

KONE Q3 2021

Interim Report for January–September

KONE's January–September 2021 review:

Strong growth in orders received, supply chain environment remains challenging

July–September 2021

- Orders received grew by 14.5% to EUR 2,211.1 (7–9/2020: 1,931.7) million. At comparable exchange rates, orders grew by 10.9%.
- Sales grew by 0.9% to EUR 2,610.0 (2,587.0) million. At comparable exchange rates, sales declined by 1.3%.
- Operating income (EBIT) was EUR 326.5 (333.1) million or 12.5% (12.9%) of sales. The adjusted EBIT was EUR 326.5 (339.8) million or 12.5% (13.1%) of sales.*
- Cash flow from operations (before financing items and taxes) was EUR 365.1 (600.2) million.

January–September 2021

- Orders received grew by 9.5% to EUR 6,697.7 (1–9/2020: 6,116.4) million. At comparable exchange rates, orders grew by 9.8%.
- Sales grew by 5.9% to EUR 7,747.3 (7,317.3) million. At comparable exchange rates, sales grew by 6.6%.
- Operating income (EBIT) was EUR 943.4 (845.8) million or 12.2% (11.6%) of sales. The adjusted EBIT was EUR 950.4 (869.9) million or 12.3% (11.9%) of sales.*
- Cash flow from operations (before financing items and taxes) was EUR 1,303.7 (1,539.4) million.

Business outlook for 2021 (specified)

In 2021, KONE's sales growth is estimated to be in the range of 4% to 6% at comparable exchange rates as compared to 2020. The adjusted EBIT margin is expected to be in the range of 12.4% to 12.8%. Assuming that foreign exchange rates remain at the October 2021 level, the impact of foreign exchange rates on the adjusted EBIT would be limited.

KONE previously estimated its sales growth to be in the range of 4% to 6% at comparable exchange rates as compared to 2020. The adjusted EBIT margin was expected to be in the range of 12.4% to 13.0%. Assuming that foreign exchange rates would have remained at the July 2021 level, the impact of foreign exchange rates on the adjusted EBIT would have been limited.

* KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of the business performance between reporting periods. Restructuring costs related to significant restructuring programs are excluded from the calculation of the adjusted EBIT. In January–September 2021, the adjusted EBIT excluded costs of EUR 7.0 million related to restructuring measures in KONE's global business lines and functions. During 2017–2020, all restructuring costs excluded from adjusted EBIT related to the Accelerate program.

KEY FIGURES

		7-9/2021	7-9/2020	Change	1-9/2021	1-9/2020	Change	1-12/2020
Orders received	MEUR	2,211.1	1,931.7	14.5%	6,697.7	6,116.4	9.5%	8,185.1
Order book	MEUR				8,436.9	7,914.4	6.6%	7,728.8
Sales	MEUR	2,610.0	2,587.0	0.9%	7,747.3	7,317.3	5.9%	9,938.5
Operating income	MEUR	326.5	333.1	-2.0%	943.4	845.8	11.5%	1,212.9
Operating income margin	%	12.5	12.9		12.2	11.6		12.2
Adjusted EBIT*	MEUR	326.5	339.8	-3.9%	950.4	869.9	9.3%	1,250.5
Adjusted EBIT margin*	%	12.5	13.1		12.3	11.9		12.6
Income before tax	MEUR	336.4	339.2	-0.8%	960.7	851.8	12.8%	1,224.2
Net income	MEUR	260.7	262.9	-0.8%	744.5	660.1	12.8%	947.3
Basic earnings per share	EUR	0.50	0.50	-0.6%	1.43	1.27	12.5%	1.81
Cash flow from operations (before financing items and taxes)	MEUR	365.1	600.2		1,303.7	1,539.4		1,907.5
Interest-bearing net debt	MEUR				-1,820.0	-1,732.7		-1,953.8
Equity ratio	%				40.7	42.2		45.5
Return on equity	%				32.4	28.8		29.7
Net working capital (including financing items and taxes)	MEUR				-1,356.9	-1,200.3		-1,160.1
Gearing	%				-62.2	-59.4		-61.1

* KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of the business performance between reporting periods. Restructuring costs related to significant restructuring programs are excluded from the calculation of the adjusted EBIT. In January–September 2021, the adjusted EBIT excluded costs of EUR 7.0 million related to restructuring measures in KONE's global business lines and functions. During 2017–2020, all restructuring costs excluded from adjusted EBIT related to the Accelerate program.

Henrik Ehrnrooth, President and CEO:

“The third quarter saw continued demand recovery across several markets, which contributed to the strong growth in our orders received. I was pleased to see our orders increase also in China from a high comparison. That said, activity in the Chinese property sector showed signs of tempering, as uncertainty around liquidity constraints increased in the quarter. While visibility is likely to be lower in the near term, I expect the ongoing deleveraging efforts to strengthen industry fundamentals and remain confident in future growth opportunities.

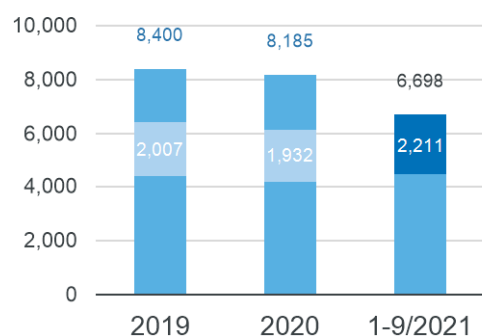
Sales was broadly stable compared to the previous year. Momentum in our maintenance business was strong in all areas and we continued to deliver on our promises to customers despite the increasingly challenging supply chain environment. The cost environment did, however, start to impact our earnings and we expect continued headwinds in the coming quarters. In response, we have taken actions to reduce our product cost, improve productivity, and are highly focused on pricing improvements across our businesses. I am encouraged by the progress we are making in several parts of the market and would like to extend a heartfelt thank you to everyone in our organization for their commitment and great work. The spirit and intensity with which our employees are tackling the challenges we face is admirable.

Strengthening our positioning to capture future growth opportunities is of utmost importance. We have made good progress in driving differentiation with our value-added solutions and services. The results of our efforts to enhance our offering by developing solutions that are tailored to individual customer needs are visible in improved loyalty. Furthermore, we have succeeded in accelerating KONE 24/7 Connected Services sales throughout the year and in growing the penetration of these services in our maintenance base to 10%. I see this as a compelling demonstration that the investments in our digital offering are paying off. We will continue to build our portfolio of digital solutions and services to further strengthen our differentiation and ensure that we remain our customers partner of choice.

Our business outlook for 2021 has been specified to reflect the increased headwinds in the cost environment. While our sales growth guidance of 4–6% is unchanged, our adjusted EBIT margin is now expected to be in the range of 12.4–12.8%. Looking further ahead, I am confident that the strong engagement of our people and the competitiveness of our offering will support us in achieving our target of faster than market profitable growth.”

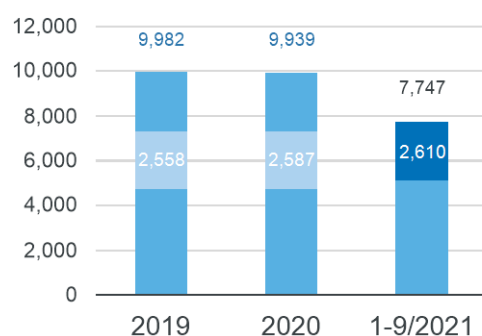
Key Figures

Orders received (MEUR)



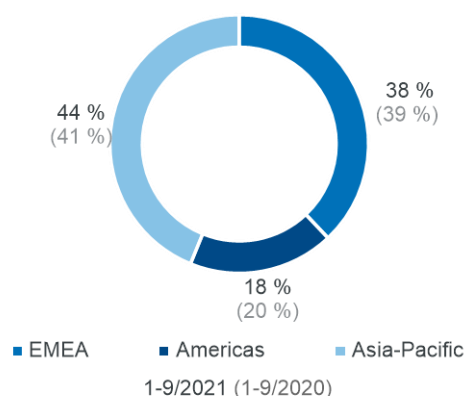
- **In July–September 2021**, orders received grew by 14.5% (grew by 10.9% at comparable exchange rates).
- At comparable rates, new equipment orders received grew clearly with clear growth in the volume business and significant growth in major projects. In modernization, orders received grew significantly with significant growth in the volume business and significant growth in major projects.
- The margin of orders received declined year-on-year due to increased component and logistics costs.
- **In January–September 2021**, orders received grew by 9.5% (grew by 9.8% at comparable exchange rates).

