



Q2

Interim report

Q2 2023

Key figures

KION Group overview

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Revenue and financial performance						
Revenue	2,836.4	2,802.2	1.2%	5,617.4	5,536.7	1.5%
EBITDA	429.8	366.5	17.3%	816.8	739.6	10.4%
Adjusted EBITDA ¹	436.5	368.2	18.5%	826.1	759.2	8.8%
Adjusted EBITDA margin ¹	15.4%	13.1%	–	14.7%	13.7%	–
EBIT	164.6	116.8	41.0%	294.1	234.6	25.4%
Adjusted EBIT ¹	192.3	141.4	36.0%	348.3	311.7	11.7%
Adjusted EBIT margin ¹	6.8%	5.0%	–	6.2%	5.6%	–
Net income	72.8	79.6	–8.6%	146.3	159.8	–8.4%
Basic earnings per share (in €)	0.54	0.60	–9.8%	1.09	1.21	–9.6%
Financial position²						
Total assets				17,019.8	16,528.4	491.4
Equity				5,664.3	5,607.8	56.5
Net working capital ³				1,992.2	1,979.3	12.9
Net financial debt ⁴				1,569.5	1,670.5	–101.0
Cash flow						
Free cash flow ⁵	123.9	–158.9	282.7	228.8	–591.5	820.3
Capital expenditure ⁶	87.3	84.7	2.6	162.7	166.1	–3.4
Orders						
Order intake	2,863.8	3,754.6	–890.9	5,308.1	6,654.8	–1,346.7
Order book ²				6,682.0	7,077.8	–395.8
Employees⁷						
				41,236	41,149	87

1 Adjusted for PPA items and non-recurring items

2 Figure as at Jun. 30, 2023 compared with Dec. 31, 2022

3 Net working capital comprises inventories, trade receivables and contract assets less trade payables and contract liabilities

4 Key figure comprises financial liabilities less cash and cash equivalents

5 Free cash flow is defined as cash flow from operating activities plus cash flow from investing activities

6 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs

7 Number of employees (full-time equivalents) as at Jun. 30, 2023 compared with Dec. 31, 2022

All amounts in this interim report are disclosed in millions of euros (€ million) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

This interim report is available in German and English at www.kiongroup.com. The content of the German version is authoritative.

Highlights of Q1 – Q2 2023

KION Group increases profitability in the first half of the year and raises outlook

- Group benefits from the strong performance of the ITS segment in the first six months of 2023
- Revenue rises to €5.617 billion (H1 2022: €5.537 billion)
- Adjusted EBIT reaches €348.3 million (H1 2022: €311.7 million)
- Adjusted EBIT margin improves to 6.2 percent (H1 2022: 5.6 percent)
- Free cash flow increases to €228.8 million (H1 2022: minus €591.5 million)
- Outlook raised for the Group and the ITS segment

Contents

KION shares	5
Interim group management report	8
Fundamentals of the KION Group	8
Report on the economic position	10
Outlook, risk report, and opportunity report	34
Condensed consolidated interim financial statements	36
Consolidated income statement	36
Consolidated statement of comprehensive income	37
Consolidated statement of financial position	38
Consolidated statement of cash flows	40
Consolidated statement of changes in equity	42
Notes to the condensed consolidated interim financial statements	44
Basis of presentation	44
Selected notes to the consolidated income statement	46
Selected notes to the consolidated statement of financial position	51
Other disclosures	56
Review report	67
Responsibility statement	68
Additional information	69
Quarterly information	69
Disclaimer	70
Financial calendar / contact information	71
Publisher	72

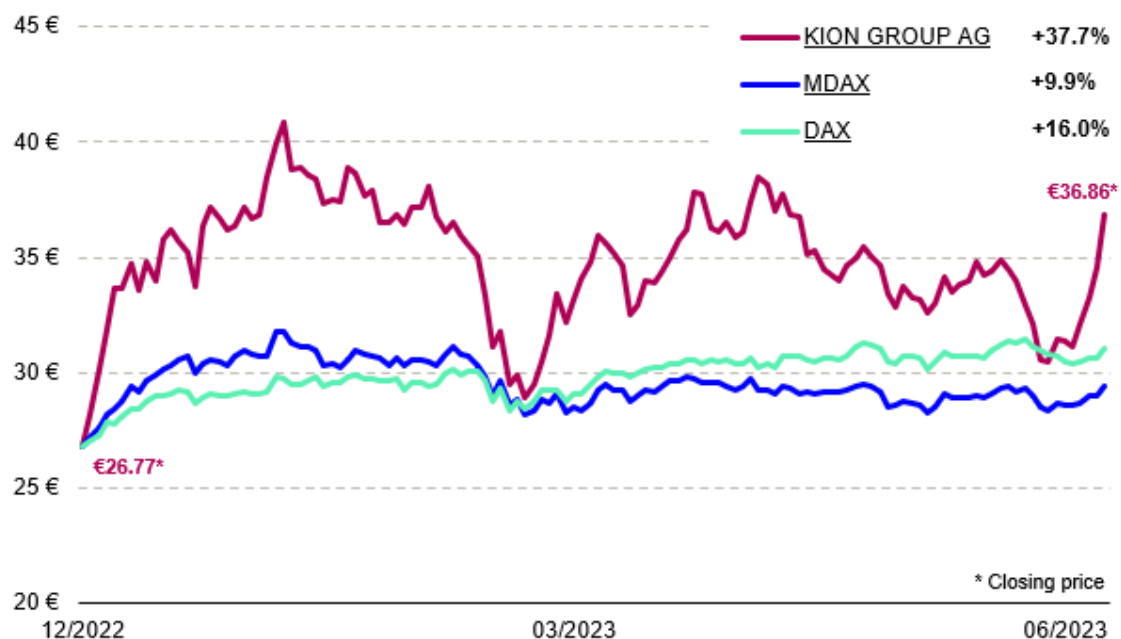
KION shares

KION share price recovers in a bullish equity market environment

The equity markets rallied in the first half of 2023. This recovery, which set in on the back of a weak 2022 trading year, was supported by positive company news even though the economic outlook remains mixed and the geopolitical situation tense. In the second quarter of 2023, the German benchmark index DAX continued on its upward trajectory despite persistently high inflation, the continuing cycle of interest-rate increases, and a number of rescue operations in the financial sector. It reached an all-time high of 16,427 points on June 18 and ultimately closed the first half of the year at 16,148 points. This equates to a gain of 16 percent compared with the end of 2022. Over the same period, the MDAX achieved a slightly smaller gain of 9.9 percent, closing at 27,611 points.

After a sharp fall in 2022, KION's share price rallied towards the end of the first half of 2023. Compared with their closing price at the end of 2022, KION shares climbed by 37.7 percent to €36.86 and thus outperformed the DAX and MDAX indices that serve as their benchmark. This strong performance was helped by the fact that the Company significantly exceeded market expectations for adjusted EBIT and free cash flow in Q1 2023, which led to the outlook for 2023 being raised. At the end of June 2023, market capitalization stood at €4.8 billion, of which €2.6 billion was attributable to shares in free float.

Share price performance in the first half of 2023 compared with the DAX and MDAX (both indexed to KION)



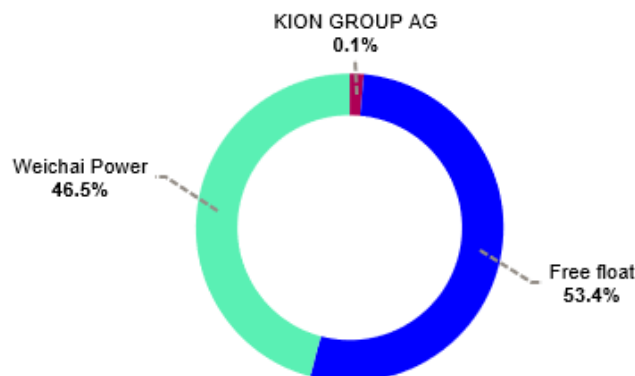
First in-person Annual General Meeting in three years

The 2023 Annual General Meeting (AGM) of KION GROUP AG took place on May 17, 2023 in Frankfurt, Germany, and was held as an in-person event for the first time since the outbreak of the coronavirus pandemic. Approximately 84 percent of the share capital was represented and all of the motions were approved by a majority of votes. The AGM also approved the distribution of a dividend of €0.19 per share, resulting in a total distribution to shareholders of around €24.9 million and an addition of €85.0 million to retained earnings.

Stable shareholder structure

As far as the Company is aware, the shareholder structure remained unchanged in the reporting period. Weichai Power Co., Ltd., Weifang, People's Republic of China, continued to hold a stake of around 46.5 percent as at June 30, 2023, which means it is still the biggest single shareholder, while KION GROUP AG continued to hold around 0.1 percent of the shares. The free float therefore remained at around 53.4 percent as at the end of the first half of 2023.

Shareholder structure as at June 30, 2023



Mainly buy recommendations

A total of 21 brokerage houses currently follow and report regularly on the KION Group. As at June 30, 2023, 15 analysts recommended KION shares as a buy, five rated them as neutral, and one advised selling them. The average target price specified by the sell-side analysts was €43.57 at the end of June 2023.

Investment-grade credit ratings reaffirmed

The KION Group's issuer default ratings were reaffirmed in the reporting period. Standard & Poor's confirmed its BBB– rating in April 2023 and changed the outlook from CreditWatch negative to negative. Since October 2022, Fitch Ratings has awarded a long-term issuer default rating of BBB with a stable outlook and a short-term issuer default rating of F2.

Share data

Issuer	KION GROUP AG
Registered office	Frankfurt am Main
Share capital	€131,198,647; divided into 131,198,647 no-par-value shares
Share class	No-par-value shares
Stock exchange	Frankfurt Stock Exchange
Market segment	Regulated market (Prime Standard)
Index membership	MDAX, MSCI World, MSCI Germany Small Cap, STOXX Europe 600, FTSE EuroMid, DAX50 ESG STOXX Europe Sustainability, FTSE4Good Index Series
Stock exchange symbol	KGX
ISIN	DE000KGX8881
WKN	KGX888
Bloomberg/Reuters	KGX:GR/KGX.DE
Closing price as at Jun 30, 2023	36.86 €
Performance since beginning of 2023	37.7%
Market capitalization as at Jun 30, 2023	€4,833.3 million
Free float	53.4%
Basic earnings per share ¹	€1.09

¹ For the reporting period Jan 1 to Jun 30, 2023

Interim group management report

Fundamentals of the KION Group

The accounting policies used in this interim report are essentially the same as those used for the year ended December 31, 2022. The reporting currency is the euro.

Management and control

On January 1, 2023, Marcus A. Wassenberg joined the Executive Board of KION GROUP AG as Chief Financial Officer (CFO). Mr. Wassenberg left the Company with effect from July 6, 2023. On the same day, Christian Harm was appointed as a member of the Executive Board and CFO of KION GROUP AG for a term of three years. Mr. Harm has been an employee of the Company and its predecessors for 20 years. Most recently, he held the position of Executive Vice President Finance in the KION Group's ITS EMEA Operating Unit.

Valeria Gargiulo has taken on the newly created role of Chief People & Sustainability Officer (CPSO) with effect from May 1, 2023, and the Supervisory Board reappointed Andreas Krinninger as an Executive Board member for a further five years. He will continue to head up the Industrial Trucks & Services segment in the EMEA region. His new five-year term begins on January 1, 2024.

Dr. Michael Macht stepped down from his roles as a member and the chairman of KION GROUP AG's Supervisory Board with effect from the end of the Annual General Meeting on May 17, 2023. The AGM elected Dr. Nicolas Peter as a new Supervisory Board member to fill the seat vacated by Dr. Macht. Hans Peter Ring, who has been a member of the Supervisory Board since June 2013, was elected as chairman of the Supervisory Board at the Supervisory Board's constitutive meeting immediately after the AGM. Mr. Ring handed over the role of chairman of the Audit Committee to Dr. Nicolas Peter.

Strategy of the KION Group

The KION 2027 strategy, which was revised and updated in 2022, provides the framework for profitable growth across the KION Group and specifies five groupwide targets.

- **Growth:** The KION Group aims to grow at a faster rate than the global material handling market by offering integrated, automated, and end-to-end solutions for specific industries and customer requirements in both its operating segments.
- **Profitability:** The KION Group takes systematic action to bring the business back on course for profitable growth. Its ambition in this respect is to raise its adjusted EBIT margin above 10 percent on a permanent basis, both at Group level and at operating segment level in Industrial Trucks & Services and Supply Chain Solutions.

- **Efficient use of capital:** The KION Group continually strives to optimize the return on capital employed (ROCE). Besides increasing earnings, the focus here is on asset management and efficient use of capital.
- **Resilience and agility:** Profitability throughout the various market cycles is to be guaranteed by a robust business model. This will involve greater diversification in terms of regions and customer sectors alongside efforts to expand the service business and further optimize the production network and internal processes.
- **Sustainability:** Through innovation, ideas, and decisive action, the KION Group is helping to drive sustainability in logistics. We have put in place ambitious targets and a clear sustainability strategy. The KION Group contributes to climate change mitigation and enhances safety for its customers and its employees by means of its products, solutions, and services and by making logistics processes more sustainable.

The implementation of the strategy is based on six fields of action:

Multi-branded Go-to-Market

By supplying integrated end-to-end systems from a single source, the KION Group is addressing the central customer demand for solutions that are simple, reliable, and flexible, as well as energy- and cost-efficient. Cross-brand solutions were developed and presented to customers during the reporting period. The KION Group is also stepping up its multi-brand strategies in its sales operations, for example by expanding its dealer network in the fast-growing Chinese market.

Growth plans for specific regions

The KION Group is helping to drive growth across its business through regional growth strategies that are flexible, efficient, and targeted at the requirements of the local market. In Jinan, China, progress was made toward the completion of the new Supply Chain Solutions plant. Production of counterbalance trucks had already commenced at the site in 2022. In February 2023, the KION Group started construction of a state-of-the-art distribution center for spare parts in Kahl am Main, Germany. This new site will raise the efficiency of parts delivery to the customers of both segments.

Sustainability

The Group's focus on sustainability in the dimensions 'people, products, and processes' is reflected in its efforts to manufacture products that are as eco-friendly and safe as possible, to use climate- and environmentally friendly manufacturing processes, and to provide a safe and non-discriminatory working environment. At the start of July 2023, KION GROUP AG signed up to the Science Based Targets initiative (SBTi), which provides an underlying methodology and scientific basis for KION's ongoing support of the United Nations' Paris Agreement and its goal of limiting global warming to 1.5°C. Through the SBTi, KION has enshrined its long-term goal of reaching net zero greenhouse gas emissions along its value chain (scope 1, 2, and 3) by 2050, and set related interim goals up to 2030. In addition, KION continued to focus on developing and enhancing energy-efficient solutions in the first half of 2023. As a result of its efforts in this regard, the Company's proprietary fuel cell systems and AI-assisted energy management solutions were developed to market maturity. A strategic partnership with Li-Cycle Holdings Corp. from Canada allows KION to recycle lithium-ion batteries by means of a complex process that recovers key materials for subsequent reuse.

