	Statement of financial position	Income statement	Statement of financial position
Chinese Yuan	CNY	7.8083	7.8144	7.3802	7.4763
US Dollar	USD	1.0881	1.0811	1.0748	1.0875
British Pound	GBP	0.8588	0.8551	0.8810	0.8792
Indian Rupee	INR	90.4470	90.1365	88.4818	89.3995
Australian Dollar	AUD	1.6506	1.6607	1.5799	1.6268

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

Sales by Area in 2023 (MEUR)	Q1/2023	Q2/2023	Q3/2023	Q4/2023	FY2023
Americas	594.7	605.5	624.4	644.7	2,469.4
Europe	983.3	991.9	958.4	1,067.1	4,000.7
APMEA	341.6	375.9	370.7	382.8	1,470.9
Greater China	637.0	862.6	796.4	715.3	3,011.3
Total	2,556.6	2,835.9	2,749.9	2,809.9	10,952.3

Derivatives

Fair values of derivative financial instruments (MEUR)	Mar 31, 2024			Mar 31, 2023	Dec 31, 2023
	Derivative assets	Derivative liabilities	Fair value, net	Fair value, net	Fair value, net
Foreign exchange forward contracts and swaps	17.5	-29.2	-11.7	-5.0	-17.0

Nominal values of derivative financial instruments (MEUR)	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Foreign exchange forward contracts and swaps	3,378.0	3,218.3	3,282.3

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

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

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

Investments

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

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

Commitments

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

a maximum of 1,867.5 (December 31, 2023: 1,983.7) million as of March 31, 2024.



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

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