Sales (MEUR)

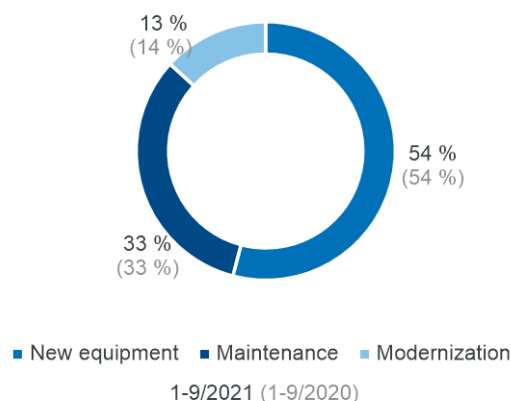


- **In July–September 2021**, sales grew by 0.9%. At comparable exchange rates, sales declined by 1.3%.
- New equipment sales declined by 3.6% (declined by 6.5% at comparable exchange rates) due to the COVID-19 related decline in orders received during 2020 and tightened liquidity in China. Service (maintenance and modernization) sales grew by 6.6% (grew by 5.5% at comparable exchange rates). Maintenance sales grew by 8.7% (grew by 7.5% at comparable exchange rates) thanks to growth in both contractual and discretionary service activities. Modernization sales grew by 2.0% (grew by 1.0% at comparable exchange rates).
- Sales in the EMEA region declined by 0.8% (declined by 1.2% at comparable exchange rates). In the Americas region, sales grew by 0.4% (declined by 0.4% at comparable exchange rates). In the Asia-Pacific region, sales grew by 2.5% (declined by 1.7% at comparable exchange rates).
- **In January–September 2021**, sales grew by 5.9% (grew by 6.6% at comparable exchange rates).

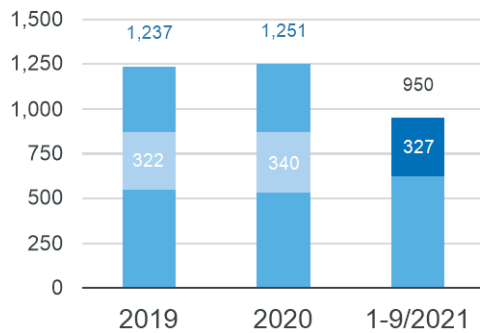
Sales by region



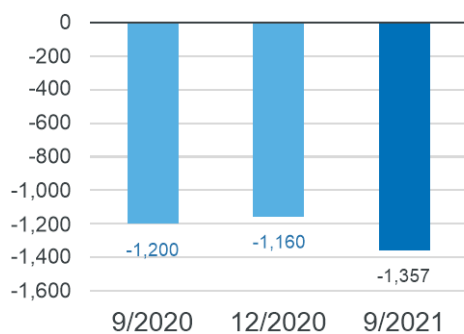
Sales by business



Adjusted EBIT (MEUR)

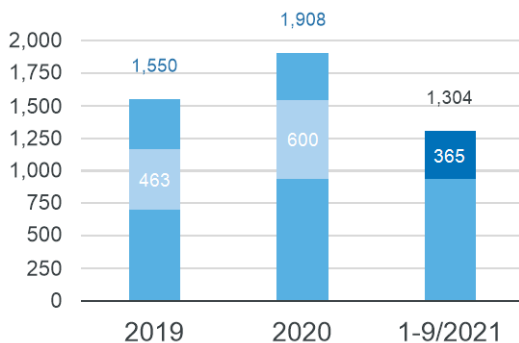


- **In July–September 2021**, operating income was 12.5% of sales (7–9/2020: 12.9%). The adjusted EBIT margin was 12.5% (13.1%).
- Margins were burdened by increased component and logistics costs.
- With comparable exchange rates, the translation impact on operating income for the comparison period was EUR 8.3 million.
- **In January–September 2021**, operating income was 12.2% of sales (1–9/2020: 11.6%). The adjusted EBIT margin was 12.3% (11.9%).

Net working capital¹⁾ (MEUR)

- **At the end of September 2021**, net working capital was at an improved level compared to the end of the previous year.
- Several working capital items contributed to the improvement.

¹⁾ Including financing items and taxes

Cash flow²⁾ (MEUR)

- **In July–September 2021**, cash flow was solid at EUR 365.1 million, declining from an exceptionally high comparison period.
- **In January–September 2021**, cash flow was strong at EUR 1,303.7 million.

²⁾ Cash flow from operations before financing items and taxes

KONE's January–September 2021 review

KONE's operating environment

Operating environment by region

	New equipment market in units		Maintenance market in units		Modernization market in monetary value	
	7–9/2021	1–9/2021	7–9/2021	1–9/2021	7–9/2021	1–9/2021
Total market	Stable	++	+	+	++	++
EMEA	Stable	Stable	+	+	+	+
Central and North Europe	+	+	+	+	++	++
South Europe	Stable	Stable	+	+	+	+
Middle East	Stable	Stable	+	+	–	– –
North America	+++	++	+	+	+++	+++
Asia-Pacific	Stable	++	++	++	+++	++
China	Stable	++	++	++	+++	+++
Rest of Asia-Pacific	+++	+++	++	++	+++	+

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%)

July–September 2021

Recovery continued in the global elevator and escalator market during July–September. However, the pace of recovery varied and was slower than expected in certain regions due to global supply chain constraints. Activity was the strongest in the residential segment across regions.

Demand in the new equipment market was rather stable overall. **In Asia-Pacific**, the new equipment market was stable. **In China**, the market remained on last year's high level, but tightened liquidity started to impact activity in the property sector during the quarter. **In the rest of Asia-Pacific**, the market continued to recover strongly. **In the EMEA region**, the new equipment market was stable. The market in Central and North Europe grew slightly whereas in South Europe and in the Middle East the markets were stable. **In North America**, the market grew significantly.

The service market developed positively with broad based growth in both **maintenance and modernization**.

The pricing environment continued to be adversely affected by intense competition. That said, market prices have started to improve in several markets as a response to the increased component and logistics costs.

January–September 2021

Activity in the global elevator and escalator markets was somewhat affected by the COVID-19 pandemic in the early part of the year but recovered thereafter. The demand for affordable housing supported activity in the residential segment, while stimulus measures boosted sentiment in the infrastructure segment. Activity in the commercial segment remained limited throughout the period.

Demand in the new equipment market increased clearly. **In Asia-Pacific**, new equipment volumes grew clearly with **China** growing strongly in the first half and **the rest of Asia-Pacific** recovering as of the second quarter. **In the EMEA region**, the new equipment market was stable. The new equipment market grew slightly in Central and North Europe whereas in South Europe and in the Middle East the markets were stable. **In North America**, the new equipment market grew clearly.

In the service market, **maintenance** developed positively. Activity picked up in the second quarter and growth continued thereafter. Similarly, demand has rebounded in **modernization** after a slow start to the year.

The pricing environment continued to be adversely affected by intense competition. That said, market prices have started to improve in several markets as a response to the increased component and logistics costs.

Orders received and order book

Orders received

MEUR	7-9/2021	7-9/2020	Change	Comparable change ¹⁾	1-9/2021	1-9/2020	Change	Comparable change ¹⁾	1-12/2020
Orders received	2,211.1	1,931.7	14.5%	10.9%	6,697.7	6,116.4	9.5%	9.8%	8,185.1

¹⁾ Change at comparable foreign exchange rates

Order book

MEUR	Sep 30, 2021	Sep 30, 2020	Change	Comparable change ¹⁾	Dec 31, 2020
Order book	8,436.9	7,914.4	6.6%	3.1%	7,728.8

¹⁾ Change at comparable foreign exchange rates

Orders received consist predominantly of new equipment and modernization orders. Maintenance contracts are not included in orders received, but the figure includes orders related to the maintenance business, such as repairs.

July–September 2021

Orders received grew by 14.5% as compared to July–September 2020 and totaled EUR 2,211.1 million. At comparable exchange rates, KONE's orders received grew by 10.9%.

At comparable rates, new equipment orders received grew clearly with clear growth in the volume business and significant growth in major projects. In modernization, orders received grew significantly with significant growth in the volume business and significant growth in major projects.

The margin of orders received declined year-on-year due to increased component and logistics costs.

Orders received in the EMEA region grew slightly at comparable exchange rates as compared to July–September 2020. New equipment orders grew slightly and modernization orders grew clearly.

In the Americas region, orders received grew significantly at comparable rates as compared to July–September 2020. New equipment orders grew significantly and modernization orders grew significantly.

Orders received in the Asia-Pacific region grew clearly at comparable rates as compared to July–September 2020. In China, new equipment orders grew clearly in units and grew slightly in monetary value. Like-for-like prices were stable while mix was slightly negative. In the rest of Asia-Pacific, new equipment orders received grew significantly. Modernization orders received grew significantly in China and grew clearly in the rest of Asia-Pacific.