Automation and software

In the automation field, the KION Group provides customer-specific and scalable solutions catering to customers' requirements. These are helping customers move closer to the goal of a 'lights-out' warehouse. The ongoing development of automated guided vehicles (AGVs) and autonomous mobile robots (AMRs) that can be easily integrated into customers' production and warehouse environments was a priority in the first half of 2023. An interface standard for communication between automated guided vehicle systems that was jointly developed by the KION Group has already undergone one round of trials.

Performance and agility

Continual improvements to the KION Group's efficiency and agility are making its business model ever more resilient. For example, it continued its work on developing a global platform for industrial trucks in the value segment. A first set of trucks using the new modular configuration concept was already brought to market in the first half of 2023. The Group plans to launch more than 30 models with a modular configuration by the end of 2024.

Values, people, and leadership

The KION Group's corporate values of integrity, collaboration, courage, and excellence guide our individual and collective actions. The HR strategy therefore focuses on recruiting and developing talented individuals from around the world for the intralogistics Group, on equipping internal teams with all necessary skills, and on further embedding a diverse, equitable, and inclusive culture that secures the commitment of employees and unlocks their long-term potential to the fullest possible extent.

Report on the economic position

Macroeconomic and sector-specific conditions

Macroeconomic conditions

According to the forecast published by the World Bank in June 2023, global economic conditions are set to remain challenging beyond the first half of 2023. The overlapping shocks of the coronavirus pandemic, Russia's invasion of Ukraine, and the dramatic tightening of monetary policy have caused setbacks that seem to be having a persistent adverse impact on global economic output. Although growth in a number of major economies, including China and the US, has been healthier than had been expected at the start of 2023, resilience is expected to weaken and the pace of global economic growth is predicted to continue to wane as the year continues. The World Bank believes that inflationary pressures will persist over the further course of the year and the impact of measures by the central banks to restore price stability will reach their peak in many major economies in 2023. Recent tensions in the banking sector could cause a further deterioration in credit conditions, which could dampen global economic growth in the second half of this year.

For 2023 as a whole, the World Bank predicts growth of 2.1 percent, compared with 3.1 percent in the prior year. The developed economies will likely see an uptick in growth of just 0.7 percent, with the eurozone economy projected to grow by 0.4 percent in 2023. By contrast, emerging and developing economies are expected to grow slightly faster than in 2022, expanding by 4.0 percent. This outlook is strongly influenced by the fact that the Chinese economy is predicted to grow by 5.6 percent.

Sectoral conditions

Sales markets

According to the KION Group, the international industrial truck market in the EMEA and Americas regions saw a substantial fall in order numbers in the reporting period. The robust figures for the first half of 2022 had been bolstered by customers placing orders earlier than originally intended in response to longer delivery times. By contrast, the KION Group believes that order numbers in the APAC region went up noticeably in the reporting period. Figures from trade associations concerning the growth trend in the overall market for industrial trucks in the first half of 2023 were not available at the time this report was published.

The global market for supply chain solutions continued to be affected by economic uncertainties in the first half of 2023. Moreover, decisions by companies to invest in new warehouse space were adversely affected by the higher cost of capital, which caused delays to investments in warehouse automation. The research institute Interact Analysis (2023) currently forecasts a fall in new warehouse space for 2023 as a whole, compared with the very strong figure for the previous year. Factors contributing to this decline include a temporary lull or slight drop in investment from the retail sector as demand for e-commerce in this customer segment normalizes after a period of robust growth. On the other hand, government incentives encouraging manufacturers – especially in the Americas and EMEA regions – to relocate activities to domestic or nearshore locations had a positive effect on demand for automation solutions. In addition, the findings of Interact Analysis (2023) identified a persistent trend toward increased demand for mobile automation solutions as these require less capital investment and can be deployed more flexibly than stationary solutions. The KION Group thus believes that positive medium- and long-term trends in the supply chain solutions market remain intact.

Procurement markets

In the commodity markets, prices came back down somewhat from the lofty heights to which they had climbed in the previous year. The price of crude oil had already started to normalize in the second half of 2022 and stabilized during the reporting period within a range of US\$ 75 to US\$ 85 per barrel. Steel traded at significantly lower prices in the first half of 2023 than in the corresponding prior-year period. Copper and nickel also weakened noticeably.

Financial market environment

The KION Group generated 50.4 percent (H1 2022: 56.1 percent) of its revenue outside the eurozone in the reporting period. As in previous periods, the US dollar, pound sterling, and the Chinese renminbi were the most important foreign currencies. The euro appreciated against the US

dollar over the first six months of 2023. Nonetheless, the exchange rate remained just below the average rate for 2022. Likewise, the euro strengthened against the Chinese renminbi. Currency translation effects had only a marginal negative impact on the KION Group's operating performance in the reporting period, whereas the prior-year figures had been strongly influenced by positive currency effects.

Business performance in the Group

In the first six months of 2023, the KION Group continued to systematically implement its operational and commercial agility measures in the operating segments. Conditions along the supply chain improved further, which had a positive effect in the reporting period. This helped to accelerate production and delivery in the Industrial Trucks & Services (ITS) segment in the first half of 2023, which meant that the segment's revenue and margins saw an uplift from orders that had been placed after price increases were implemented in 2022.

Based on this positive trend, the Executive Board of KION GROUP AG has decided to again raise the outlook for 2023 for Industrial Trucks & Services and the Group (see the outlook).

In the Supply Chain Solutions (SCS) segment, the focus in the reporting period remained on the efficient management of project delivery across all phases of the project cycle. Conditions in the supply chain for components in the customer project business remained fraught in the first six months of 2023, which caused delays to certain customer projects. Delays in the placement of customer orders for business solutions in recent quarters have also had an adverse impact on revenue and profit in the Supply Chain Solutions segment. Thanks to the timely implementation of measures in 2022 aimed at improving project execution and project management, the segment's adjusted EBIT was just into positive territory both in the first and in the second quarter of 2023.

Investment in the implementation of growth plans in specific regions served by the KION Group was delivered as planned. In Jinan, China, works to complete the new SCS plant are progressing on schedule. The ITS plant in Jinan has been able to increase its capacity utilization substantially within a very short period of time thanks to high demand from customers. In the US, work has commenced on expansion of the industrial truck assembly plant in South Carolina. And in Kahl am Main, Germany, the KION Group has been constructing a state-of-the-art distribution center for both operating segments since February 2023 for the efficient delivery of spare parts to customers. This highly automated center will be equipped with innovative warehouse technology solutions from SCS.

Initiatives launched to enhance performance and agility also yielded further tangible results in the first half of 2023, especially in the Industrial Trucks & Services segment. One of the priorities was the development of a global platform for the value segment. In the reporting period, the KION Group launched new trucks under the Baoli brand. These trucks are built with a modular configuration and are designed for load capacities up to 3.5 tonnes.

In addition, the KION Group announced in January 2023 that it would be setting up a production facility for fuel cell systems for industrial trucks – initially warehouse trucks – at its Hamburg site. Going forward, the KION Group will also recycle lithium-ion batteries from its own brands' electric-powered industrial trucks with the help of Canadian specialist Li-Cycle Holdings Corp.

At the start of July 2023, the KION Group signed up to the Science Based Targets initiative (SBTi) in order to provide transparency regarding its efforts to reduce greenhouse gas emissions. In line

with the SBTi principles, the KION Group has set itself the goal of operating on a net-zero emissions basis along its entire value chain by 2050. The commitment to climate-neutral business practices is based on a fundamental scientific framework and is designed to help achieve the objective of the United Nations Paris climate agreement of limiting the rise in global temperature to 1.5°C.

On June 16, 2023, the KION Group signed an agreement for the sale of the ITS business in Russia as part of a management buyout. The transaction is still subject to approval by the Russian authorities.

Financial position and financial performance

Overall assessment of the economic situation

The KION Group was able to raise profitability in the first half of 2023. Consolidated revenue rose to €5,617.4 million, an increase of 1.5 percent compared with the prior-year figure (€5,536.7 million). Adjusted EBIT improved by 11.7 percent to €348.3 million (H1 2022: €311.7 million), which put the adjusted EBIT margin at 6.2 percent (H1 2022: 5.6 percent).

The substantial increase in revenue in the Industrial Trucks & Services segment in the first half of 2023 of around 20 percent to €4,134.7 million was mainly attributable to the accelerated processing of the large volume of orders on hand. Along with further improvements in conditions along the supply chain and the associated rise in production output, the positive effects from price increases implemented in 2022 also became more pronounced. Revenue in the Supply Chain Solutions segment came to €1,497.0 million and thus fell short of the prior-year figure by 28.6 percent. This was due to a decline in orders on hand in the project business in recent quarters.

Profitability in the Industrial Trucks & Services segment improved significantly thanks to high levels of revenue and the fact that the dynamic price increases implemented in 2022 began to take effect while material costs remained stable. Consequently, the performance of the ITS segment more than offset the deterioration in earnings in the Supply Chain Solutions segment.

Net income for the first half of 2023 came to €146.3 million (H1 2022: 159.8 million). This decline was due to an increase in net financial expenses and income taxes. Basic earnings per share thus amounted to €1.09 (H1 2022: €1.21). Free cash flow was well into positive territory in the first six months of the reporting year. Against the backdrop of strong EBIT and a virtually unchanged level of working capital compared with the end of 2022, free cash flow came to €228.8 million (H1 2022: negative cash flow of €591.5 million). The improved liquidity situation also allowed financial liabilities to be reduced by a total of €178.9 million compared with the end of 2022. As a result, net debt decreased by €101.0 million to €1,569.5 million and thus stood at 1.2 times adjusted EBITDA on an annualized basis.

Business situation and financial performance of the KION Group

Level of orders

The value of order intake for the KION Group came to €5,308.1 million in the first half of 2023 and was thus 20.2 percent lower than the very high figure for H1 2022 of €6,654.8 million.

At €3,957.3 million order intake in the Industrial Trucks & Services segment was down by 18.0 percent on the prior-year figure (€4,827.2 million), which had been boosted by customers placing their orders earlier in response to supply chain disruption. In a weakening overall market environment, order numbers for new trucks in the EMEA and Americas regions were unable to match the very high levels achieved in the prior year. By contrast, the service business saw an encouraging uptick in orders.

In the Supply Chain Solutions segment, order intake fell by 26.5 percent to €1,370.7 million (H1 2022: €1,865.2 million). The downturn in project business (business solutions) reflects the current lull in the warehouse automation market following several years of robust growth. The service business recorded an increase in order intake in the first six months of 2023 and benefited from further growth in the base of installed systems.

At €6,682.0 million, the KION Group's order book remained well filled (December 31, 2022: €7,077.8 million).

Revenue

Consolidated revenue increased slightly, from €5,536.7 million in the first half of 2022 to €5,617.4 million in the reporting period (up by 1.5 percent). Revenue generated from external customers in the Industrial Trucks & Services segment grew by 19.8 percent to €4,129.1 million (H1 2022: €3,445.3 million) as a result of higher production output. As the processing of orders received in the previous year was accelerated, the price rises that had been phased in during 2022 began to boost revenue growth earlier than expected, particularly in the EMEA region. Revenue from service business rose on the back of high new business volumes.

In the Supply Chain Solutions segment, external revenue fell by 28.8 percent to €1,487.6 million (H1 2022: €2,090.2 million). This was primarily due to muted customer demand in the project business (business solutions) in previous quarters. By contrast, revenue in the service business (customer services) was very encouraging and increased significantly compared with the prior-year period.

Overall, the proportion of consolidated revenue attributable to the service business stood at 44.3 percent (H1 2022: 40.5 percent).

Revenue with third parties by product category

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Industrial Trucks & Services	2,126.3	1,729.1	23.0%	4,129.1	3,445.3	19.8%
New business	1,134.7	825.9	37.4%	2,147.1	1,646.1	30.4%
Service business	991.6	903.2	9.8%	1,982.0	1,799.2	10.2%
– Aftersales	515.3	472.0	9.2%	1,036.8	940.9	10.2%
– Rental business	285.7	272.0	5.0%	570.2	537.8	6.0%
– Used trucks	116.5	95.3	22.2%	235.1	197.9	18.8%
– Other	74.2	63.9	16.1%	139.8	122.6	14.1%
Supply Chain Solutions	709.8	1,072.5	–33.8%	1,487.6	2,090.2	–28.8%
Business solutions	450.1	831.3	–45.9%	982.2	1,644.8	–40.3%
Service business	259.7	241.2	7.6%	505.4	445.4	13.5%
Corporate Services	0.3	0.6	–43.1%	0.7	1.1	–38.0%
Total revenue	2,836.4	2,802.2	1.2%	5,617.4	5,536.7	1.5%

Revenue by sales region

In the Industrial Trucks & Services segment, the lion's share of revenue growth by volume in the reporting period was generated in the EMEA sales region. Revenue in the Americas region also increased robustly in percentage terms, while revenue in the APAC region was roughly on a par with the prior-year period.

The fall in revenue in the Supply Chain Solutions segment in the first half of 2023 was primarily attributable to a downturn in business in its North American core market. Revenue lagged behind the prior-year level in the EMEA region as well, but remained stable in the APAC region.

Revenue with third parties by customer location

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
EMEA	1,883.3	1,623.5	16.0%	3,694.3	3,261.4	13.3%
Western Europe	1,649.3	1,417.4	16.4%	3,215.5	2,853.9	12.7%
Eastern Europe	206.9	184.0	12.4%	414.8	362.8	14.3%
Middle East and Africa	27.1	22.1	22.9%	64.0	44.6	43.3%
Americas	632.7	854.7	-26.0%	1,315.0	1,658.7	-20.7%
North America	549.5	782.9	-29.8%	1,154.7	1,529.5	-24.5%
Central and South America	83.2	71.8	15.8%	160.4	129.1	24.2%
APAC	320.4	324.0	-1.1%	608.1	616.6	-1.4%
China	190.8	191.1	-0.2%	349.5	356.0	-1.8%
APAC excluding China	129.7	132.9	-2.5%	258.6	260.7	-0.8%
Total revenue	2,836.4	2,802.2	1.2%	5,617.4	5,536.7	1.5%

Earnings**EBIT and EBITDA**

Earnings before interest and tax (EBIT) increased by 25.4 percent to €294.1 million (H1 2022: €234.6 million). EBIT included budgeted purchase price allocation effects amounting to an expense of €47.7 million in the first six months of 2023 (H1 2022: expense of €45.0 million). There were also non-recurring items amounting to a total expense of €6.5 million. The expense of €32.1 million reported in the prior-year period had predominantly related to impairment losses on assets in connection with the business in Russia.

Earnings before interest and taxes adjusted for non-recurring items and purchase price allocation effects (adjusted EBIT) increased significantly to 348.3 million (H1 2022: 311.7 million). The deterioration in earnings in the Supply Chain Solutions segment was more than offset by the substantial rise in earnings in the Industrial Trucks & Services segment, which was driven by higher prices and volume growth. The adjusted EBIT margin improved from 5.6 percent in the prior-year period to 6.2 percent in the reporting period.

EBIT

in € million	Q2 2023	Q2 2022	Q1 – Q2 2023	in % of revenue	Q1 – Q2 2022	in % of revenue
EBIT	164.6	116.8	294.1	5.2%	234.6	4.2%
Adjustment by functional costs:						
+ Cost of sales	12.5	11.1	22.1	0.4%	28.6	0.5%
+ Selling expenses and administrative expenses	14.9	13.3	30.3	0.5%	34.4	0.6%
+ Research and development costs	0.6	0.0	0.6	0.0%	0.0	0.0%
+ Other costs	-0.3	0.2	1.3	0.0%	14.2	0.3%
Adjusted EBIT	192.3	141.4	348.3	6.2%	311.7	5.6%
adjusted for non-recurring items	5.3	1.6	6.5	0.1%	32.1	0.6%
adjusted for PPA items	22.4	23.0	47.7	0.8%	45.0	0.8%

EBITDA rose to €816.8 million in the first half of 2023 (H1 2022: €739.6 million) and adjusted EBITDA to €826.1 million (H1 2022: €759.2 million). The non-recurring items in the prior-year period had mainly related to write-downs of current assets in connection with the business in Russia. The adjusted EBITDA margin for the reporting period stood at 14.7 percent (H1 2022: 13.7 percent).

EBITDA

in € million	Q2 2023	Q2 2022	Q1 – Q2 2023	in % of revenue	Q1 – Q2 2022	in % of revenue
EBITDA	429.8	366.5	816.8	14.5%	739.6	13.4%
Adjustment by functional costs:						
+ Cost of sales	3.7	0.8	4.6	0.1%	8.4	0.2%
+ Selling expenses and administrative expenses	2.7	0.6	5.8	0.1%	9.5	0.2%
+ Research and development costs	0.5	0.0	0.5	0.0%	0.0	0.0%
+ Other costs	–0.3	0.4	–1.6	–0.0%	1.8	0.0%
Adjusted EBITDA	436.5	368.2	826.1	14.7%	759.2	13.7%
adjusted for non-recurring items	6.7	1.7	9.3	0.2%	19.7	0.4%
adjusted for PPA items	0.0	0.0	0.0	0.0%	0.0	0.0%

Key influencing factors for earnings

In spite of the growth in revenue, the cost of sales fell to €4,296.5 million in the first six months of 2023 (H1 2022: €4,346.6 million). As a result, the gross margin improved to 23.5 percent (H1 2022: 21.5 percent). The ongoing systematic implementation of measures to enhance operational and commercial agility in the supply chain and in production in both operating segments played a significant part in this achievement in the reporting period. Moreover, price increases that had been introduced in 2022 started to have a tangible effect in the Industrial Trucks & Services segment as the processing of the order book was accelerated while material costs remained largely stable.

At 9.0 percent, the year-on-year increase in selling and administrative expenses was greater than the growth in revenue. This disproportionate rise in costs was due not only to salary and wage increases but also to the intensification of sales activities and the KION Group's strategic projects in procurement and IT. Research and development expenditure also rose substantially (up by 14.9 percent). This was attributable to the implementation of the KION 2027 strategy in the areas of 'automation and software' and 'sustainability', where groundbreaking development work was carried out in the fields of new energy, automation, and digitalization.

Purchase price allocation effects included in the cost of sales and in other functional costs were slightly higher than in the first half of 2022. The 'other' item amounted to income of €26.6 million (H1 2022: €5.9 million). The prior-year figure had been adversely affected primarily by impairment losses on non-current assets in connection with the business in Russia. The share of profit (loss) of equity-accounted investments included in this item amounted to a profit of €6.3 million (H1 2022: €10.9 million).

The change in the cost of sales and in other functional costs is shown in the following condensed income statement.

Condensed consolidated income statement

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Revenue	2,836.4	2,802.2	1.2%	5,617.4	5,536.7	1.5%
Cost of sales	-2,159.2	-2,216.3	2.6%	-4,296.5	-4,346.6	1.2%
Gross profit	677.3	585.9	15.6%	1,320.9	1,190.1	11.0%
Selling expenses and administrative expenses	-475.0	-430.7	-10.3%	-942.7	-865.1	-9.0%
Research and development costs	-56.0	-49.4	-13.4%	-110.7	-96.4	-14.9%
Other	18.4	11.0	67.8%	26.6	5.9	> 100%
Earnings before interest and tax (EBIT)	164.6	116.8	41.0%	294.1	234.6	25.4%
Net financial expenses	-40.8	-7.4	< -100%	-76.5	-10.1	< -100%
Earnings before tax	123.9	109.4	13.2%	217.6	224.5	-3.1%
Income taxes	-51.1	-29.8	-71.2%	-71.2	-64.7	-10.2%
Net income	72.8	79.6	-8.6%	146.3	159.8	-8.4%

Net financial expenses

Net financial expenses, representing the balance of financial income and financial expenses, deteriorated considerably in the reporting period and came to €76.5 million (H1 2022: €10.1 million). Key factors that contributed to this increase in expenses were higher interest rates, higher net debt than in the prior-year period, net interest expenses from the lease and short-term rental business, and the marking-to-market of interest-rate derivatives.

Income taxes

Income tax expenses amounted to €71.2 million in the first half of 2023 (H1 2022: €64.7 million). The effective tax rate in the reporting period was 32.7 percent and therefore higher than that for the corresponding prior-year period (H1 2022: 28.8 percent). Increases in non-tax-deductible operating expenses and in losses unlikely to be utilizable for tax purposes were key factors that drove up the effective tax rate year on year.

Net income for the period

Net income for the period amounted to €146.3 million, down by €13.5 million on the figure of €159.8 million achieved in the first half of 2022. Basic earnings per share attributable to the shareholders of KION GROUP AG came to €1.09 (H1 2022: €1.21) based on a weighted average of 131.1 million no-par-value shares (H1 2022: 131.1 million).

Business situation and financial performance of the segments

Industrial Trucks & Services segment

Business performance and level of orders

Due to the slowdown in market growth, the number of new trucks ordered in the Industrial Trucks & Services segment fell by 30.0 percent compared with the prior-year period to 122 thousand. Figures for the EMEA and Americas regions were down significantly year on year. The high level of demand in the prior-year period had been fueled by the fact that customers placed their orders earlier than they had originally intended. This was a response to longer delivery times in connection with supply chain disruption and to the announcement of price increases. By contrast, unit sales in the APAC region in H1 2023 were up on the prior-year figure following a strong second quarter.

The value of order intake decreased by 18.0 percent year on year to €3,957.3 million (H1 2022: €4,827.2 million). In the new truck business, the negative impact of the decline in units sold was partly offset by the price increases. Despite the market-driven fall in order intake in new business, the order book remained well filled at €3,603.7 million at the end of June 2023 compared with €3,817.6 million at the end of 2022.

In the service business, the value of order intake rose sharply across all categories.

Key figures – Industrial Trucks & Services

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Total revenue	2,129.9	1,731.0	23.0%	4,134.7	3,449.4	19.9%
EBITDA	418.5	284.7	47.0%	800.7	578.9	38.3%
Adjusted EBITDA	419.9	285.2	47.2%	803.3	595.3	35.0%
EBIT	202.0	82.9	> 100%	375.6	168.2	> 100%
Adjusted EBIT	202.3	83.6	> 100%	378.9	197.8	91.5%
Adjusted EBITDA margin	19.7%	16.5%	–	19.4%	17.3%	–
Adjusted EBIT margin	9.5%	4.8%	–	9.2%	5.7%	–
Order intake	2,000.8	2,745.1	–744.3	3,957.3	4,827.2	–869.9
Order book ¹				3,603.7	3,817.6	–213.9

¹ Figures as at Jun. 30, 2023 compared with Dec. 31, 2022

Revenue

Total revenue in the Industrial Trucks & Services segment increased by a substantial 19.9 percent to €4,134.7 million (H1 2022: €3,449.4 million). The accelerated processing of the sizeable order book built up in 2022 had a positive impact on revenue in the segment. In addition, price increases implemented in the previous year began to filter through into revenue growth earlier than expected. The service business grew by 10.2 percent thanks mainly to the increase in the volume of revenue generated across all categories.

At 48.0 percent, the proportion of the segment's external revenue attributable to the service business was lower than in the prior-year period (H1 2022: 52.2 percent).

Earnings

The adjusted EBIT of the Industrial Trucks & Services segment rose sharply to €378.9 million (H1 2022: €197.8 million). This rise in earnings derived not only from the revenue growth driven by increases in the volume of business and in prices but also from the efficiency gains achieved in production as a result of the steps taken in 2022 to strengthen operational agility.

The marked improvement in the Industrial Trucks & Services segment's profitability was reflected in the adjusted EBIT margin, which stood at 9.2 percent compared with 5.7 percent in the first half of 2022.

After taking into account non-recurring items and purchase price allocation effects, EBIT increased to €375.6 million (H1 2022: €168.2 million). In the prior-year period, EBIT had included an expense of €28.7 million for non-recurring items that mainly related to impairment losses on assets of the Russian subsidiaries. Adjusted EBITDA amounted to €803.3 million in the first six months of 2023

(H1 2022: €595.3 million), giving an adjusted EBITDA margin of 19.4 percent (H1 2022: 17.3 percent).

Supply Chain Solutions segment

Business performance and level of orders

The value of order intake in the Supply Chain Solutions segment fell sharply to €1,370.7 million (H1 2022: €1,865.2 million). As expected, the market for warehouse automation solutions has turned relatively muted after several years of robust growth. Consequently, demand from customers weakened noticeably. Against this backdrop, the project business (business solutions) saw a marked decline in order intake, especially in the Americas and EMEA regions. Orders on hand in the service business (customer services) remained at an encouraging level, although this did not go far toward offsetting the drop in orders in the project business. As at June 30, 2023, the order book stood at €3,154.2 million and was thus almost on a par with the volume as at December 31, 2022 (€3,327.5 million).

Key figures – Supply Chain Solutions

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Total revenue	714.5	1,076.2	–33.6%	1,497.0	2,096.0	–28.6%
EBITDA	23.5	94.2	–75.1%	50.4	186.7	–73.0%
Adjusted EBITDA	27.9	94.8	–70.6%	55.6	187.4	–70.3%
EBIT	–18.7	52.7	< –100%	–34.7	104.9	< –100%
Adjusted EBIT	7.7	75.8	–89.8%	14.8	149.8	–90.1%
Adjusted EBITDA margin	3.9%	8.8%	–	3.7%	8.9%	–
Adjusted EBIT margin	1.1%	7.0%	–	1.0%	7.1%	–
Order intake	873.2	1,022.0	–148.8	1,370.7	1,865.2	–494.5
Order book ¹				3,154.2	3,327.5	–173.3

¹ Figures as at Jun. 30, 2023 compared with Dec. 31, 2022

Revenue

The total revenue of the Supply Chain Solutions segment came to €1,497.0 million in the first six months of 2023, a substantial drop of 28.6 percent on the figure for the prior-year period (€2,096.0 million). This was mainly due to project delays and the significant impact on revenue in the reporting period resulting from the decline in order intake in the project business (business solutions) since the second half of 2022. By contrast, revenue in the service business (customer services) rose by 13.5 percent relative to the prior-year period. This meant that the proportion of the segment's external revenue accounted for by the service business increased to 34.0 percent (H1 2022: 21.3 percent).

Earnings

Adjusted EBIT for the Supply Chain Solutions segment fell sharply year on year to €14.8 million in the first half of 2023 (H1 2022: €149.8 million). But the segment still returned to profitable territory following the loss reported in 2022 as a whole. Key factors contributing to the segment's weak earnings in the first half of 2023 included the decline in revenue and the processing of lower-margin orders where only a small proportion of the increases in overall project costs could be passed on to customers.

The adjusted EBIT margin for the first six months of 2023 stood at 1.0 percent (H1 2022: 7.1 percent). After taking into account non-recurring items and purchase price allocation effects, EBIT amounted to minus €34.7 million (H1 2022: €104.9 million).

Adjusted EBITDA decreased to €55.6 million (H1 2022: €187.4 million). The adjusted EBITDA margin was 3.7 percent (H1 2022: 8.9 percent).

Corporate Services segment

Business performance

The Corporate Services segment comprises holding companies and other service companies that provide services such as IT and general administration across all segments.

Adjusted EBIT for the segment came to minus €36.4 million (H1 2022: €94.7 million). Excluding internal income from equity investments, adjusted EBIT in the first six months of 2023 came to minus €45.3 million, which was below the figure for the prior-year period of minus €36.0 million. This was due to expenditure on strategic projects and an increase in personnel expenses in connection with variable remuneration components. Adjusted EBITDA stood at minus €23.8 million (H1 2022: €107.2 million) or minus €32.7 million (H1 2022: minus €23.5 million) if intragroup income from equity investments is excluded.

Key figures – Corporate Services

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Total revenue	69.6	52.9	31.5%	129.2	105.6	22.4%
EBITDA	-2.9	104.9	< -100%	-25.2	104.6	< -100%
Adjusted EBITDA	-2.0	105.6	< -100%	-23.8	107.2	< -100%
EBIT	-9.3	98.6	< -100%	-37.8	92.1	< -100%
Adjusted EBIT	-8.4	99.3	< -100%	-36.4	94.7	< -100%
Order intake	69.6	52.9	16.7	129.2	105.6	23.7

Net assets

The condensed consolidated statement of financial position as at June 30, 2023 showing non-current and current assets and liabilities together with equity is presented below:

Condensed consolidated statement of financial position

in € million	Jun. 30, 2023	in %	Dec. 31, 2022	in %	Change
Non-current assets	11,625.8	68.3%	11,412.6	69.0%	213.1
Current assets	5,394.1	31.7%	5,115.8	31.0%	278.3
Total assets	17,019.8	100.0%	16,528.4	100.0%	491.4
Equity	5,664.3	33.3%	5,607.8	33.9%	56.5
Non-current liabilities	6,003.4	35.3%	6,040.8	36.5%	-37.4
Current liabilities	5,352.2	31.4%	4,879.9	29.5%	472.3
Total equity and liabilities	17,019.8	100.0%	16,528.4	100.0%	491.4

Totalling €11,625.8 million as at June 30, 2023, non-current assets were slightly higher than at the end of 2022 (December 31, 2022: €11,412.6 million). The carrying amount of intangible assets was €5,693.0 million (December 31, 2022: €5,781.6 million). Of this sum, €3,573.6 million was attributable to goodwill (December 31, 2022: €3,619.4 million). Mainly exchange-rate movements resulted in a €45.8 million decrease in the carrying amount of goodwill. Other property, plant, and equipment rose slightly to €1,605.3 million (December 31, 2022: €1,585.2 million). This included right-of-use assets related to procurement leases, which were up a little compared with the end of the previous year, standing at €552.6 million as at June 30, 2023 (December 31, 2022: €543.5 million). Of this figure, €453.2 million was attributable to land and buildings (December 31,

2022: €445.7 million) and €99.5 million to plant & machinery and office furniture & equipment (December 31, 2022: €97.9 million).