January–September 2021

Orders received grew by 9.5% as compared to January–September 2020 and totaled EUR 6,697.7 million. At comparable exchange rates, KONE's orders received grew by 9.8%.

At comparable rates, orders received for the new equipment grew significantly with clear growth in the volume business and significant growth in major projects. In modernization, orders received grew clearly with significant growth in the volume business and slight decline in major projects.

The margin of orders received declined year-on-year due to increased component and logistics costs.

Orders received in the EMEA region grew slightly at comparable exchange rates as compared to January–September 2020. New equipment orders grew slightly and modernization orders grew slightly.

In the Americas region, orders received grew significantly at comparable rates as compared to January–September 2020. New equipment orders grew significantly and modernization orders grew significantly.

Orders received in the Asia-Pacific region grew significantly at comparable rates as compared to January–September 2020. In China, new equipment orders grew significantly in units and grew clearly in monetary value. Like-for-like prices were slightly higher than in the comparison period while mix was slightly negative. In the rest of Asia-Pacific, new equipment orders received grew significantly. Modernization orders received grew significantly in China and declined clearly in the rest of Asia-Pacific.

The order book grew clearly compared to the end of September 2020 and stood at a strong level of EUR 8,436.9 million at the end of the reporting period. At comparable rates, the order book grew slightly.

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

Sales

By region

MEUR	7-9/2021	7-9/2020	Change	Comparable change ¹⁾	1-9/2021	1-9/2020	Change	Comparable change ¹⁾	1-12/2020
EMEA	969.9	977.3	-0.8%	-1.2%	2,939.7	2,842.4	3.4%	4.1%	3,916.2
Americas	477.5	475.7	0.4%	-0.4%	1,410.2	1,460.3	-3.4%	1.2%	1,939.5
Asia-Pacific	1,162.6	1,134.0	2.5%	-1.7%	3,397.4	3,014.7	12.7%	11.3%	4,082.8
Total	2,610.0	2,587.0	0.9%	-1.3%	7,747.3	7,317.3	5.9%	6.6%	9,938.5

¹⁾ Change at comparable foreign exchange rates

By business

MEUR	7-9/2021	7-9/2020	Change	Comparable change ¹⁾	1-9/2021	1-9/2020	Change	Comparable change ¹⁾	1-12/2020
New equipment	1,392.9	1,445.7	-3.6%	-6.5%	4,189.8	3,942.4	6.3%	6.5%	5,340.2
Services	1,217.1	1,141.3	6.6%	5.5%	3,557.5	3,374.9	5.4%	6.6%	4,598.4
Maintenance	860.4	791.5	8.7%	7.5%	2,531.0	2,382.0	6.3%	7.4%	3,215.6
Modernization	356.7	349.8	2.0%	1.0%	1,026.5	992.9	3.4%	4.8%	1,382.8
Total	2,610.0	2,587.0	0.9%	-1.3%	7,747.3	7,317.3	5.9%	6.6%	9,938.5

¹⁾ Change at comparable foreign exchange rates

July–September 2021

KONE's sales grew by 0.9% as compared to July–September 2020, and totaled EUR 2,610.0 million. At comparable exchange rates, KONE's sales declined by 1.3%. New equipment sales declined by 6.5% at comparable exchange rates largely due to the COVID-19 related slowdown in orders received during 2020 and tightened liquidity in China. Maintenance sales grew by 7.5% at comparable exchange rates thanks to growth in both contractual and discretionary service activities. Modernization sales grew by 1.0% at comparable exchange rates.

Sales in the EMEA region declined by 0.8% and totaled EUR 969.9 million. At comparable exchange rates, sales declined by 1.2%. New equipment sales declined clearly, maintenance sales grew slightly and modernization sales declined slightly in the region.

In the Americas, sales grew by 0.4% and totaled EUR 477.5 million. At comparable exchange rates, sales declined by 0.4%. New equipment sales declined significantly, maintenance sales grew significantly and modernization sales grew slightly in the region.

In Asia-Pacific, sales grew by 2.5% and totaled EUR 1,162.6 million. At comparable exchange rates, sales declined by 1.7%. New equipment sales declined clearly, maintenance sales grew significantly and modernization sales grew significantly in the region.

January–September 2021

KONE's sales grew by 5.9% as compared to January–September 2020, and totaled EUR 7,747.3 million. At comparable exchange rates, KONE's sales grew by 6.6%.

New equipment sales grew by 6.5% at comparable exchange rates thanks to strong growth in China during the first half. Service sales grew by 6.6% at comparable exchange rates as both maintenance and modernization activities started to normalize as of the second quarter. At comparable exchange rates, maintenance sales grew by 7.4% and modernization sales grew by 4.8%.

Sales in the EMEA region grew by 3.4% and totaled EUR 2,939.7 million. At comparable exchange rates, sales grew by 4.1%. New equipment sales grew slightly, maintenance sales grew clearly and modernization sales grew slightly in the region.

In the Americas, sales declined by 3.4% and totaled EUR 1,410.2 million. At comparable exchange rates, sales grew by 1.2%. New equipment sales declined clearly, maintenance sales grew clearly and modernization sales were stable in the region.

In Asia-Pacific, sales grew by 12.7% and totaled EUR 3,397.4 million. At comparable exchange rates, sales grew by 11.3%. New equipment sales grew significantly, maintenance sales grew significantly and modernization sales grew significantly in the region.

Financial result

Financial result

	7-9/2021	7-9/2020	Change	1-9/2021	1-9/2020	Change	1-12/2020
Operating income, MEUR	326.5	333.1	-2.0%	943.4	845.8	11.5%	1,212.9
Operating income margin, %	12.5	12.9		12.2	11.6		12.2
Adjusted EBIT, MEUR	326.5	339.8	-3.9%	950.4	869.9	9.3%	1,250.5
Adjusted EBIT margin, %	12.5	13.1		12.3	11.9		12.6
Income before taxes, MEUR	336.4	339.2	-0.8%	960.7	851.8	12.8%	1,224.2
Net income, MEUR	260.7	262.9	-0.8%	744.5	660.1	12.8%	947.3
Basic earnings per share, EUR	0.50	0.50	-0.6%	1.43	1.27	12.5%	1.81

July–September 2021

KONE's operating income (EBIT) was EUR 326.5 million or 12.5% of sales. The adjusted EBIT was EUR 326.5 million or 12.5% of sales. There were no items impacting comparability in the reporting period. In the comparison period items affecting comparability consisted of restructuring costs related to the Accelerate program.

Margins were burdened by increased component and logistics costs.

With comparable exchange rates, the translation impact on operating income for the comparison period was EUR 8.3 million.

Basic earnings per share was EUR 0.50.

January–September 2021

KONE's operating income (EBIT) was EUR 943.4 million or 12.2% of sales. The adjusted EBIT, which excludes costs of EUR 7.0 million related to restructuring measures in KONE's global business lines and functions in the second quarter, was EUR 950.4 million or 12.3% of sales. In the comparison period items affecting comparability consisted of restructuring costs related to the Accelerate program.

The improvement in profitability was driven by higher volumes in the first half and lower than normal discretionary spend, which partially compensated for increased component and logistics costs.

With comparable exchange rates, the translation impact on operating income for the comparison period was EUR 1.5 million.

KONE's income before taxes was EUR 960.7 million. Taxes totaled EUR 216.2 (191.7) million. This represents an effective tax rate of 22.5% for the full financial year. Net income for the period was EUR 744.5 million.

Basic earnings per share was EUR 1.43.

Cash flow and financial position

Cash flow and financial position

	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Cash flow from operations (before financing items and taxes), MEUR	365.1	600.2	1,303.7	1,539.4	1,907.5
Net working capital (including financing items and taxes), MEUR			-1,356.9	-1,200.3	-1,160.1
Interest-bearing net debt, MEUR			-1,820.0	-1,732.7	-1,953.8
Gearing, %			-62.2	-59.4	-61.1
Equity ratio, %			40.7	42.2	45.5
Equity per share, EUR			5.60	5.58	6.12

KONE's financial position was very strong at the end of September 2021.

Cash flow from operations (before financing items and taxes) during January–September 2021 was strong at EUR 1,303.7 million.

Net working capital (including financing items and taxes) was EUR -1,356.9 million at the end of September

2021. Several working capital items contributed to the improvement compared to the end of the previous year.

Interest-bearing net debt was EUR -1,820.0 million at the end of September 2021. KONE's cash and cash equivalents together with current deposits and loan receivables were EUR 2,503.3 (Dec 31, 2020: 2,629.4) million at the end of the reporting period. Interest-bearing

liabilities were EUR 708.1 (Dec 31, 2020: 695.8) million, including a pension liability of EUR 153.5 (Dec 31, 2020: 187.2) million and leasing liability of EUR 346.3 (Dec 31, 2020: 342.9) million. Additionally, KONE had an asset on

employee benefits, EUR 22.2 (Dec 31, 2020: 19.2) million. Gearing was -62.2% and equity ratio was 40.7% at the end of September 2021.