The rental assets from the short-term rental business recognized in the statement of financial position were up at €665.4 million as at June 30, 2023 (December 31, 2022: €602.1 million). This was due to the expansion and gradual replacement of the short-term rental fleet in light of the improved availability of new trucks. Leased assets for direct and indirect leases with end customers that are classified as operating leases stood at €1,402.6 million, up slightly compared with €1,367.7 million as at December 31, 2022. In light of the healthy growth in new business, long-term lease receivables arising from leases with end customers that are classified as finance leases increased to €1,485.3 million (December 31, 2022: €1,370.5 million).

Current assets rose to a total of €5,394.1 million as at June 30, 2023 (December 31, 2022: €5,115.8 million). As conditions along the supply chain continued to normalize, the value of work in progress in the Industrial Trucks & Services segment was held more or less steady compared with the end of 2022. The segment continued to maintain buffer inventories of raw materials and bought-in components in order to protect its ability to deliver to customers. Total inventories increased to €1,946.7 million as at June 30, 2023 (December 31, 2022: €1,804.6 million), due in part to higher inventories of finished goods as at the reporting date.

Trade receivables rose to €1,763.7 million (December 31, 2022: €1,596.4 million). Contract assets, which are mainly recognized in connection with the project business in the Supply Chain Solutions segment, fell to €480.1 million due to continuous invoicing over the course of the project (December 31, 2022: €528.8 million).

At €1,992.2 million, the KION Group's net working capital was slightly above the equivalent figure for the end of 2022 (December 31, 2022: €1,979.3 million). The growth of inventories and trade receivables was partly offset by a marked rise in trade payables.

Current lease receivables from end customers increased to €560.6 million as at June 30, 2023 as a result of new business growth (December 31, 2022: €519.8 million).

The healthy increase in free cash flow in the first half of 2023 meant that some of this liquidity could be used to repay financial liabilities. Cash and cash equivalents decreased to €240.2 million as at June 30, 2023 (December 31, 2022: €318.1 million).

Financial position

The principles and objectives applicable to financial management as at June 30, 2023 were largely the same as those described in the 2022 combined management report.

Analysis of capital structure

Non-current and current liabilities amounted to €11,355.6 million as at June 30, 2023, which was €434.9 million higher than the figure as at December 31, 2022 (€10,920.7 million).

Non-current financial liabilities decreased to €1,097.4 million (December 31, 2022: €1,361.8 million). The carrying amount of the corporate bond issued, which is included in this line item, amounted to €497.4 million (December 31, 2022: €496.8 million). Maturity-related reclassifications to current liabilities meant that non-current liabilities to banks fell to €329.5 million (December 31, 2022:

€515.1 million). The decline in the carrying amount of non-current promissory notes to €250.0 million (December 31, 2022: €319.2 million) was also maturity-related.

As at June 30, 2023, current financial liabilities totaled €712.3 million (December 31, 2022: €626.7 million), of which €445.0 million related to issues under the commercial paper program (December 31, 2022: €305.0 million) and €69.5 million represented a tranche of a promissory note now recognized as current. Current liabilities mainly to banks of KION GROUP AG fell to €183.0 million (December 31, 2022: €304.2 million). In the first half of 2023, bank loans amounting to €225.0 million were repaid early or as scheduled.

Non-current and current financial liabilities fell to a total of €1,809.7 million (December 31, 2022: €1,988.6 million).

Net financial debt (non-current and current financial liabilities less cash and cash equivalents) amounted to €1,569.5 million as at the reporting date (December 31, 2022: €1,670.5 million). This equated to 1.2 times adjusted EBITDA on an annualized basis (December 31, 2022: 1.4 times). To reconcile the net financial debt with the industrial net operating debt of €2,766.7 million as at June 30, 2023 (December 31, 2022: €2,799.7 million), the liabilities from the short-term rental business of €600.8 million (December 31, 2022: €544.2 million) and the liabilities from procurement leases of €596.4 million (December 31, 2022: €584.9 million) are added to net financial debt.

Industrial net debt

in € million	Jun. 30, 2023	Dec. 31, 2022	Change
Promissory notes	319.4	319.2	0.3
Bonds	497.4	496.8	0.6
Liabilities to banks	512.5	819.3	-306.9
Other financial debt	480.4	353.3	127.1
Financial debt	1,809.7	1,988.6	-178.9
Less cash and cash equivalents	-240.2	-318.1	77.9
Net financial debt	1,569.5	1,670.5	-101.0
Liabilities from short-term rental business	600.8	544.2	56.6
Liabilities from procurement leases	596.4	584.9	11.5
Industrial net operating debt (INOD)	2,766.7	2,799.7	-33.0
Net defined benefit obligation	642.8	618.9	23.9
Industrial net debt (IND)	3,409.5	3,418.5	-9.0
Adjusted EBITDA ¹ for the previous twelve months (annualized)	1,285.6	1,218.7	66.9
Leverage on net financial debt	1.2	1.4	-
Leverage on INOD	2.2	2.3	-
Leverage on IND	2.7	2.8	-

1 Adjusted for PPA items and non-recurring items

The ongoing expansion of the lease and short-term rental business led to higher funding needs in the reporting period.

Non-current and current liabilities from the lease business rose to €3,406.3 million as at June 30, 2023 (December 31, 2022: €3,214.6 million). Of this total, €3,258.4 million was attributable to financing of the direct lease business (December 31, 2022: €3,048.4 million) and €148.0 million to the repurchase obligations resulting from the indirect lease business (December 31, 2022: €166.3 million).

Total non-current and current liabilities from the short-term rental business increased to €600.8 million as at June 30, 2023 (December 31, 2022: €544.2 million).

Non-current and current other financial liabilities came to €728.9 million as at June 30, 2023 (December 31, 2022: €693.7 million). This item included liabilities from procurement leases amounting to €596.4 million (December 31, 2022: €584.9 million), for which right-of-use assets were recognized.

Contract liabilities, which mainly relate to prepayments received from customers in connection with the long-term project business in the Supply Chain Solutions segment, stood at €832.6 million as at June 30, 2023 and were thus roughly on a par with the end of the previous year (December 31, 2022: €826.1 million).

The retirement benefit obligation and similar obligations under defined benefit pension plans amounted to €737.8 million as at June 30, 2023 (December 31, 2022: €712.8 million). This increase was due to slightly lower discount rates compared with the end of 2022.

Consolidated equity stood at €5,664.3 million as at June 30, 2023 (December 31, 2022: €5,607.8 million). The net income of €146.3 million earned during the first half of 2023 had a positive impact on equity, whereas there was a negative impact on equity from actuarial gains and losses arising from the measurement of pensions, amounting to a net loss of €14.1 million (after deferred taxes), and from the currency translation losses of €55.6 million, both of which were recognized in other comprehensive income. KION GROUP AG's dividend payout reduced equity by €24.9 million. The equity ratio dropped to 33.3 percent (December 31, 2022: 33.9 percent).

Analysis of capital expenditure

The KION Group's capital expenditure on property, plant, and equipment and on intangible assets (excluding right-of-use assets from procurement leases) in the period under review gave rise to cash payments of €162.7 million (H1 2022: €166.1 million). The focus in the Industrial Trucks & Services segment was on product development and the expansion and modernization of production and technology facilities. Capital expenditure in the Supply Chain Solutions segment predominantly related to development costs and the construction of a new plant for supply chain solutions in the Chinese city of Jinan, Shandong province.

Analysis of liquidity

Cash and cash equivalents declined to €240.2 million as at June 30, 2023 (December 31, 2022: €318.1 million).

Taking into account the credit facility of €1,373.7 million that was still freely available (December 31, 2022: €1,271.1 million), the unrestricted cash and cash equivalents available to the KION Group as at June 30, 2023 amounted to €1,599.5 million (December 31, 2022: €1,577.3 million).

The cash flow from operating activities was strongly positive in the first half of 2023. The net cash inflow of €383.5 million in the reporting period marked a dramatic improvement on the net cash outflow of €433.0 million recorded in the prior-year period. A key factor alongside higher EBIT was that net working capital remained at virtually the same level as at the end of 2022, thanks to the improved conditions along the supply chains.

Net cash used for investing activities amounted to minus €154.7 million in the first half of 2023, which was a lower amount than in the equivalent period of the prior year (H1 2022: minus €158.5 million). This included cash payments of minus €162.7 million made in respect of capital expenditure (H1 2022: minus €166.1 million), of which minus €52.2 million was attributable to capitalized development costs (H1 2022: minus €53.7 million).

As a result, free cash flow – the sum of cash flow from operating activities and investing activities – improved significantly to €228.8 million in the reporting period (H1 2022: minus €591.5 million).

Net cash used for financing activities amounted to minus €308.1 million (H1 2022: net cash provided of €473.4 million). Additions to and repayments of financial debt mainly related to ongoing drawdowns under the commercial paper program, repayments of bank loans, and repayment of amounts under the syndicated revolving credit facility (RCF). Payments made for interest portions and principal portions under procurement leases totaled minus €78.2 million (H1 2022: minus €73.0 million). Due to higher market interest rates and additional bank loans taken out in June and July 2022, current interest payments went up substantially to minus €31.1 million (H1 2022: minus €13.3 million). The distribution of a dividend to the shareholders of KION GROUP AG resulted in an outflow of funds of minus €24.9 million (H1 2022: minus €196.7 million).

Condensed consolidated statement of cash flows

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
EBIT	164.6	116.8	47.8	294.1	234.6	59.5
+ Amortization/depreciation ¹ on non-current assets (without lease and rental assets)	120.0	112.4	7.5	238.5	224.3	14.2
+ Net changes from lease business (including depreciation ¹ and release of deferred income)	-30.6	12.7	-43.3	-40.1	2.5	-42.6
+ Net changes from short-term rental business (including depreciation ¹)	-8.8	9.9	-18.7	-13.7	-6.9	-6.8
+ Changes in net working capital	-11.2	-198.6	187.5	-22.6	-632.4	609.9
+ Taxes paid	-58.2	-54.9	-3.3	-93.9	-92.7	-1.2
+ Other	34.8	-76.4	111.2	21.2	-162.3	183.4
= Cash flow from operating activities	210.6	-78.1	288.7	383.5	-433.0	816.4
+ Cash flow from investing activities	-86.7	-80.8	-6.0	-154.7	-158.5	3.8
thereof cash payments for capitalized development costs	-26.9	-28.9	1.9	-52.2	-53.7	1.5
thereof cash payments for purchase of other non-current assets	-60.4	-55.8	-4.5	-110.5	-112.5	1.9
thereof changes from other investing activities	0.6	3.9	-3.4	8.0	7.6	0.4
= Free cash flow	123.9	-158.9	282.7	228.8	-591.5	820.3
+ Cash flow from financing activities	-236.9	146.5	-383.3	-308.1	473.4	-781.5
+ Effect of exchange rate changes on cash	-3.3	8.2	-11.6	-5.3	14.6	-19.9
= Change in cash and cash equivalents	-116.3	-4.1	-112.2	-84.6	-103.5	18.9

¹ Including impairment and reversals of impairment

Non-financial information

Employees

As at June 30, 2023, the KION Group employed 41,236 full-time equivalents (December 31, 2022: 41,149). Headcount in sales and administrative functions went up slightly while the production workforce shrank marginally. Staffing levels in the Industrial Trucks & Services segment were increased slightly whereas the Supply Chain Solutions segment recorded a moderate decline in employee numbers.

Personnel expenses rose to €1,582.6 million (H1 2022: €1,421.9 million).

Employees (full-time equivalents)

	Jun. 30, 2023	Dec. 31, 2022	Change
EMEA	28,042	27,776	1.0%
Western Europe	23,316	23,226	0.4%
Eastern Europe	4,700	4,514	4.1%
Middle East and Africa	26	36	-27.8%
Americas	6,508	6,622	-1.7%
North America	4,991	5,021	-0.6%
Central and South America	1,517	1,601	-5.2%
APAC	6,686	6,751	-1.0%
China	4,948	5,051	-2.0%
APAC excluding China	1,738	1,700	2.2%
Total	41,236	41,149	0.2%

Research and development

R&D expenditure went up by 8.5 percent to €162.8 million compared with the prior-year period (H1 2022: 150.0 million). This equates to 2.9 percent of revenue (H1 2022: 2.7 percent). R&D costs totaling €110.7 million were recognized directly as expenses in the income statement (H1 2022: €96.4 million). There were also amortization charges on capitalized development costs of €60.3 million (H1 2022: €52.8 million), which are reported under cost of sales.

Research and development (R&D)

in € million	Q2 2023	Q2 2022	Change	Q1 – Q2 2023	Q1 – Q2 2022	Change
Research and development costs (P&L)	56.0	49.4	13.4%	110.7	96.4	14.9%
Capitalized development costs	26.9	28.9	–6.7%	52.2	53.7	–2.8%
Total R&D spending	82.9	78.3	6.0%	162.8	150.0	8.5%
R&D spending as percentage of revenue	2.9%	2.8%	–	2.9%	2.7%	–

Focus of R&D in the first six months of 2023

Under the KION 2027 strategy, which was further refined in 2022, research and development is set up so as to support the KION Group's position as a leading global supplier of integrated and sustainable supply chain solutions and mobile automation solutions. In addition to continuous innovation geared to the needs of customers, another objective of the R&D activities is to reduce the complexity and diversity of the product range and to shorten development times for new products. R&D activities are focused on the two strategic fields of action 'automation and software' and 'sustainability'.

Automation and software

The KION Group is continuously refining cross-brand solutions built on the use of automated trucks and autonomous mobile robots (AMRs) and including shared software platforms and integrated services.

STILL worked on the further development of automated guided vehicle systems as a response to the growing need of customers for scalable automation solutions that are quick to implement and integrate well into existing production and warehouse structures. One of STILL's areas of focus was the development of self-learning trucks and AMRs for environments in which both manual and automated vehicles are used side by side.