Equity per share was EUR 5.60.

Capital expenditure and acquisitions

Capital expenditure & acquisitions

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
On fixed assets	19.2	21.3	61.7	57.1	87.5
On lease agreements	26.0	21.6	94.8	55.7	113.4
On acquisitions	31.7	13.2	46.2	17.2	29.0
Total	76.8	56.1	202.7	130.0	230.0

KONE's capital expenditure and acquisitions totaled EUR 202.7 million in January–September 2021. Capital expenditure excluding acquisitions was mainly related to equipment and facilities in R&D, IT and production. Capital expenditure on leases consists mainly of maintenance vehicles and office facilities.

Acquisitions totaled EUR 46.2 million in January–September 2021. KONE completed acquisitions of small maintenance businesses in the EMEA region as well as in North America.

Research and development

R&D expenditure

	7-9/2021	7-9/2020	Change	1-9/2021	1-9/2020	Change	1-12/2020
R&D expenditure, MEUR	46.2	40.5	14.1%	141.5	128.2	10.3%	179.6
As percentage of sales, %	1.8	1.6		1.8	1.8		1.8

The objective of KONE's research and development 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's lifecycle, for instance by continuously developing the energy-efficiency of our solutions.

Research and development expenditure totaled EUR 141.5 million, representing 1.8% of sales in January–September 2021. R&D expenditure includes the development of new product and service concepts as well as further development of existing solutions and services.

During January–September 2021, KONE continued the global rollout and extension of the KONE DX Class offering. This new elevator series featuring built-in connectivity and an enhanced user experience was introduced in the end of 2019 and replaces the previous KONE elevator range across areas. During the first quarter, KONE launched DX Class elevators in China and in India

and introduced enhancements to the DX Class offering in Europe, Middle East and Mexico, where the new elevator series was rolled out during 2020. During the second quarter, the KONE DX class modernization offering was expanded in Asia Pacific and China with improvements in partial modernization, full replacement and high-rise modernization. KONE also continued to make several other updates to the DX offering, including the introduction of new API (application programming interface) connectivity devices for elevators in the high-rise segment.

During the second quarter, KONE launched the KONE Lane turnstile. This next generation access gate solution offers improved space-efficiency, reducing the need for floorspace by up to 90% compared with conventional similar products. The solution is ideal for offices and multiuse developments and can be adjusted to suit various design styles. KONE Lane won two Red Dot Design Awards along with three other KONE solutions in May. Other awards were given to KONE Office Flow, KONE Digital Experience Car and the KONE TravelMaster Premium Kit escalator design solution, which were recognized for their design quality, innovation and smart connectivity. The first KONE Lane turnstile installations started during the third quarter.

Personnel

KONE employees

	1-9/2021	1-9/2020	1-12/2020
Number of employees at the end of period	62,124	60,592	61,380
Average number of employees	61,458	60,147	60,376

Geographical distribution of KONE employees

	1-9/2021	1-9/2020	1-12/2020
EMEA	23,775	23,549	23,798
Americas	7,282	7,322	7,336
Asia-Pacific	31,068	29,720	30,246
Total	62,124	60,592	61,380

The main goals of KONE's personnel strategy are to secure the availability, engagement, motivation and continuous development of the company's personnel. All KONE's activities are guided by ethical principles. Employee rights and responsibilities include the right to a safe and healthy working environment, personal well-being, freedom of association, collective bargaining, non-discrimination and the right to a working environment in which harassment of any kind is not tolerated.

While the COVID-19 pandemic continued to have an impact globally, progress in vaccine rollouts has resulted in restrictions being eased in many areas. As regulations and practices vary from country to country, KONE has encouraged country organizations to actively follow the local rules and guidance to ensure that we are compliant and able to take into account our customers' requirements. KONE's main focus throughout the pandemic has been to continue serving our customers in the safest manner possible. In addition, employees have been supported by offering flexibility where needed and by ensuring easy access to information on how to enhance wellbeing. The pandemic has accelerated a change in how we work. In the second quarter, we introduced the KONE flexible working statement to our employees confirming that KONE will support flexible working arrangements that are aligned with our business priorities. In the third quarter, countries continued to define their local flexible working options.

We actively encourage diversity at KONE, and our values guide us in upholding an inclusive culture. During the first quarter, a new phase in KONE's strategy was launched with strong focus on sustainability and Diversity and Inclusion (D&I) as key elements of it. As one of the D&I specific goals, we committed to making a step-change in the share of women at the director level and increase it to 35% by 2030 (19% in 2020). The results of our annual salary review covering over 40,000 KONE employees showed that men and women in similar positions continue to be compensated equally on a global

level. Our elevated focus on driving sustainability is visible also in KONE's new share-based long-term incentive plan, launched in January, where sustainability was introduced as a new metric in addition to the financial metrics. The sustainability performance condition is a combination of reductions in carbon footprint, diversity and inclusion as

well as safety related targets. During January-September, we raised awareness and communicated widely about D&I topics. During the second quarter, for example, we trained our employees on LGBTIQ+ and celebrated Pride month. During the third quarter, we launched an anonymous and voluntary inclusion survey for our employees to better understand how they experience inclusion at KONE.

Making KONE a great place to work is KONE's number one strategic target and it is measured

by employee engagement and a related Pulse employee survey. During the second quarter, we conducted a light version of the Pulse survey with 84% of all KONE employees taking part despite the challenging circumstances brought on by COVID-19. The global results show that KONE continues to be a great place to work with a healthy company culture and KONE employees are very engaged. Despite a slight decline from the very high 2020 scores in both engagement and enablement, the vast majority of the survey results were clearly above the external high-performance benchmarks. In the second quarter, we also started Pulse Talks taking place in all teams globally. The objective of the Talks is to ensure continuous dialogue on team wellbeing and make KONE an even better workplace.

We strive to have the best professionals with the right competencies in each position. We facilitate this effort and increase the motivation, engagement and continuous development of KONE employees through regular performance discussions, that take place at least twice a year. Performance discussions conducted in the first quarter focused on achievement reviews for 2020 and goal setting for 2021. The progress on the goals set was reviewed during the third quarter, when mid-year

HIGHLIGHTS Q3/2021

- Voluntary inclusion survey launched to better understand how employees experience inclusion at KONE

performance and individual development discussions were held in all countries.

We support continuous learning and provide a rich training offering for our employees. Amidst the COVID-19 pandemic, we have actively encouraged employees to make use of learning opportunities as well as continued to develop new online learning offerings and virtualizing our current instructor-led programs. Furthermore, we continuously invest in building capabilities to sell and deliver digital solutions and services. In connection to the continuing roll-out of KONE DX Class elevators, salespeople, engineers and field teams have been actively

trained on the topic as well as on KONE 24/7 Connected Services and KONE's ecosystem partnering. As part of KONE's strategy and the "Empowered People" Way to Win, we launched a "Competence of a quarter" campaign to support our employees in upskilling. The first focus areas were digital and data competence and sustainability.

During the third quarter, recruitment volumes continued to increase and exceeded pre-pandemic levels. We remain focused on the renewal of our competence base, and the systematic activities around talent attraction and building talent pipelines have helped us to reach shorter times to hire and improved quality of hires.

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 urban environments by enabling net zero energy buildings, smart eco-cities and low-carbon communities. To align with our heightened climate and environmental ambition, we renewed KONE's Environmental Policy Statement during the first quarter. The statement, which outlines our ambition, objectives and commitment to environmental sustainability in all our activities, is available publicly at [kone.com](https://www.kone.com).

During the first quarter, KONE was again awarded the best A grade in CDP's 2020 Supplier Engagement rating, in addition to the earlier announced placement on CDP's prestigious 2020 Climate Change A List. The CDP Supplier Engagement rating demonstrates leadership and best practice in engaging our suppliers on climate change issues. During the second quarter, KONE earned a place in the first ever Financial Times Europe's Climate Leaders ranking. The ranking identifies companies that achieved the greatest reduction in their greenhouse gas (GHG) emissions relative to their revenue between 2014 and 2019. During the third quarter, KONE was again included in the FTSE4Good Index. KONE was also awarded the highest-scoring Platinum medal in the annual EcoVadis sustainability performance assessment. This places KONE in the top 1% amongst all 75,000 companies assessed in 2021.