Moreover, partnerships are leveraged in order to drive forward R&D in the 'automation and software' field of action. Under the joint Canadian-German undertaking ARIBIC, for example, STILL is working on the algorithms, procedures, and data structures required to create a digital twin of a real-world warehouse by automated means that provides a full digital representation of all objects and their movements. Access to this information will pave the way for further digital products and services.

The collaborative CampusOS project, which was launched in 2022, seeks to establish an ecosystem for open 5G campus networks. To this end, STILL is building a 5G network of its own, using standardized technologies and interfaces. Working in collaboration with Dematic, intralogistics requirements are also taken into account to create the infrastructure for a networked warehouse of the future.

As part of KI.FABRIK, a project receiving public-sector support, concepts for a futuristic AI-controlled factory that harnesses digitalization and production process automation are being developed by the Technical University of Munich and partners from industry including Linde Material Handling.

The collaborative GRASS project, meanwhile, explores innovative approaches to developing mobile robotic order pickers with the aim of establishing automated picking processes in warehouses.

Dematic is involved in a joint AIGV project with the University of Edinburgh, which explores potential applications of reinforcement learning – an advanced machine learning training method – in the management of mobile robot fleets. This project is backed by funding from the Royal Academy of Engineering.

Moreover, 2023 saw the launch of the AGENC research project, in which STILL is participating. The project focuses on studying data-driven learning methods that can train artificial intelligence (AI) to understand the behavior of cyber-physical systems. The goal is to reduce the need for resource-intensive testing as much as possible. STILL contributes to the development of these tools by compiling requirements and providing sample data.

Sustainability

The KION Group is forging ahead with the development and refinement of energy-efficient drive solutions, from internal combustion engines to various electric drive systems and fuel cells. For example, it is working on solutions for the entire lithium-ion battery lifecycle, including charging management, reconditioning, and recycling.

In April, Linde Material Handling expanded its range of X series models of electronic forklift trucks with lithium-ion batteries to include trucks with a load capacity of up to five tonnes. Baoli made lithium-ion batteries a standard specification feature in the value segment for the first time in its KBS 12 pallet stacker.

Linde Energy Manager is a new software solution that provides a comprehensive, transparent overview of a company's energy supply situation and facilitates AI-assisted projections. The aim is to avoid electricity usage peaks while also reducing energy costs and carbon emissions. The new connect:charger module, which forms part of Linde's fleet management solution, complements this software. It enables users to centrally coordinate and optimize the power management of truck fleets.

Linde Material Handling also developed its first proprietary fuel cell system, Linde HyPower, in the first half of 2023. To begin with, this system is being used in order pickers and tow tractors, with a view to adding it to pallet trucks and double stackers in future. Alongside vehicles and fuel cell systems, Linde also offers associated services. The fuel cell trucks deployed at the plant in Aschaffenburg are supplied by a dedicated green hydrogen infrastructure. This investment project has been supported by funding from the German Federal Ministry for Digital and Transport.

Customers

The KION Group is a global player operating in many customer sectors and enjoys established relationships with its customers. It has been able to extend these relationships through joint development projects and other initiatives. In addition, cross-brand and cross-segment marketing and sales activities aim to unlock potential for cross-selling between individual product categories.

The Company's stand at the 2023 LogiMAT logistics trade fair in Stuttgart also reflected this cross-brand approach. Dematic, STILL, and Linde Material Handling showcased various product innovations and demonstrated in a joint presentation how components such as pallet stackers, palletizers and depalletizers, and autonomous mobile robots (AMRs) can be integrated in one solution in order to manage material flows in a fully automated manner.

STILL also presented the KION Group's VDA 5050 control system for automated guided vehicle systems at the 2023 IFOY Test Days and at the automatica trade fair in Munich.

Last but not least, the KION Group brand companies won further accolades for their product quality and innovation. Dematic was named 'Voice Partner of the Year' in Australia and New Zealand by Honeywell, while STILL's hand-operated pallet truck series EXH-14-20-Plus picked up an IFOY award in the 'warehouse trucks lowlifter' category in 2023.

Outlook, risk report, and opportunity report

Outlook

In the first half of 2023, the KION Group achieved revenue growth and a sharp increase in earnings thanks to the healthy business performance of the Industrial Trucks & Services segment. The main contributing factors were the measures taken to enhance operational and commercial agility, the improved supply chain situation, and better availability of materials. In the remaining months of 2023, the Industrial Trucks & Services segment is therefore expected to see an improvement in revenue and adjusted EBIT compared to the second half of the previous year.

The Supply Chain Solutions segment is set to see noticeably higher revenue and improved adjusted EBIT in the second half of 2023 compared with the first six months thanks to the growing proportion of higher-margin customer projects in the order book.

Subject to the proviso that there are no changes to the current level of availability of materials, the Executive Board of KION GROUP AG is raising the outlook for 2023 for the Group and the Industrial Trucks & Services segment once again, having already raised it on April 19, 2023; the target figures for the Supply Chain Solutions segment remain unchanged:

Outlook 2023

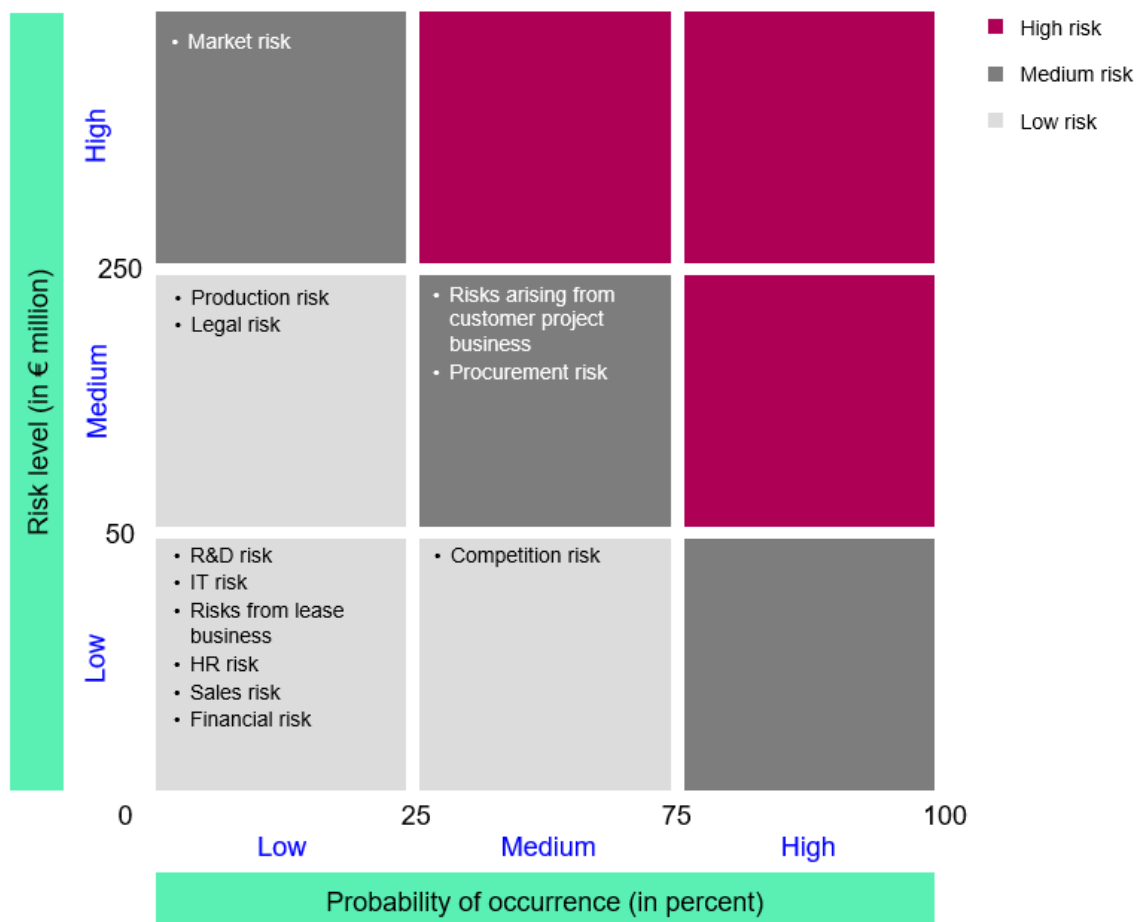
	KION Group		Industrial Trucks & Services		Supply Chain Solutions	
	Outlook July 2023	Outlook April 2023	Outlook July 2023	Outlook April 2023	Outlook July 2023	Outlook April 2023
Revenue ¹	minimum €11.4 billion	minimum €11.2 billion	minimum €8.2 billion	minimum €8.0 billion	minimum €3.2 billion	minimum €3.2 billion
Adjusted EBIT ¹	minimum €680 million	minimum €615 million	minimum €730 million	minimum €665 million	minimum €65 million	minimum €65 million
Free cash flow	minimum €615 million	minimum €565 million	–	–	–	–
ROCE	minimum 6.0%	minimum 5.5%	–	–	–	–

¹ Disclosures for the Industrial Trucks & Services and Supply Chain Solutions segments also include intra-group cross-segment revenue and effects on EBIT

Opportunity and risk report

The KION Group’s overall risk and opportunity situation has not changed significantly compared with the description in the 2022 combined management report. Due to a legal dispute in the SCS segment in connection with a project assignment, the litigation risk level for 2023 is deemed to be medium while the probability of occurrence remains low. As things stand at present, there are no indications of any risks that could jeopardize the Company’s continuation as a going concern.

Risk matrix



Condensed consolidated interim financial statements

Consolidated income statement

in € million	Q2 2023	Q2 2022	Q1 – Q2 2023	Q1 – Q2 2022
Revenue	2,836.4	2,802.2	5,617.4	5,536.7
Cost of sales	-2,159.2	-2,216.3	-4,296.5	-4,346.6
Gross profit	677.3	585.9	1,320.9	1,190.1
Selling expenses	-287.7	-270.5	-571.4	-544.5
Research and development costs	-56.0	-49.4	-110.7	-96.4
Administrative expenses	-187.3	-160.2	-371.3	-320.5
Other income	50.4	25.1	99.2	64.4
Other expenses	-38.1	-22.3	-78.9	-69.3
Profit from equity-accounted investments	6.2	8.2	6.3	10.9
Earnings before interest and tax	164.6	116.8	294.1	234.6
Financial income	60.7	93.6	116.1	166.2
Financial expenses	-101.5	-101.0	-192.7	-176.3
Net financial expenses	-40.8	-7.4	-76.5	-10.1
Earnings before tax	123.9	109.4	217.6	224.5
Income taxes	-51.1	-29.8	-71.2	-64.7
Current taxes	-63.8	-29.7	-111.2	-67.4
Deferred taxes	12.7	-0.1	40.0	2.7
Net income	72.8	79.6	146.3	159.8
Attributable to shareholders of KION GROUP AG	71.2	78.9	143.3	158.4
Attributable to non-controlling interests	1.6	0.7	3.1	1.4
Earnings per share				
Average number of shares (in million)	131.1	131.1	131.1	131.1
Basic earnings per share (in €)	0.54	0.60	1.09	1.21
Diluted earnings per share (in €)	0.54	0.60	1.09	1.21

Consolidated statement of comprehensive income

in € million	Q2 2023	Q2 2022	Q1 – Q2 2023	Q1 – Q2 2022
Net income	72.8	79.6	146.3	159.8
Items that will not be reclassified subsequently to profit or loss	-8.5	174.8	-12.6	305.4
Gains/losses on defined benefit obligation	-9.1	175.6	-14.1	304.8
thereof changes in unrealized gains and losses	-13.1	253.2	-20.3	437.1
thereof tax effect	4.0	-77.6	6.2	-132.3
Changes in unrealized gains/losses on financial investments	0.6	-0.8	0.9	-0.8
Changes in unrealized gains/losses from equity-accounted investments	-	-	0.6	1.3
Items that may be reclassified subsequently to profit or loss	-27.3	86.0	-52.3	179.2
Impact of exchange differences	-27.7	87.7	-55.6	179.0
thereof changes in unrealized gains and losses	-27.7	87.7	-55.6	179.0
Gains/losses on hedge reserves	-0.2	-1.7	2.8	0.0
thereof changes in unrealized gains and losses	1.4	-6.2	6.8	-7.7
thereof realized gains (-) and losses (+)	-1.5	3.7	-2.8	7.3
thereof tax effect	-0.1	0.8	-1.3	0.4
Changes in unrealized gains/losses from equity-accounted investments	0.5	-0.0	0.5	0.1
Other comprehensive (loss) income	-35.8	260.9	-64.9	484.5
Total comprehensive income	37.0	340.5	81.4	644.3
Attributable to shareholders of KION GROUP AG	35.5	339.1	78.6	641.5
Attributable to non-controlling interests	1.4	1.4	2.8	2.8

Consolidated statement of financial position – Assets

in € million	Jun. 30, 2023	Dec. 31, 2022
Goodwill	3,573.6	3,619.4
Other intangible assets	2,119.4	2,162.1
Leased assets	1,402.6	1,367.7
Rental assets	665.4	602.1
Other property, plant and equipment	1,605.3	1,585.2
Equity-accounted investments	96.0	94.7
Lease receivables	1,485.3	1,370.5
Other financial assets	184.3	179.0
Other assets	132.1	131.1
Deferred taxes	361.7	300.8
Non-current assets	11,625.8	11,412.6
Inventories	1,946.7	1,804.6
Lease receivables	560.6	519.8
Contract assets	480.1	528.8
Trade receivables	1,763.7	1,596.4
Income tax receivables	82.6	103.2
Other financial assets	81.9	80.3
Other assets	215.4	137.3
Cash and cash equivalents	240.2	318.1
Assets held for sale	22.9	27.4
Current assets	5,394.1	5,115.8
Total assets	17,019.8	16,528.4

Consolidated statement of financial position – Equity and liabilities

in € million	Jun. 30, 2023	Dec. 31, 2022
Subscribed capital	131.1	131.1
Capital reserve	3,826.7	3,826.7
Retained earnings	1,718.9	1,600.5
Accumulated other comprehensive loss / income	-14.3	50.3
Non-controlling interests	1.9	-0.9
Equity	5,664.3	5,607.8
Retirement benefit obligation and similar obligations	737.8	712.8
Financial liabilities	1,097.4	1,361.8
Liabilities from lease business	2,439.4	2,314.2
Liabilities from short-term rental business	416.6	354.1
Other provisions	154.7	140.8
Other financial liabilities	487.2	478.3
Other liabilities	178.7	185.9
Deferred taxes	491.5	492.8
Non-current liabilities	6,003.4	6,040.8
Financial liabilities	712.3	626.7
Liabilities from lease business	966.9	900.4
Liabilities from short-term rental business	184.2	190.1
Contract liabilities	832.6	826.1
Trade payables	1,365.7	1,124.3
Income tax liabilities	41.1	42.4
Other provisions	239.9	229.4
Other financial liabilities	241.7	215.4
Other liabilities	745.1	697.8
Liabilities directly associated with assets held for sale	22.6	27.2
Current liabilities	5,352.2	4,879.9
Total equity and liabilities	17,019.8	16,528.4

Consolidated statement of cash flows

in € million	Q2 2023	Q2 2022	Q1 – Q2 2023	Q1 – Q2 2022
Earnings before interest and tax	164.6	116.8	294.1	234.6
Amortization, depreciation and impairment minus reversals of impairment on non-current assets without lease and rental assets	120.0	112.4	238.5	224.3
Depreciation and impairment minus reversals of impairment on lease and rental assets	145.2	137.3	284.3	280.7
Non-cash reversals of deferred revenue from lease business	-23.7	-29.8	-48.4	-61.5
Other non-cash income (-)/expenses (+)	-0.0	4.3	6.7	13.2
Gains (-)/losses (+) on disposal of non-current assets	-3.8	-1.2	-6.2	-1.7
Change in assets/liabilities from lease and short-term rental business	-160.9	-84.9	-289.6	-223.6
thereof change in leased assets (excluding depreciation and interest) and receivables/liabilities from lease business	-80.3	-45.4	-141.9	-120.5
thereof change in rental assets (excluding depreciation and interest) and liabilities from short-term rental business	-66.9	-42.9	-125.7	-114.5
thereof interest received from lease business	22.0	17.2	46.6	37.3
thereof interest paid from lease and short-term rental business	-35.6	-13.8	-68.6	-25.9
Change in net working capital	-11.2	-198.6	-22.6	-632.4
thereof inventories	-11.0	-112.2	-159.1	-350.0
thereof trade receivables and trade payables	-79.2	8.5	75.5	-72.9
thereof contract assets and contract liabilities	79.0	-95.0	61.0	-209.6
Cash payments for defined benefit obligations	-10.2	-9.4	-16.9	-15.4
Change in other provisions	25.3	-5.6	23.1	-39.4
Change in other operating assets/liabilities	23.6	-64.7	14.4	-119.0
Taxes paid	-58.2	-54.9	-93.9	-92.7
Cash flow from operating activities	210.6	-78.1	383.5	-433.0
Cash payments for purchase of non-current assets	-87.3	-84.7	-162.7	-166.1
Cash receipts from disposal of non-current assets	3.6	0.3	8.3	1.5
Dividends received	5.5	4.6	5.5	7.0
Cash receipts/payments for sundry assets	-8.6	-0.9	-5.8	-0.9
Cash flow from investing activities	-86.7	-80.8	-154.7	-158.5

Consolidated statement of cash flows (continued)

in € million	Q2 2023	Q2 2022	Q1 – Q2 2023	Q1 – Q2 2022
Dividend of KION GROUP AG	-24.9	-196.7	-24.9	-196.7
Financing costs paid	-2.1	-0.4	-2.8	-0.9
Proceeds from borrowings	178.2	1,213.7	357.1	1,609.2
Repayment of borrowings	-332.4	-828.1	-533.4	-856.3
Interest received	1.8	0.8	3.3	1.8
Interest paid	-23.1	-9.0	-31.1	-13.3
Interest and principal portion from procurement leases	-36.3	-35.3	-78.2	-73.0
Cash receipts/payments from other financing activities	1.9	1.4	2.0	2.6
Cash flow from financing activities	-236.9	146.5	-308.1	473.4
Effect of exchange rate changes on cash and cash equivalents	-3.3	8.2	-5.3	14.6
Change in cash and cash equivalents			-84.6	-103.5
Cash and cash equivalents as at Jan. 1			318.1	483.0
Cash and cash equivalents as at Jun. 30			233.5	379.5
Plus cash and cash equivalents included in assets held for sale as at Jan. 1			14.1	-
Less cash and cash equivalents included in assets held for sale as at Jun. 30			-7.4	-
Cash and cash equivalents as at Jun. 30 (Consolidated statement of financial position)			240.2	379.5

Condensed consolidated statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings
Balance as at Jan. 1, 2022	131.1	3,826.4	1,699.2
Net income			158.4
Other comprehensive income			
Comprehensive income	0.0	0.0	158.4
Dividend of KION GROUP AG			-196.7
Dividends paid to non-controlling interests			
Changes from employee share option program		0.2	
Changes from addition/disposal of non-controlling interests			
Balance as at Jun. 30, 2022	131.1	3,826.6	1,660.9
Balance as at Jan. 1, 2023	131.1	3,826.7	1,600.5
Net income			143.3
Other comprehensive loss			
Comprehensive income	0.0	0.0	143.3
Dividend of KION GROUP AG			-24.9
Balance as at Jun. 30, 2023	131.1	3,826.7	1,718.9

Accumulated other comprehensive (loss) income

Cumulative translation adjustment	Gains / losses on defined benefit obligation	Gains / losses on hedge reserves	Gains / losses on financial investments	Gains / losses from equity-accounted investments	Equity attributable to shareholders of KION GROUP AG	Non-controlling interests	Total
-121.8	-354.0	-4.5	3.8	-3.2	5,177.1	-8.3	5,168.9
					158.4	1.4	159.8
177.6	304.8	0.0	-0.8	1.5	483.1	1.4	484.5
177.6	304.8	0.0	-0.8	1.5	641.5	2.8	644.3
					-196.7	0,0	-196.7
					0,0	-2.5	-2.5
					0.2	0.0	0.2
					0,0	0.7	0.7
55.7	-49.2	-4.4	3.1	-1.7	5,622.1	-7.2	5,614.9
-29.1	56.6	2.5	18.3	2.0	5,608.7	-0.9	5,607.8
					143.3	3.1	146.3
-55.4	-14.1	2.8	0.9	1.1	-64.7	-0.2	-64.9
-55.4	-14.1	2.8	0.9	1.1	78.6	2.8	81.4
					-24.9	0.0	-24.9
-84.4	42.5	5.3	19.2	3.1	5,662.4	1.9	5,664.3

Notes to the condensed consolidated interim financial statements

Basis of presentation

General information on the Company

KION GROUP AG, whose registered office is at Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, Germany, is registered at the Frankfurt am Main local court under reference HRB 112163.

On July 25, 2023, the condensed consolidated interim financial statements and the interim group management report were prepared and approved for publication by the Executive Board of KION GROUP AG.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended June 30, 2023 have been prepared in line with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and other International Financial Reporting Standards (IFRSs) as adopted by the European Union in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council concerning the application of international accounting standards for interim financial statements.

All of the IFRSs and the related interpretations (IFRICs/SICs) of the IFRS Interpretations Committee (IFRS IC) that had been issued by the reporting date and were required to be applied have been applied in preparing these condensed consolidated interim financial statements. The application of financial reporting standards that became mandatory for the first time in 2023 had no significant effect on the presentation of the financial position and financial performance of the KION Group. These condensed consolidated interim financial statements do not contain all the information and disclosures required of a set of consolidated annual financial statements and should therefore be read in conjunction with the consolidated financial statements prepared for the year ended December 31, 2022.

The reporting currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals. The percentages shown are calculated on the basis of the respective amounts, rounded to the nearest thousand euros.

Basis of consolidation

A total of 25 German (December 31, 2022: 27) and 109 foreign (December 31, 2022: 109) subsidiaries were fully consolidated in addition to KION GROUP AG as at June 30, 2023.

In addition, seven associates (December 31, 2022: seven) and three joint ventures (December 31, 2022: three) were consolidated and accounted for using the equity method.

As at June 30, 2023, 48 (December 31, 2022: 53) companies were recognized at amortized cost or at fair value through other comprehensive income.

Accounting policies

These condensed consolidated interim financial statements are based on the interim financial statements of the parent company KION GROUP AG and its consolidated subsidiaries prepared in accordance with the standard accounting policies applicable throughout the KION Group. The material accounting policies used in these condensed consolidated interim financial statements, as well as the judgments and estimates, are the same as those used for the year ended December 31, 2022.

Selected notes to the consolidated income statement

Revenue

The following tables show revenue from contracts with customers, broken down by sales region, product category, timing of revenue recognition, and segment.

Disaggregation of revenue with third parties

	Q2 2023			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
EMEA	1,721.1	161.9	0.3	1,883.3
Western Europe	1,511.2	137.9	0.3	1,649.3
Eastern Europe	187.2	19.6	0.0	206.9
Middle East and Africa	22.7	4.4	0.0	27.1
Americas	174.0	458.7	0.0	632.7
North America	94.0	455.5	0.0	549.5
Central and South America	80.0	3.2	0.0	83.2
APAC	231.2	89.2	0.0	320.4
China	163.7	27.1	0.0	190.8
APAC excluding China	67.5	62.1	0.0	129.7
Total revenue	2,126.3	709.8	0.3	2,836.4
New business	1,134.7			1,134.7
Service business	991.6			991.6
– Aftersales	515.3			515.3
– Rental business	285.7			285.7
– Used trucks	116.5			116.5
– Other	74.2			74.2
Business solutions		450.1		450.1
Service business		259.7		259.7
Corporate Services			0.3	0.3
Total revenue	2,126.3	709.8	0.3	2,836.4
Timing of revenue recognition				
Products and services transferred at a point in time	1,675.7	115.6	0.0	1,791.2
Products and services transferred over a period of time	450.6	594.2	0.3	1,045.2

Disaggregation of revenue with third parties

	Q2 2022			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
EMEA	1,373.2	249.7	0.6	1,623.5
Western Europe	1,189.3	227.5	0.6	1,417.4
Eastern Europe	164.2	19.8	0.0	184.0
Middle East and Africa	19.7	2.4	0.0	22.1
Americas	127.7	727.0	0.0	854.7
North America	66.4	716.5	0.0	782.9
Central and South America	61.3	10.5	0.0	71.8
APAC	228.1	95.9	0.0	324.0
China	165.8	25.3	0.0	191.1
APAC excluding China	62.3	70.6	0.0	132.9
Total revenue	1,729.1	1,072.5	0.6	2,802.2
New business	825.9			825.9
Service business	903.2			903.2
– Aftersales	472.0			472.0
– Rental business	272.0			272.0
– Used trucks	95.3			95.3
– Other	63.9			63.9
Business solutions		831.3		831.3
Service business		241.2		241.2
Corporate Services			0.6	0.6
Total revenue	1,729.1	1,072.5	0.6	2,802.2
Timing of revenue recognition				
Products and services transferred at a point in time	1,302.6	109.5	0.0	1,412.2
Products and services transferred over a period of time	426.4	963.0	0.6	1,390.0

Disaggregation of revenue with third parties

	Q1 – Q2 2023			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
EMEA	3,361.3	332.3	0.7	3,694.3
Western Europe	2,935.1	279.6	0.7	3,215.5
Eastern Europe	374.6	40.2	0.0	414.8
Middle East and Africa	51.6	12.4	0.0	64.0
Americas	338.3	976.8	0.0	1,315.0
North America	186.9	967.8	0.0	1,154.7
Central and South America	151.4	9.0	0.0	160.4
APAC	429.6	178.5	0.0	608.1
China	301.2	48.3	0.0	349.5
APAC excluding China	128.4	130.2	0.0	258.6
Total revenue	4,129.1	1,487.6	0.7	5,617.4
New business	2,147.1			2,147.1
Service business	1,982.0			1,982.0
– Aftersales	1,036.8			1,036.8
– Rental business	570.2			570.2
– Used trucks	235.1			235.1
– Other	139.8			139.8
Business solutions		982.2		982.2
Service business		505.4		505.4
Corporate Services			0.7	0.7
Total revenue	4,129.1	1,487.6	0.7	5,617.4
Timing of revenue recognition				
Products and services transferred at a point in time	3,231.7	226.3	0.0	3,458.1
Products and services transferred over a period of time	897.4	1,261.3	0.7	2,159.4

Disaggregation of revenue with third parties

in € million	Q1 – Q2 2022			
	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
EMEA	2,771.8	488.5	1.1	3,261.4
Western Europe	2,409.3	443.5	1.1	2,853.9
Eastern Europe	324.1	38.7	0.0	362.8
Middle East and Africa	38.4	6.3	0.0	44.6
Americas	236.6	1,422.1	0.0	1,658.7
North America	128.2	1,401.3	0.0	1,529.5
Central and South America	108.4	20.8	0.0	129.1
APAC	437.0	179.6	0.0	616.6
China	314.3	41.6	0.0	356.0
APAC excluding China	122.7	138.0	0.0	260.7
Total revenue	3,445.3	2,090.2	1.1	5,536.7
New business	1,646.1			1,646.1
Service business	1,799.2			1,799.2
– Aftersales	940.9			940.9
– Rental business	537.8			537.8
– Used trucks	197.9			197.9
– Other	122.6			122.6
Business solutions		1,644.8		1,644.8
Service business		445.4		445.4
Corporate Services			1.1	1.1
Total revenue	3,445.3	2,090.2	1.1	5,536.7
Timing of revenue recognition				
Products and services transferred at a point in time	2,601.2	194.0	0.0	2,795.2
Products and services transferred over a period of time	844.1	1,896.2	1.1	2,741.4

Net financial expenses

In the first six months of 2023, the net financial expenses, representing the balance of financial income and financial expenses, increased by a substantial €66.4 million to €76.5 million (H1 2022: expenses of €10.1 million).

Of this amount, €25.4 million was attributable to interest expense on loan liabilities, promissory notes, and bonds (H1 2022: €11.4 million) and €6.5 million to interest expense under the commercial paper program (H1 2022: €0.1 million).

Interest income from the lease business totaling €46.6 million (H1 2022: €37.3 million) related to the interest portion of lease payments in which KION Group entities operate as lessors (in the case of leases classified as finance leases). Leases agreed by the KION Group with end customers are usually based on fixed interest rates. Interest expense from the lease and short-term rental business amounting to €68.6 million (H1 2022: €25.9 million) arose predominantly from variable-rate liabilities used to finance the lease and short-term rental business. Gains of €16.5 million were realized in the reporting period on interest-rate derivatives used for hedging purposes (H1 2022: loss of €2.4 million). In addition, changes to the fair value of these interest-rate derivatives and adjustments to the valuation of lease receivables designated as part of a fair value hedge made a positive contribution of €1.1 million to net financial expenses (H1 2022: positive contribution of €16.6 million).

Interest expense on procurement leases amounted to €10.0 million (H1 2022: €7.3 million).

The net loss in respect of the retirement benefit obligation and similar obligations amounted to €12.2 million in the first six months of this year (H1 2022: net loss of €6.6 million).

Exchange differences had an aggregate adverse impact on net financial expenses of €13.0 million (H1 2022: €9.4 million).

Income taxes

Income taxes for the current reporting period are recognized on the basis of the expected income tax rate for the full year.