During the first quarter, we finalized the calculations of our 2020 carbon footprint. KONE's target was to reduce its operational carbon footprint relative to sales by 3% annually. In 2020, we exceeded this target as our overall operational carbon footprint (Scope 1, 2 and the Scope 3 categories of logistics, business travel and waste) relative to sales decreased by 8.9% compared to 2019, with sales growth calculated at comparable exchange rates. Our Scope 1 and 2 greenhouse gas emissions relative to sales decreased by 11.8%.

The largest individual factor contributing to the reduction in Scope 1 and 2 emissions during 2020 was less work-related driving and time spent at the office due to various restrictions brought on by COVID-19. We also set out to incorporate electrified vehicles in local car policies, provide the necessary solutions for charging, and motivate our employees to select low-emissions vehicles. In 2020, 41% (2019: 37%) of all electricity in our facilities was produced from renewable sources, our target being over 50% by the end of 2021. In terms of the Scope 3 emissions that were a part of our target setting in 2020, our logistics emissions decreased by 4.1% in 2020 relative to units delivered, for example due to a significant reduction in air freight emissions in Europe and China. Our business air travel emissions decreased by 74% largely due to COVID-19. For landfill waste, we have set a long-term target of 0% from our manufacturing units by 2030. In 2020, we were already at a low level of 0.6% (2019: 0.9%). KONE's total carbon footprint data (Scope 1, 2 and 3 emissions) has been externally assured.

As KONE's climate pledge was announced in September 2020, we revised our long-term and annual

target setting, both in terms of ambition and scope, during the first quarter. Our long-term target for Scope 1 and 2 emissions is an absolute reduction of 50% by 2030 from the base-year 2018. The respective annual target for 2021 is an absolute reduction of 7%, compared to the base-year 2019 due to the exceptional circumstances in 2020. During the reporting period, we made good progress in terms of reducing emissions from our own operations. Many KONE subsidiaries are taking steps to renew their vehicle fleets. For example, in our maintenance operations KONE started piloting e-cargo bikes and e-scooters in Austria and replacing old motorcycles with new electric ones in Hong Kong. In terms of our facilities, we increased the share of renewable electricity to 64% in the first half of the year from 41% in the end of 2020.

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 focus on continuously strengthening supplier engagement with regards to environmental topics and increasing transparency in our supply chain. As part of our climate pledge, we have also set a long-term target for reducing our product-related Scope 3 emissions by 40% by 2030, relative to ordered products. In 2020, our product-related Scope 3 emissions increased by 0.7% relative to ordered products. This was mainly due to an increased number of products sold especially in the Asia-Pacific region, where the lifetime energy use emissions of our products tend to be higher due to fossil fuel-based energy generation. We have also set a separate target of 4% annual reduction in our Scope 3 logistics carbon footprint relative to units delivered.

KONE supports sustainable and green building through our energy-efficient and innovative offering, functional and sustainable materials, as well as transparent documentation about our products' environmental impacts. We can help our customers meet various green building requirements even better with the KONE DX Class elevator range. In connection with the launch of the DX Class elevators in the Chinese market during the first quarter, we obtained the best A-class ISO 25745 energy performance certifications for seven of our DX elevator models. KONE currently has 31 best-in-class energy performance references for our elevators and escalators. During the second quarter, one of the best-in-class rated elevators, KONE MiniSpace™ received an additional China-mark, certified by TÜV, for its superior energy efficiency. During the first half of the year, we also published externally verified Environmental Product Declarations (EPDs) for the KONE 3000 TranSys™ elevator and the KONE TransitMaster™ 140 escalator – the first escalator EPD in the industry. This represents an important achievement in the transparent communication of the life cycle environmental impacts of our products.

As a demonstration of our sustainable offering, several KONE solutions have received external sustainability recognition. During the first half of 2021, KONE received the Singapore Green Building Product (SGBP) certification for the KONE 3000 S MonoSpace® and the KONE 3000

HIGHLIGHTS Q3/2021

- KONE was included in the FTSE4Good Index and received a Platinum medal in the annual EcoVadis sustainability performance assessment

TranSys™ elevators with the highest “Leader” rating. KONE currently has nine Singapore Green Building Product (SGBP) certifications with the highest ratings. KONE is the first and only elevator and escalator company to achieve such top ratings in the vertical transportation category. During the third quarter, KONE received an “Accepted” rating in the Byggarbetsbetygningen (BVB)

assessment system for KONE TransitMaster™ 140 T escalator and for KONE MonoSpace® 700 DX elevator in Sweden, in addition several other earlier verified and accepted solutions. BVB is a Swedish nonprofit organization that evaluates solutions for buildings and drives the use of sustainable building materials.

Changes in the Executive Board

In January–September 2021, KONE announced the following changes in the Executive Board.

Johannes Frände was appointed Executive Vice President, General Counsel and a member of the Executive Board at KONE as of February 1, 2021. He succeeds Klaus Cawén, who has served in different roles at KONE for 38 years. Thomas Hinnerskov was appointed Executive Vice President, responsible for the South Europe, Middle East and Africa region as of April 1, 2021. He succeeds Pierre Liautaud, who has served 10 years at

KONE as Executive Vice President, South Europe, Middle East and Africa region. Prior to this, Thomas Hinnerskov served as KONE’s Executive Vice President, Central and North Europe. Axel Berkling was appointed new Executive Vice President, Central and North Europe. Prior to this, Axel Berkling served as KONE’s Executive Vice President, Asia-Pacific region, excluding China. Samer Halabi was appointed Executive Vice President, responsible for the Asia-Pacific region and a member of the Executive Board as of May 1, 2021.

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 anticompetitive 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 156 million at the end of September 2021 (June 30, 2021: EUR 144 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

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. As China accounts for approximately 30% of KONE's sales, a sustained market decline in the Chinese construction industry, in particular, could have an adverse effect on KONE's growth and profitability. Liquidity constraints in the Chinese property markets raised market concerns in the third quarter. KONE's customer portfolio is well diversified, limiting individual customer risks. However, a worsening liquidity situation among Chinese property developers could impact construction activity in China, and, consequently, the demand for KONE's solutions.

Following the COVID-19 outbreak in 2020, many governments across the world took significant measures to contain the pandemic by restricting the movement of people and limiting some business activities. In 2021, construction markets have started to recover in many countries thanks to successful vaccination campaigns, easing restrictions, and government stimulus. However, a deterioration of the situation, e.g. due to new COVID-19 variants, could have an adverse impact on the overall economic environment, construction activity and the demand for KONE's services and solutions.

Geopolitical tensions and protectionism continue to expose KONE to various business risks. In addition to the potential adverse impacts on general economic activity, geopolitical tensions and protectionism could impact the competitiveness of KONE's supply chain, and lead to increased costs from trade and customs tariffs. A significant portion of KONE's component suppliers and global supply capacity is located in China.

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

Engaged employees with relevant competencies and skills are key to the successful execution of our strategy. With the business models and ways of working changing in the elevator and escalator industry, KONE needs new organizational capabilities and new competencies on the individual employee level in the field of, for example, digitalization. At the same time, the competition over skilled field workforce is increasing and securing the needed field resources and their competence

management is critical. A failure to develop and retain the needed 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. KONE also uses a significant amount of subcontracted installation resources, has outsourced some business support processes and works with partners in e.g. digital services and logistics. These expose KONE to component and subcontracted labor availability and cost risk as well as continuity risk in partnerships. A failure to secure the needed materials, components or resources or quality issues within these could cause business disruptions and cost increases. The recovery in the global economy witnessed over the last few quarters has put pressure on supply chains resulting in, for example, increased prices and component availability constraints. The shortage of semiconductors, in particular, is closely monitored and managed e.g. with detailed planning of delivery execution and active involvement of supply chain partners. Continued challenges in the global supply chains could have an adverse impact on KONE's financial performance.

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 have an effect on KONE's business and financial performance. Such reputational risks could materialize e.g. in the case of an incident, a major delivery issue or a product or service quality issue. Matters concerning product integrity, safety or quality could also have an impact on KONE's financial performance and affect customer operations.

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. KONE's, its suppliers' and customers' operations also utilize information technology extensively and KONE's business is dependent on the quality, integrity and availability of information. Thus, KONE is exposed to IT disruptions 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. Any breach of sensitive employee or customer data may also result in significant penalties as well as reputational damage. Such cyber incidents could be caused by, including but not limited to, cyber-crime, cyber-attacks, computer malware, information theft, fraud, misappropriation, or inadvertent actions from our employees and vendors. Physical damage caused by fire, extreme weather conditions, natural catastrophes or terrorism, among other things, to these operations, could also cause business interruption for KONE or its suppliers.

Financial risks

The majority of KONE's sales and 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 the liquidity and payment schedules of its customers, which may impact cash flow or lead to credit losses. 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 and 5.3 in the Financial Statements for 2020.

Risk management

Risks	Mitigation actions
Weakening of the economic environment, particularly in China	KONE strives to continuously develop its competitiveness in all regions and businesses. KONE has a wide geographic presence and a balanced business portfolio with a high share of maintenance 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, 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.
Changes in the competitive or customer landscape, customer requirements or competitors' offerings impacting KONE's competitiveness	KONE aims to be the industry leader 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.
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 dual sourcing, multi-year 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.
Product integrity, safety or quality issues as well as issues with reputation	To mitigate product risks, KONE has processes in place for product design, supply, manufacturing, installation and maintenance, involving strict quality control. 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	<p>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.</p> <p>In an operating environment impacted by COVID-19, KONE's global supply chain helps mitigate the risk of interruptions. KONE has 12 manufacturing facilities in 8 countries, multiple distribution centers and a large supplier network across the globe, which helps to mitigate the challenges and restrictions in individual countries. During the COVID-19 crisis, KONE has also put extra focus on business continuity management.</p>
Quality and reliability of IT systems and cybersecurity risks	KONE's security policies define controls to safeguard 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	Centralized risk management in accordance with the KONE Treasury Policy. More information in notes 2.4 and 5.3 of KONE's Financial Statements 2020.

Decisions of the Annual General Meeting

KONE Corporation's Annual General Meeting was held in Helsinki on March 2, 2021. The meeting was held based on the so-called temporary act so that shareholders participated in the meeting and exercised their shareholder rights only by voting in advance and by submitting counterproposals and asking questions in advance.

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, 2020.

The number of Members of the Board of Directors was confirmed as eight. Re-elected as Members of the Board were Matti Alahuhta, Susan Duinhoven, Antti Herlin, Iiris Herlin, Jussi Herlin, Ravi Kant and Juhani Kaskeala. Jennifer Xin-Zhe Li was elected as a new member to the Board of Directors.

At its meeting held after the General Meeting on March 2, 2021, the Board of Directors elected from among its members Antti Herlin as its Chairman and Jussi Herlin as Vice Chairman.

Ravi Kant was elected as Chairman and Matti Alahuhta and Jussi Herlin as members of the Audit Committee. Ravi Kant and Matti Alahuhta are independent of both the company and of significant shareholders.

Antti Herlin was elected as Chairman and Matti Alahuhta, Jussi Herlin and Juhani Kaskeala as members of the Nomination and Compensation Committee. Matti Alahuhta and Juhani Kaskeala 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 remuneration, 40 percent will be paid in class B shares of KONE Corporation and the rest 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 2022.

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 Finnish 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 2022.

The audit firm Ernst & Young Oy was nominated as the auditor for the term 2021.

Share-based incentives

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

On January 28, 2021, KONE's Board of Directors decided on a new performance share plan, which replaced the existing performance share plans. The new performance plan continues to emphasize profitable growth and as a new measure sustainability. It consists of annually commencing individual share plans, each with a three-year rolling performance period, after which the potential share awards vest. 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 potential reward is to be paid as a combination of KONE class B shares and a cash payment equivalent to the taxes and similar charges that are incurred from the receipt of shares. The target group and targets within the plan as well as possible rewards are decided upon annually by the Board. As part of the performance share plan for the senior 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.

The 2021 performance share plan is targeted to approximately 55 members of the top management, including the President and CEO, members of the Executive Board and other top management, and approximately 500 other selected key personnel of KONE Group. The performance criteria applied to the 2021 performance share plan are based on annual growth in sales, adjusted EBIT margin 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 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 persons. The restricted share plan does not have a performance condition. The plan has a commitment period up to 3 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.

Shares and share capital

Share capital and market capitalization*

	Sep 30, 2021	Dec 31, 2020
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	10,683,525	11,006,006
Share capital, EUR	66,174,483	66,174,483
Market capitalization, MEUR*	31,527	34,452

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

Treasury shares

	1-9/2021
Treasury shares at the beginning of the period	11,006,006
Changes in treasury shares during the period	-322,481
Treasury shares at the end of the period	10,683,525

At the end of September 2021, the Group had 10,683,525 treasury shares. Treasury shares represent

2.4% of the total number of class B shares. This corresponds to 0.9% of the total voting rights.

Shares traded on Nasdaq Helsinki

	1-9/2021	1-9/2020	1-12/2020
Shares traded on the Nasdaq Helsinki Ltd., million	131.7	174.3	222.9
Average daily trading volume	696,689	926,876	884,675
Volume-weighted average share price	EUR 67.38	59.67	62.07
Highest share notation	EUR 73.86	76.20	76.20
Lowest share notation	EUR 60.00	42.39	42.39
Share notation at the end of the period	EUR 60.78	75.06	66.46

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

The number of registered shareholders was 72,661 at the beginning of the review period and 83,260 at its end.

The number of private households holding shares totaled 78,979 at the end of the period, which corresponds to approximately 12.3% of the listed B shares. At the end of September 2021, a total of 53.4% of the B shares were owned by nominee-registered and non-Finnish investors.

Flagging notifications

During January–September 2021, BlackRock, Inc. announced several notices in accordance with the Finnish Securities Market Act Chapter 9, Section 5. The notices were announced on June 3, June 17, June 21, June 29, June 30, July 2, July 8 and July 9. The notices have been published as stock exchange releases and are available on KONE Corporation's internet pages at www.kone.com. According to the latest notification, the total number of

KONE Corporation shares owned by BlackRock, Inc. and its funds excluding financial instruments according to SMA 9:6a increased to above five (5) per cent of the total number of shares of KONE Corporation on July 8, 2021. The total number of shares including financial instruments according to SMA 9:6a owned by BlackRock, Inc. and its funds remained above five (5) per cent of the total number of shares of KONE Corporation.

Outlook

North America		EMEA		Asia-Pacific	
New equipment	Services	New equipment	Services	New equipment	Services
Significant growth	Maintenance Slight growth	Stable	Maintenance Slight growth	China Clear growth	Maintenance Clear growth
	Modernization Significant growth		Modernization Clear growth	Outside China Significant growth	Modernization Significant growth

Market outlook 2021 (updated)

In China, the new equipment market is expected to grow clearly from a high level thanks to strong activity in the first half of the year. In the rest of the world, the new equipment markets are expected to recover from a low comparison period. In Asia-Pacific, excluding China, and in North America the new equipment markets are expected to grow significantly. The new equipment market in the Europe, Middle East and Africa region is

expected to be stable with growth in Central and North Europe and stable development in South Europe and in the Middle East.

With normalizing maintenance activity around the world, the maintenance markets are expected to grow clearly in Asia-Pacific and grow slightly in other regions.

Similarly, the modernization markets are expected to grow across all regions.

Business outlook 2021 (specified)

In 2021, KONE's sales growth is estimated to be in the range of 4% to 6% at comparable exchange rates as compared to 2020. The adjusted EBIT margin is expected to be in the range of 12.4% to 12.8%. Assuming that foreign exchange rates remain at the October 2021 level, the impact of foreign exchange rates on the adjusted EBIT would be limited.

KONE has a solid order book and maintenance base for 2021. Continual improvements in quality and productivity are expected to support profitability.

The key headwinds for 2021 results are the increased component and logistics costs. KONE also

continues to invest actively in building the capability to sell and deliver digital services and solutions.

KONE previously estimated its sales growth to be in the range of 4% to 6% at comparable exchange rates as compared to 2020. The adjusted EBIT margin was expected to be in the range of 12.4% to 13.0%. Assuming that foreign exchange rates would have remained at the July 2021 level, the impact of foreign exchange rates on the adjusted EBIT would have been limited.