Selected notes to the consolidated statement of financial position

Goodwill and other intangible assets

Goodwill declined by €45.8 million to €3,573.6 million as at June 30, 2023, mainly as a result of currency effects (December 31, 2022: €3,619.4 million).

Indications that the goodwill of €2,070.6 million (December 31, 2022: €2,106.2 million) allocated to the KION SCS Operating Unit (CGU) might be impaired were examined at the end of the first half of 2023 in connection with the business performance of the Supply Chain Solutions segment and the latest data supplied by the internal reporting and planning functions. This analysis showed that the recoverable amount of the CGU does not differ substantially from the value determined as part of the annual impairment test that was last conducted in 2022. At the end of 2022, the recoverable amount included sufficient headroom relative to the carrying amount of the CGU. Based on sensitivity analyses concerning potential changes to material measurement parameters within a realistic range, there is still considered to be sufficient headroom for the goodwill allocated to the KION SCS Operating Unit as at the reporting date.

The material measurement parameters used to estimate the recoverable amounts of the CGUs and groups of CGUs are essentially the same as those used in 2022. They include projections for adjusted EBIT over the five-year planning period as well as the cost of capital (WACC) and the long-term growth rate. Assumptions made in this context about the expected increase in adjusted EBIT are primarily based on industry-specific market research and the management team's internal assessments of market growth and revenue growth as well as on anticipated efficiency gains in production and project execution.

As at June 30, 2023, the carrying amounts for brand names and for technology and development assets stood at €938.9 million and €688.7 million respectively (December 31, 2022: €939.4 million and €706.3 million respectively).

At €491.8 million, sundry other intangible assets were €24.7 million lower than their carrying amount as at December 31, 2022 (€516.5 million). Of this total, €405.5 million related to customer relationships (December 31, 2022: €436.9 million).

Other property, plant, and equipment

Other property, plant, and equipment totaled €1,605.3 million (December 31, 2022: €1,585.2 million) and included a figure of €552.6 million for right-of-use assets related to procurement leases (December 31, 2022: €543.5 million). Of this figure, €453.2 million was attributable to land and buildings (December 31, 2022: €445.7 million) and €99.5 million to plant & machinery and office furniture & equipment (December 31, 2022: €97.9 million).

Inventories

The reported inventories break down as follows:

Inventories

in € million	Jun. 30, 2023	Dec. 31, 2022
Materials and supplies	508.2	512.2
Work in progress	349.3	340.1
Finished goods and merchandise	1,013.8	890.3
Advances paid	75.4	62.0
Total inventories	1,946.7	1,804.6

Impairment losses of €11.6 million were recognized on inventories in the second quarter of 2023 (Q2 2022: €4.9 million) and impairment losses of €27.6 million in the first six months of 2023 (H1 2022: €20.3 million). Impairment losses totaling €7.1 million had been recognized on inventories of the Russian subsidiaries in the Industrial Trucks & Services segment in the first quarter of 2022. Reversals of impairment losses were recognized in an amount of €2.5 million in the second quarter of 2023 (Q2 2022: €2.4 million) and in an amount of €5.1 million in the first six months of 2023 (H1 2022: 5.7 million) because the reasons for the impairment no longer applied.

Trade receivables

Trade receivables break down as follows:

Trade receivables

in € million	Jun. 30, 2023	Dec. 31, 2022
Receivables from third parties	1,749.8	1,598.1
Receivables from third parties measured at fair value through profit or loss (FVPL)	22.5	17.8
Trade receivables from non-consolidated subsidiaries, equity-accounted investments and other investments	67.9	55.1
Valuation allowances for trade receivables	-76.4	-74.7
Total trade receivables	1,763.7	1,596.4

Equity

As at June 30, 2023, the Company's share capital amounted to €131.2 million, which was unchanged on December 31, 2022 and was fully paid up. It was divided into 131,198,647 no-par-value shares.

The total number of shares outstanding as at June 30, 2023 was 131,124,771 no-par-value shares (December 31, 2022: 131,124,771 no-par-value shares). KION GROUP AG had 73,876 treasury shares as at the reporting date (December 31, 2022: 73,876).

The distribution of a dividend of €0.19 per share (H1 2022: €1.50 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds of €24.9 million in May 2023 (H1 2022: €196.7 million).

Retirement benefit obligation and similar obligations

Overall, the net obligation under defined benefit pension plans rose to €642.8 million (December 31, 2022: €618.9 million). This increase compared with the end of 2022 was primarily attributable to a lower discount rate in the eurozone of 4.04 percent (December 31, 2022: 4.20 percent). This consisted of €737.8 million recognized under the retirement benefit obligation and similar obligations (December 31, 2022: €712.8 million) less an amount of €95.0 million (December 31, 2022: €94.0 million) recognized under other non-current assets. Changes to discount rates resulted in a decrease in equity of €14.1 million (after deferred taxes) in the reporting period.

Financial liabilities

The non-current and current financial liabilities totaling €1,809.7 million (December 31, 2022: €1,988.6 million) included promissory notes with a carrying amount of €319.4 million as at June 30, 2023 (December 31, 2022: €319.2 million). A corporate bond with a carrying amount of €497.4 million (December 31, 2022: €496.8 million) and liabilities to banks of €512.5 million (December 31, 2022: €819.3 million) were also included under financial liabilities. The fall in liabilities to banks in the first half of 2023 was a result of early and scheduled repayments of bank loans in an amount of €225.0 million and a decline of €102.5 million in drawdowns from the syndicated revolving credit facility (RCF). Other financial liabilities rose to €480.4 million (December 31, 2022: €353.3 million). Of this total, €445.0 million related to paper issued under the commercial paper program (December 31, 2022: €305.0 million).

Liabilities from lease business

Non-current and current liabilities from the lease business totaled €3,406.3 million (December 31, 2022: €3,214.6 million) and could be broken down into a sum of €3,258.4 million (December 31, 2022: €3,048.4 million) that related to the financing of the direct lease business and a sum of €148.0 million (December 31, 2022: €166.3 million) that related to repurchase obligations resulting from the indirect lease business.

Liabilities from lease business

in € million	Jun. 30, 2023	Dec. 31, 2022
Non-current liabilities from lease business	2,439.4	2,314.2
thereof from sale and leaseback sub-lease transactions	753.1	727.0
thereof from lease facilities	603.7	482.2
thereof from asset-backed securities	984.3	994.1
thereof from repurchase obligations (indirect lease business)	98.3	111.0
Current liabilities from lease business	966.9	900.4
thereof from sale and leaseback sub-lease transactions	330.1	324.8
thereof from lease facilities	191.7	152.4
thereof from asset-backed securities	395.5	368.0
thereof from repurchase obligations (indirect lease business)	49.7	55.3

Liabilities arising from sale and leaseback sub-lease transactions still included liabilities of €15.7 million (December 31, 2022: €33.5 million) related to sale and leaseback sub-lease transactions entered into up to December 31, 2017.

Liabilities from short-term rental business

Non-current and current liabilities from the short-term rental business totaled €600.8 million (December 31, 2022: €544.2 million) and related to the financing of industrial trucks for the short-term rental fleet.

Liabilities from short-term rental business

in € million	Jun. 30, 2023	Dec. 31, 2022
Non-current liabilities from short-term rental business	416.6	354.1
thereof from sale and leaseback sub-lease transactions	329.0	295.1
thereof from rental facilities	87.6	59.0
Current liabilities from short-term rental business	184.2	190.1
thereof from sale and leaseback sub-lease transactions	142.2	152.0
thereof from rental facilities	42.0	38.2

This amount still included liabilities of €7.2 million (December 31, 2022: €12.8 million) that related to sale and leaseback sub-lease transactions entered into up to December 31, 2017.

Contract balances

Contract assets decreased by €48.7 million to €480.1 million as at June 30, 2023 (December 31, 2022: €528.8 million). They mainly related to work under project business contracts that had not yet been invoiced.

Of the contract liabilities, €640.2 million was attributable to project business contracts with a net debit balance due to customers as at the reporting date (December 31, 2022: €640.3 million) and €192.5 million to prepayments received from customers (December 31, 2022: €185.8 million).

Other financial liabilities

Non-current and current other financial liabilities totaled €728.9 million (December 31, 2022: €693.7 million) and included an amount of €596.4 million for liabilities from procurement leases (December 31, 2022: €584.9 million).

Other disclosures

Consolidated statement of cash flows

Free cash flow – the sum of cash flow from operating activities (€383.5 million; H1 2022: minus €433.0 million) and investing activities (minus €154.7 million; H1 2022: minus €158.5 million) – amounted to €228.8 million in the first six months of 2023 (H1 2022: minus €591.5 million).

Contingent liabilities and other financial commitments

As at June 30, 2023, contingent liabilities included guarantees and indemnities of €130.0 million (December 31, 2022: €126.2 million).

The other financial commitments totaling €316.4 million (December 31, 2022: €354.4 million) included purchase commitments of €234.3 million under long-term license and maintenance agreements (December 31, 2022: €231.1 million), commitments of €73.8 million for capital expenditure on non-current assets (December 31, 2022: €117.0 million), and future payment commitments of €8.2 million to related parties (December 31, 2022: €6.3 million).

Information on financial instruments

The carrying amounts and fair values of financial assets and liabilities in accordance with IFRS 7 are shown in the following table.

Carrying amounts and fair values broken down by class

in € million	Jun. 30, 2023		Dec. 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables ¹	2,045.8	2,022.2	1,890.3	1,903.0
Trade receivables	1,763.7	1,763.7	1,596.4	1,596.4
Other financial assets	266.2	266.2	259.3	259.3
thereof financial investments	53.5	53.5	56.6	56.6
thereof financial receivables	25.2	25.2	27.6	27.6
thereof other financial investments	26.0	26.0	25.9	25.9
thereof sundry financial assets	63.5	63.5	50.5	50.5
thereof derivative financial instruments	98.0	98.0	98.7	98.7
Cash and cash equivalents	240.2	240.2	318.1	318.1
Financial liabilities				
Financial liabilities	1,809.7	1,785.1	1,988.6	1,940.2
thereof promissory notes	319.4	317.6	319.2	317.2
thereof bonds	497.4	474.6	496.8	447.1
thereof liabilities to banks	512.5	512.5	819.3	822.7
thereof sundry financial liabilities	480.4	480.4	353.3	353.3
Liabilities from lease business	3,390.6	3,349.4	3,181.1	3,155.6
Liabilities from lease business ¹	15.7	15.5	33.5	33.1
Liabilities from short-term rental business	593.6	577.2	531.4	522.1
Liabilities from short-term rental business ¹	7.2	7.1	12.8	12.6
Trade payables	1,365.7	1,365.7	1,124.3	1,124.3
Other financial liabilities	728.9	695.9	693.7	666.8
thereof liabilities from procurement leases ¹	596.4	563.4	584.9	558.0
thereof sundry other financial liabilities and liabilities from accrued interest	110.0	110.0	91.9	91.9
thereof derivative financial instruments	22.5	22.5	16.9	16.9

¹ as defined by IFRS 16

Fair value measurement

The following tables show the assignment of fair values to the individual levels as defined by IFRS 13 for financial instruments measured at fair value.

Financial instruments measured at fair value

in € million	Fair Value Hierarchy			Jun. 30, 2023
	Level 1	Level 2	Level 3	
Financial assets				199.9
thereof financial investments	1.5		52.0	53.5
thereof other financial investments		26.0		26.0
thereof trade receivables		22.5		22.5
thereof derivative financial instruments		98.0		98.0
Financial liabilities				22.5
thereof derivative financial instruments		22.5		22.5

Financial instruments measured at fair value

in € million	Fair Value Hierarchy			Dec. 31, 2022
	Level 1	Level 2	Level 3	
Financial assets				199.0
thereof financial investments	0.7		55.9	56.6
thereof other financial investments		25.9		25.9
thereof trade receivables		17.8		17.8
thereof derivative financial instruments		98.7		98.7
Financial liabilities				16.9
thereof derivative financial instruments		16.9		16.9

Level 1 comprised the financial investment in Balyo SA, for which the fair value was calculated using prices quoted in an active market.

The fair value of other financial investments was determined using prices quoted in an active market and other observable inputs. They were assigned to Level 2.

Trade receivables, which are recognized at fair value through profit or loss, were assigned to Level 2. Their fair value was calculated using the transaction price achievable in an active market. The biggest influence on the transaction price is the default risk of the counterparty.

Derivatives (currency forwards and interest-rate swaps) were also classified as Level 2. Their fair value was determined using appropriate valuation methods on the basis of the observable market information at the reporting date. The default risk for the Group and for the counterparty was taken into account on the basis of gross figures. The fair value of the currency forwards was calculated using the present value method and applying forward rates as at the reporting date. The fair value of interest-rate swaps was calculated as the present value of the future cash flows. Both contractually agreed payments and forward interest rates were used to calculate the cash flows, which were then discounted on the basis of a yield curve that is observable in the market. In order to eliminate default risk to the greatest possible extent, the KION Group only enters into derivatives with investment-grade counterparties.

Level 3 essentially comprised the financial investment in Shanghai Quicktron Intelligent Technology Co., Ltd. and Zhejiang EP Equipment Co., Ltd. The fair value was determined using the discounted cash flow method. The changes in fair value that occurred in the first half of 2023 are attributable to subsequent measurements of these financial investments and are reported under other financial assets. The material measurement parameters included a WACC after taxes of 8.2 percent and a long-term growth factor of 1 percent. The following table shows the effects of changes in these material measurement parameters on fair value.

Sensitivity of Level 3 Financial Instruments as at Jun. 30, 2023

in € million	Change in long-term growth rate		
	-0.25%	unchanged	+0.25%
Change in WACC after tax			
-1%	6.9	8.9	11.1
unchanged	-1.4	-	1.5
+1%	-7.8	-6.7	-5.6

Sensitivity of Level 3 Financial Instruments as at Dec. 31, 2022

in € million	Change in long-term growth rate		
	-0.25%	unchanged	+0.25%
Change in WACC after tax			
-1%	7.5	9.6	11.9
unchanged	-1.5	-	1.7
+1%	-8.4	-7.2	-6.0

If events or changes in circumstances make it necessary to reclassify financial instruments to a different level, this is done at the end of a reporting period.

Segment report

The Executive Board, as the chief operating decision-maker (CODM), manages the KION Group on the basis of the following segments: Industrial Trucks & Services, Supply Chain Solutions, and Corporate Services. The segments have been defined in accordance with the KION Group's organizational and strategic focus.

The KPIs used to manage the segments are revenue and adjusted EBIT. Segment reporting therefore includes a reconciliation of externally reported consolidated earnings before interest and tax (EBIT) – including effects from purchase price allocations and non-recurring items – to the adjusted EBIT for the segments ('adjusted EBIT').

The following tables show information on the KION Group's operating segments for the second quarter of 2023 and 2022 and for the first half of 2023 and 2022.