Helsinki, October 28, 2021

KONE Corporation's Board of Directors

Consolidated statement of income

MEUR	7-9/2021	%	7-9/2020	%	1-9/2021	%	1-9/2020	%	1-12/2020	%
Sales	2,610.0		2,587.0		7,747.3		7,317.3		9,938.5	
Costs and expenses	-2,221.8		-2,194.8		-6,621.9		-6,293.0		-8,486.7	
Depreciation and amortization	-61.7		-59.1		-181.9		-178.5		-239.0	
Operating income	326.5	12.5	333.1	12.9	943.4	12.2	845.8	11.6	1,212.9	12.2
Financing income	16.1		12.4		37.8		29.5		41.8	
Financing expenses	-6.2		-6.3		-20.6		-23.5		-30.4	
Income before taxes	336.4	12.9	339.2	13.1	960.7	12.4	851.8	11.6	1,224.2	12.3
Taxes	-75.7		-76.3		-216.2		-191.7		-276.9	
Net income	260.7	10.0	262.9	10.2	744.5	9.6	660.1	9.0	947.3	9.5
Net income attributable to:										
Shareholders of the parent company	259.3		260.7		738.5		656.1		939.2	
Non-controlling interests	1.5		2.2		6.0		4.0		8.1	
Total	260.7		262.9		744.5		660.1		947.3	
Earnings per share for profit attributable to the shareholders of the parent company, EUR										
Basic earnings per share, EUR	0.50		0.50		1.43		1.27		1.81	
Diluted earnings per share, EUR	0.50		0.50		1.42		1.27		1.81	

Consolidated statement of comprehensive income

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Net income	260.7	262.9	744.5	660.1	947.3
Other comprehensive income, net of tax:					
Translation differences	48.9	-68.4	130.3	-112.3	-173.2
Hedging of foreign subsidiaries	-9.1	19.9	-21.1	27.8	52.0
Cash flow hedges	1.1	10.5	-2.5	27.1	27.1
Items that may be subsequently reclassified to statement of income	40.9	-38.0	106.7	-57.5	-94.1
Changes in fair value	1.5	1.8	-1.9	-5.6	4.8
Remeasurements of employee benefits	-4.0	-7.7	28.5	-10.0	8.8
Items that will not be reclassified to statement of income	-2.4	-5.9	26.6	-15.6	13.6
Total other comprehensive income, net of tax	38.5	-43.9	133.4	-73.0	-80.5
Total comprehensive income	299.2	219.0	877.9	587.1	866.8
Total comprehensive income attributable to:					
Shareholders of the parent company	297.8	216.7	871.9	583.1	858.7
Non-controlling interests	1.5	2.2	6.0	4.0	8.1
Total	299.2	219.0	877.9	587.1	866.8

Condensed consolidated statement of financial position

Assets

MEUR		Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Non-current assets				
Goodwill		1,384.3	1,343.5	1,327.0
Other intangible assets		216.7	218.4	223.2
Tangible assets		720.9	690.6	710.0
Loan receivables and other interest-bearing assets	I	2.5	0.7	1.0
Investments		142.0	132.6	143.2
Employee benefits	I	22.2	21.7	19.2
Deferred tax assets	II	248.8	335.5	242.4
Total non-current assets		2,737.5	2,743.2	2,666.1
Current assets				
Inventories	II	673.7	640.9	597.0
Accounts receivable	II	2,317.9	2,133.9	2,178.6
Deferred assets	II	711.5	692.2	638.7
Income tax receivables	II	142.5	110.6	82.2
Current deposits and loan receivables	I	2,067.2	1,921.3	2,171.4
Cash and cash equivalents	I	436.1	482.7	457.9
Total current assets		6,349.0	5,981.6	6,125.9
Total assets		9,086.5	8,724.7	8,792.0

Equity and liabilities

MEUR		Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Equity				
		2,927.0	2,917.7	3,197.3
Non-current liabilities				
Loans	I	441.9	389.9	244.0
Employee benefits	I	153.5	195.8	187.2
Deferred tax liabilities	II	90.7	191.1	90.4
Total non-current liabilities		686.1	776.7	521.6
Provisions	II	164.6	138.7	154.7
Current liabilities				
Loans	I	112.7	108.1	264.6
Advance payments received and deferred revenue	II	1,893.7	1,817.7	1,766.8
Accounts payable	II	1,056.6	873.0	890.9
Accruals	II	2,112.4	1,956.6	1,882.6
Income tax payables	II	133.4	136.2	113.6
Total current liabilities		5,308.8	4,891.6	4,918.4
Total equity and liabilities		9,086.5	8,724.7	8,792.0

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

Items designated " II " comprise net working capital.

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2021	66.2	100.3	345.7	41.7	-10.9	-115.0	-164.7	2,911.3		22.6	3,197.3
Net income for the period									738.5	6.0	744.5
Other comprehensive income:											
Translation differences					130.3						130.3
Hedging of foreign subsidiaries					-21.1						-21.1
Cash flow hedges				-2.5							-2.5
Changes in fair value				-1.9							-1.9
Remeasurements of employee benefits						28.5					28.5
Transactions with shareholders and non-controlling interests:											
Profit distribution								-1,166.3			-1,166.3
Purchase of own shares											-
Change in non-controlling interests								1.5		-6.0	-4.5
Option and share-based compensation			22.7				11.9	-11.9			22.7
Sep 30, 2021	66.2	100.3	368.4	37.3	98.3	-86.4	-152.8	1,734.6	738.5	22.6	2,927.0

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2020	66.2	100.3	322.1	9.8	110.3	-123.8	-185.1	2,873.0		20.0	3,192.9
Net income for the period									656.1	4.0	660.1
Other comprehensive income:											
Translation differences					-112.3						-112.3
Hedging of foreign subsidiaries					27.8						27.8
Cash flow hedges				27.1							27.1
Changes in fair value				-5.6							-5.6
Remeasurements of employee benefits						-10.0					-10.0
Transactions with shareholders and non-controlling interests:											
Profit distribution								-880.5			-880.5
Purchase of own shares											-
Change in non-controlling interests										-1.4	-1.4
Option and share-based compensation			19.6				20.5	-20.5			19.6
Sep 30, 2020	66.2	100.3	341.7	31.3	25.7	-133.8	-164.6	1,972.0	656.1	22.6	2,917.7

Consolidated statement of changes in equity

MEUR	Share capital	Share premium account	Paid-up unrestricted equity reserve	Fair value and other reserves	Translation differences	Remeasurements of employee benefits	Own shares	Retained earnings	Net income for the period	Non-controlling interests	Total equity
Jan 1, 2020	66.2	100.3	322.1	9.8	110.3	-123.8	-185.1	2,873.0		20.0	3,192.9
Net income for the period									939.2	8.1	947.3
Other comprehensive income:											
Translation differences					-173.2						-173.2
Hedging of foreign subsidiaries					52.0						52.0
Cash flow hedges				27.1							27.1
Changes in fair value				4.8							4.8
Remeasurements of employee benefits						8.8					8.8
Transactions with shareholders and non-controlling interests:											
Profit distribution								-880.5			-880.5
Purchase of own shares											-
Change in non-controlling interests										-5.5	-5.5
Option and share-based compensation			23.6				20.4	-20.4			23.6
Dec 31, 2020	66.2	100.3	345.7	41.7	-10.9	-115.0	-164.7	1,972.0	939.2	22.6	3,197.3

Condensed consolidated statement of cash flows

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Operating income	326.5	333.1	943.4	845.8	1,212.9
Change in net working capital before financing items and taxes	-23.1	208.0	178.4	515.1	455.6
Depreciation and amortization	61.7	59.1	181.9	178.5	239.0
Cash flow from operations before financing items and taxes	365.1	600.2	1,303.7	1,539.4	1,907.5
Cash flow from financing items and taxes	-42.2	-117.6	-196.6	-290.6	-357.3
Cash flow from operating activities	322.8	482.6	1,107.2	1,248.8	1,550.2
Cash flow from investing activities	-18.2	-27.7	-70.4	-67.4	-109.8
Cash flow after investing activities	304.6	454.8	1,036.7	1,181.4	1,440.4
Profit distribution	-	-	-1,166.3	-880.5	-880.5
Change in deposits and loans receivable, net	-319.6	-471.9	156.3	-352.5	-606.1
Change in loans payable and other interest-bearing debt	-36.1	-40.8	-58.3	-108.6	-134.1
Changes in non-controlling interests	-0.1	-0.1	-1.1	-0.8	-3.8
Cash flow from financing activities	-355.8	-512.9	-1,069.4	-1,342.4	-1,624.5
Change in cash and cash equivalents	-51.2	-58.0	-32.7	-161.1	-184.1
Cash and cash equivalents at beginning of period	482.5	550.1	457.9	662.4	662.4
Translation difference	4.8	-9.3	10.8	-18.7	-20.4
Cash and cash equivalents at end of period	436.1	482.7	436.1	482.7	457.9

CHANGE IN INTEREST-BEARING NET DEBT

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Interest-bearing net debt at beginning of period	-1,501.4	-1,330.2	-1,953.8	-1,552.9	-1,552.9
Interest-bearing net debt at end of period	-1,820.0	-1,732.7	-1,820.0	-1,732.7	-1,953.8
Change in interest-bearing net debt	-318.5	-402.6	133.9	-179.9	-401.0

Payments of lease liabilities included in financing activities were EUR -91.0 (January–September 2020: -91.5) million and interest expense paid included in cash flow from financing items and taxes were EUR 6.7 (January–September 2020: 7.9) million.

Notes to the interim report

ACCOUNTING PRINCIPLES

KONE Corporation's Interim Report for January–September 2021 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with KONE's financial statements for 2020, published on January 28, 2021. KONE has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2020. The information presented in this Interim Report has not been audited.

KEY FIGURES

		1-9/2021	1-9/2020	1-12/2020
Basic earnings per share	EUR	1.43	1.27	1.81
Diluted earnings per share	EUR	1.42	1.27	1.81
Equity per share	EUR	5.60	5.58	6.12
Interest-bearing net debt	MEUR	-1,820.0	-1,732.7	-1,953.8
Equity ratio	%	40.7	42.2	45.5
Gearing	%	-62.2	-59.4	-61.1
Return on equity	%	32.4	28.8	29.7
Return on capital employed	%	27.1	24.2	25.0
Total assets	MEUR	9,086.5	8,724.7	8,792.0
Assets employed	MEUR	1,107.0	1,185.0	1,243.4
Net working capital (including financing and tax items)	MEUR	-1,356.9	-1,200.3	-1,160.1

The calculation formulas of key figures are presented in KONE's Financial Statements for 2020.

ALTERNATIVE PERFORMANCE MEASURE

KONE presents adjusted EBIT as an alternative performance measure to enhance comparability of the business performance between reporting periods. Restructuring costs related to significant restructuring programs are excluded from the calculation of the adjusted EBIT.

		7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Operating income	MEUR	326.5	333.1	943.4	845.8	1,212.9
Operating income margin	%	12.5	12.9	12.2	11.6	12.2
Items impacting comparability	MEUR	-	6.7	7.0	24.1	37.7
Adjusted EBIT	MEUR	326.5	339.8	950.4	869.9	1,250.5
Adjusted EBIT margin	%	12.5	13.1	12.3	11.9	12.6

QUARTERLY FIGURES

KONE has adopted the IFRS 16 effective January 1, 2019 using the modified retrospective approach and the comparative figures have not been restated. Further, KONE applied IFRS 15 and IFRS 9 standards from January 1, 2018 onwards and 2017 financials are restated retrospectively. Figures for 2014–2016 are not restated and thus not fully comparable.

		Q3/2021	Q2/2021	Q1/2021	Q4/2020	Q3/2020	Q2/2020	Q1/2020
Orders received	MEUR	2,211.1	2,410.7	2,075.9	2,068.7	1,931.7	2,075.4	2,109.3
Order book	MEUR	8,436.9	8,272.5	8,180.4	7,728.8	7,914.4	8,307.3	8,386.4
Sales	MEUR	2,610.0	2,810.8	2,326.4	2,621.2	2,587.0	2,532.1	2,198.3
Operating income	MEUR	326.5	367.1	249.8	367.1	333.1	315.5	197.2
Operating income margin	%	12.5	13.1	10.7	14.0	12.9	12.5	9.0
Adjusted EBIT ¹⁾	MEUR	326.5	374.0	249.8	380.6	339.8	324.6	205.6
Adjusted EBIT margin ¹⁾	%	12.5	13.3	10.7	14.5	13.1	12.8	9.4
Items impacting comparability	MEUR	-	7.0	-	13.5	6.7	9.1	8.4

		Q4/2019	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018
Orders received	MEUR	1,988.3	2,007.3	2,310.1	2,094.1	1,937.9	1,831.9	2,118.6	1,908.7
Order book	MEUR	8,051.5	8,399.8	8,407.1	8,454.7	7,950.7	7,791.6	7,915.3	7,786.6
Sales	MEUR	2,684.6	2,557.6	2,540.8	2,198.8	2,443.4	2,288.7	2,330.6	2,008.0
Operating income	MEUR	356.4	314.2	306.5	215.4	292.5	258.0	280.5	211.5
Operating income margin	%	13.3	12.3	12.1	9.8	12.0	11.3	12.0	10.5
Adjusted EBIT ¹⁾	MEUR	367.5	321.9	319.6	228.4	319.6	273.7	300.4	218.3
Adjusted EBIT margin ¹⁾	%	13.7	12.6	12.6	10.4	13.1	12.0	12.9	10.9
Items impacting comparability	MEUR	11.1	7.7	13.1	13.1	27.1	15.7	19.9	6.9

		Q4/2017	Q3/2017	Q2/2017	Q1/2017	Q4/2016	Q3/2016	Q2/2016	Q1/2016
Orders received	MEUR	1,845.8	1,739.0	2,056.2	1,913.0	1,839.2	1,771.7	2,067.8	1,942.3
Order book	MEUR	7,357.8	7,473.5	7,749.2	7,960.5	8,591.9	8,699.0	8,763.6	8,529.7
Sales	MEUR	2,306.3	2,209.7	2,337.2	1,943.4	2,593.2	2,170.2	2,272.6	1,748.3
Operating income	MEUR	292.8	317.9	335.8	245.8	392.2	331.1	348.6	221.4
Operating income margin	%	12.7	14.4	14.4	12.6	15.1	15.3	15.3	12.7
Adjusted EBIT ¹⁾	MEUR	302.6	321.3	335.8	245.8	392.2	331.1	348.6	221.4
Adjusted EBIT margin ¹⁾	%	13.1	14.5	14.4	12.6	15.1	15.3	15.3	12.7
Items impacting comparability	MEUR	9.9	3.3	-	-	-	-	-	-

		Q4/2015	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014	Q1/2014
Orders received	MEUR	1,947.2	1,764.5	2,193.5	2,053.8	1,703.8	1,577.2	1,801.9	1,729.7
Order book	MEUR	8,209.5	8,350.7	8,627.4	8,529.6	6,952.5	6,995.8	6,537.2	6,175.4
Sales	MEUR	2,561.8	2,184.2	2,210.4	1,690.9	2,165.8	1,877.9	1,848.9	1,441.8
Operating income	MEUR	378.5	325.9	325.2	211.9	315.3	277.5	263.2	179.6
Operating income margin	%	14.8	14.9	14.7	12.5	14.6	14.8	14.2	12.5
Adjusted EBIT ¹⁾	MEUR	378.5	325.9	325.2	211.9	315.3	277.5	263.2	179.6
Adjusted EBIT margin ¹⁾	%	14.8	14.9	14.7	12.5	14.6	14.8	14.2	12.5
Items impacting comparability	MEUR	-	-	-	-	-	-	-	-

¹⁾ Operating income excluding items impacting comparability

Net working capital

MEUR	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Net working capital			
Inventories	673.7	640.9	597.0
Advance payments received and deferred revenue	-1,893.7	-1,817.7	-1,766.8
Accounts receivable	2,317.9	2,133.9	2,178.6
Deferred assets and income tax receivables	854.0	802.7	720.9
Accruals and income tax payables	-2,245.8	-2,092.8	-1,996.2
Provisions	-164.6	-138.7	-154.7
Accounts payable	-1,056.6	-873.0	-890.9
Net deferred tax assets/liabilities	158.2	144.4	152.0
Total net working capital	-1,356.9	-1,200.3	-1,160.1

Depreciation and amortization

MEUR	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
Depreciation and amortization of fixed assets	52.3	50.0	153.7	150.8	202.2
Amortization of acquisition-related intangible assets	9.4	9.2	28.2	27.6	36.8
Total	61.7	59.1	181.9	178.5	239.0

Key exchange rates in euros

		Sep 30, 2021		Sep 30, 2020	
		Average rate	End rate	Average rate	End rate
Chinese Yuan	CNY	7.7422	7.4847	7.8872	7.972
US Dollar	USD	1.1972	1.1579	1.1293	1.1708
British Pound	GBP	0.8663	0.8605	0.8823	0.9124
Australian Dollar	AUD	1.5833	1.6095	1.6609	1.6438

FINANCIAL INSTRUMENTS

Derivatives

Fair values of derivative financial instruments

			Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
MEUR	Derivative assets	Derivative liabilities	Fair value, net	Fair value, net	Fair value, net
Foreign exchange forward contracts and swaps	56.7	-41.4	15.3	16.8	-0.3

Nominal values of derivative financial instruments

		Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
MEUR				
Foreign exchange forward contracts and swaps		4,323.8	3,405.3	3,790.3

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. There has been no significant change in the nature of financial assets and liabilities carried in each measurement category from year-end 2020. No collaterals or pledges

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

INVESTMENTS

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

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

COMMITMENTS

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

of EUR 1,753.6 (Dec 31, 2020: 1,485.1) million as of September 30, 2021.

This bulletin 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.

Front and back cover reference images

Comprising of 57 stories and 1.6 million square feet of prime office space, 110 North Wacker is the tallest and one of the largest office buildings built in Chicago in nearly 30 years. Also referred to as Bank of America Tower, as they are the key tenant, this state-of-the-art skyscraper features smart building solutions that drive a world-class tenant and visitor experience. Behind the scenes, innovative KONE technology reduces the building's energy consumption, contributing to a sustainable urban environment during the whole life cycle of the building. 110 North Wacker has also achieved US Green Building Council LEED Gold Status as well as Well Core Platinum Status in 2021.

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