Segment information Q2 2023

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consolidation	Total
Revenue from external customers	2,126.3	709.8	0.3	–	2,836.4
Intersegment revenue	3.6	4.7	69.2	–77.5	–
Total revenue	2,129.9	714.5	69.6	–77.5	2,836.4
Earnings before tax	185.3	–30.2	–21.9	–9.3	123.9
Net financial expenses	–16.7	–11.5	–12.6	–	–40.8
EBIT	202.0	–18.7	–9.3	–9.3	164.6
+ Non-recurring items	–0.0	4.4	1.0	–	5.3
+ PPA items	0.3	22.0	0.0	–	22.4
= Adjusted EBIT	202.3	7.7	–8.4	–9.3	192.3
Capital expenditure ¹	52.7	24.8	9.9	–	87.3
Amortization and depreciation ²	44.6	12.9	4.8	–	62.3
Order intake	2,000.8	873.2	69.6	–79.8	2,863.8

1 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs

2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

Segment information Q2 2022

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli- dation	Total
Revenue from external customers	1,729.1	1,072.5	0.6	–	2,802.2
Intersegment revenue	1.9	3.7	52.3	–57.9	–
Total revenue	1,731.0	1,076.2	52.9	–57.9	2,802.2
Earnings before tax	80.4	46.8	99.5	–117.3	109.4
Net financial expenses/ income	–2.5	–5.9	1.0	–	–7.4
EBIT	82.9	52.7	98.6	–117.3	116.8
+ Non-recurring items	0.3	0.5	0.8	–	1.6
+ PPA items	0.4	22.5	0.0	–	23.0
= Adjusted EBIT	83.6	75.8	99.3	–117.3	141.4
Capital expenditure ¹	56.1	20.0	8.6	–	84.7
Amortization and depreciation ²	38.4	12.0	4.2	–	54.6
Order intake	2,745.1	1,022.0	52.9	–65.4	3,754.6

1 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs

2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

Segment information Q1 – Q2 2023

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli- dation	Total
Revenue from external customers	4,129.1	1,487.6	0.7	–	5,617.4
Intersegment revenue	5.6	9.4	128.5	–143.5	–
Total revenue	4,134.7	1,497.0	129.2	–143.5	5,617.4
Earnings before tax	339.8	–51.2	–62.0	–9.0	217.6
Net financial expenses	–35.8	–16.5	–24.2	–	–76.5
EBIT	375.6	–34.7	–37.8	–9.0	294.1
+ Non-recurring items	–0.2	5.2	1.4	–	6.5
+ PPA items	3.5	44.3	–	–	47.7
= Adjusted EBIT	378.9	14.8	–36.4	–9.0	348.3
Segment assets	12,703.0	5,740.0	2,375.8	–3,798.9	17,019.8
Segment liabilities	8,650.1	2,903.2	3,601.1	–3,798.8	11,355.6
Capital expenditure ¹	93.7	47.4	21.6	–	162.7
Amortization and depreciation ²	85.2	26.0	9.3	–	120.5
Order intake	3,957.3	1,370.7	129.2	–149.2	5,308.1
Order book	3,603.7	3,154.2	–	–75.9	6,682.0
Number of employees ³	29,092	10,862	1,282	–	41,236

1 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs

2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

3 Number of employees (full-time equivalents) as at Jun. 30, 2023; allocation according to the contractual relationships

Segment information Q1 – Q2 2022

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli- dation	Total
Revenue from external customers	3,445.3	2,090.2	1.1	–	5,536.7
Intersegment revenue	4.1	5.8	104.4	–114.3	–
Total revenue	3,449.4	2,096.0	105.6	–114.3	5,536.7
Earnings before tax	169.6	89.8	95.7	–130.7	224.5
Net financial income/expenses	1.4	–15.1	3.5	–	–10.1
EBIT	168.2	104.9	92.1	–130.7	234.6
+ Non-recurring items	28.7	0.7	2.6	–	32.1
+ PPA items	0.9	44.2	–	–	45.0
= Adjusted EBIT	197.8	149.8	94.7	–130.7	311.7
Segment assets	11,984.9	6,573.8	2,617.5	–4,350.7	16,825.6
Segment liabilities	8,298.3	3,272.4	3,989.3	–4,349.4	11,210.6
Capital expenditure ¹	113.8	39.7	12.7	–	166.1
Amortization and depreciation ²	77.3	23.7	8.2	–	109.3
Order intake	4,827.2	1,865.2	105.6	–143.2	6,654.8
Order book	4,219.9	3,762.3	–	–41.2	7,941.1
Number of employees ³	28,084	11,560	1,160	–	40,804

1 Capital expenditure in property, plant and equipment and intangible assets, including capitalized development costs

2 On intangible assets and property, plant and equipment (excluding right-of-use assets and PPA items)

3 Number of employees (full-time equivalents) as at Jun. 30, 2022; allocation according to the contractual relationships

In the first six months of 2023, revenue of €291.3 million (H1 2022: €863.1 million) was generated from one single external customer and predominantly in the Supply Chain Solutions segment.

Non-recurring items amounted to an expense of €32.1 million in the prior-year period. They were mainly attributable to the Industrial Trucks & Services segment and chiefly related to impairment losses on assets of the Russian subsidiaries.

Related party disclosures

In addition to its relationship with subsidiaries included in the condensed consolidated interim financial statements, the KION Group has direct or indirect business relationships with a number of non-consolidated subsidiaries, associates and joint ventures, and other related parties in the course of its ordinary business activities. The related parties that are solely or jointly controlled by the KION Group or over which significant influence can be exercised are included in the list of shareholdings as at December 31, 2022.

Another related party is the ultimate controlling party, Weichai Power Co., Ltd., Weifang, People's Republic of China, which indirectly held a 46.5 percent stake in KION GROUP AG via Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg ('Weichai Power') as at June 30, 2023 (December 31, 2022: 46.5 percent). The distribution of a dividend of €0.19 per share (2022: €1.50 per share) to Weichai Power resulted in an outflow of funds from KION GROUP AG of €11.6 million (2022: €89.0 million).

The revenue that the KION Group generated in the second quarter of 2023 and in the first half of 2023 from selling goods and services to related parties is shown in the following table along with the receivables that were outstanding at the reporting date.

Related party disclosures: receivables and sales

in € million	Receivables		Sales of goods and services			
	Jun. 30, 2023	Dec. 31, 2022	Q2 2023	Q2 2022	Q1 – Q2 2023	Q1 – Q2 2022
Non-consolidated subsidiaries	19.2	21.4	7.3	8.2	13.5	15.1
Associates ¹ (equity-accounted)	44.2	37.0	48.6	33.3	94.8	66.8
Joint ventures (equity-accounted)	17.2	19.4	24.7	18.4	41.5	36.4
Other related parties ¹	11.2	4.7	7.5	4.0	16.0	8.3
Total	91.9	82.6	88.1	64.0	165.8	126.6

¹ The figures for 'associates' and 'other related parties' include transactions with Weichai Power and its affiliated companies

The goods and services obtained from related parties in the second quarter of 2023 and in the first half of 2023 are shown in the following table along with the liabilities that were outstanding at the reporting date.

Related party disclosures: liabilities and purchases

in € million	Liabilities		Purchases of goods and services			
	Jun. 30, 2023	Dec. 31, 2022	Q2 2023	Q2 2022	Q1 – Q2 2023	Q1 – Q2 2022
Non-consolidated subsidiaries	12.6	10.6	11.2	9.1	23.1	14.9
Associates ¹ (equity-accounted)	16.5	8.1	32.8	33.8	62.4	56.6
Joint ventures (equity-accounted)	112.0	105.0	31.9	34.2	63.1	49.2
Other related parties ¹	16.0	17.3	0.0	1.1	0.3	1.6
Total	157.2	141.0	75.9	78.3	149.0	122.2

¹ The figures for 'associates' and 'other related parties' include transactions with Weichai Power and its affiliated companies

The exemption for government-related entities was applied. There were no transactions that were significant, either individually or taken together, between the KION Group and companies with which the KION Group is closely associated solely because of its relationship with Shandong Heavy Industry Group Co., Ltd, Jinan, People's Republic of China.

Material events after the reporting date

On July 6, 2023, Christian Harm was appointed as the new CFO of KION GROUP AG for a term of three years. In his new role, Christian Harm succeeds Marcus A. Wassenberg, who held the position of CFO from January 1, 2023, until his departure from the Company as of July 6, 2023.

Frankfurt am Main, July 25, 2023

The Executive Board



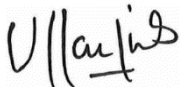
Dr. Richard Robinson Smith



Christian Harm



Hasan Dandashly



Valeria Gargiulo



Andreas Krinninger



Dr. Henry Puhl



Ching Pong Quek

Review report

To KION GROUP AG, Frankfurt am Main

We have reviewed the condensed consolidated interim financial statements of the KION GROUP AG, Frankfurt am Main – comprising the condensed consolidated income statement, condensed consolidated statement of comprehensive Income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and notes to the condensed consolidated interim financial statements – together with the interim group management report of the KION GROUP AG, Frankfurt am Main, for the period from January 1, to June 30, 2023 that are part of the semi annual financial report according to § 115 WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the KION GROUP AG’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, July 25, 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft

Dr. Dietz
Wirtschaftsprüferin

Dr. Röhrich
Wirtschaftsprüferin

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the financial position and financial performance of the Group, and the interim group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Frankfurt am Main, July 25, 2023

The Executive Board




Dr. Richard Robinson Smith



Christian Harm



Hasan Dandashly



Valeria Gargiulo



Andreas Krinninger



Dr. Henry Puhl



Ching Pong Quek

Quarterly information

KION Group quarterly information¹

in € million	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	2022	2021
Total revenue	2,836.4	2,781.0	2,892.5	2,706.4	2,802.2	2,734.5	11,135.6	10,294.3
Industrial Trucks & Services	2,129.9	2,004.8	2,067.8	1,838.9	1,731.0	1,718.4	7,356.1	6,514.0
Supply Chain Solutions	714.5	782.5	836.5	874.4	1,076.2	1,019.8	3,806.9	3,796.2
Gross profit (adjusted)	689.8	653.2	565.4	390.1	597.0	621.7	2,174.1	2,536.2
Industrial Trucks & Services	581.6	544.0	478.6	451.7	415.9	440.5	1,786.7	1,751.2
Supply Chain Solutions	107.9	113.2	98.6	-52.2	187.1	173.2	406.6	781.3
Selling expenses and administrative expenses (adjusted)	-460.1	-452.3	-445.0	-438.3	-417.4	-413.3	-1,714.0	-1,545.3
Industrial Trucks & Services	-355.1	-338.4	-337.0	-319.0	-312.0	-303.4	-1,271.4	-1,125.6
Supply Chain Solutions	-88.7	-92.7	-97.8	-106.3	-94.6	-84.9	-383.7	-318.7
Research and development costs (adjusted)	-55.4	-54.7	-58.0	-49.9	-49.4	-47.0	-204.3	-178.7
Industrial Trucks & Services	-42.9	-39.1	-40.2	-31.5	-30.4	-30.0	-132.1	-119.5
Supply Chain Solutions	-10.1	-13.9	-16.7	-16.7	-17.5	-15.1	-66.0	-51.7
Other costs (adjusted)	18.1	9.8	19.4	-2.9	11.2	8.9	36.6	29.7
Industrial Trucks & Services	18.7	10.0	18.6	1.4	10.2	7.1	37.4	29.9
Supply Chain Solutions	-1.4	0.6	2.6	-6.8	0.8	0.8	-2.6	-1.3
Adjusted EBIT	192.3	156.0	81.8	-101.1	141.4	170.3	292.4	841.8
Industrial Trucks & Services	202.3	176.6	120.0	102.6	83.6	114.2	420.5	536.0
Supply Chain Solutions	7.7	7.1	-13.4	-182.0	75.8	74.0	-45.6	409.5
Adjusted EBIT margin	6.8 %	5.6%	2.8%	-3.7%	5.0%	6.2%	2.6%	8.2%
Industrial Trucks & Services	9.5 %	8.8%	5.8%	5.6%	4.8%	6.6%	5.7%	8.2%
Supply Chain Solutions	1.1 %	0.9%	-1.6%	-20.8%	7.0%	7.3%	-1.2%	10.8%
Adjusted EBITDA	436.5	389.6	324.9	134.6	368.2	391.0	1,218.7	1,696.9
Industrial Trucks & Services	419.9	383.5	336.6	309.8	285.2	310.1	1,241.7	1,297.9
Supply Chain Solutions	27.9	27.7	6.9	-162.1	94.8	92.7	32.2	476.6
Adjusted EBITDA margin	15.4 %	14.0%	11.2%	5.0%	13.1%	14.3%	10.9%	16.5%
Industrial Trucks & Services	19.7 %	19.1%	16.3%	16.8%	16.5%	18.0%	16.9%	19.9%
Supply Chain Solutions	3.9 %	3.5%	0.8%	-18.5%	8.8%	9.1%	0.8%	12.6%
Earnings / Loss per share								
Basic earnings / loss per share (in €)	0.54	0.55	0.27	-0.73	0.60	0.61	0.75	4.34
Order intake	2,863.8	2,444.3	2,535.6	2,517.3	3,754.6	2,900.1	11,707.6	12,481.6
Industrial Trucks & Services	2,000.8	1,956.5	1,693.5	1,904.9	2,745.1	2,082.1	8,425.6	8,166.3
Supply Chain Solutions	873.2	497.5	882.3	614.4	1,022.0	843.2	3,361.9	4,329.4

¹ Adjusted figures include adjustments for PPA items and non-recurring items

Disclaimer

Forward-looking statements

This interim report contains forward-looking statements that relate to the current plans, objectives, forecasts and estimates of the management of KION GROUP AG. These statements only take into account information that was available up to and including the date that this interim report was prepared. The management of KION GROUP AG makes no guarantee that these forward-looking statements will prove to be right. The future development of KION GROUP AG and its subsidiaries and the results that are actually achieved are subject to a variety of risks and uncertainties that could cause actual events or results to differ significantly from those reflected in the forward-looking statements. Many of these factors are beyond the control of KION GROUP AG and its subsidiaries and therefore cannot be precisely predicted. Such factors include, but are not limited to, changes in economic and industry-specific conditions, the competitive situation, and the political environment, changes in national and international law, interest-rate or exchange-rate fluctuations, legal disputes and investigations, and the availability of funds. These and other risks and uncertainties are set forth in the 2022 group management report, which has been combined with the management report of KION GROUP AG, and in this interim report. However, other factors could also have an adverse effect on business performance and results. KION GROUP AG neither assumes any separate obligation to update forward-looking statements or to change such statements to reflect events or developments that occur after the publication of this interim report, nor does it intend to do so.

Rounding

Certain numbers in this interim report have been rounded to the nearest whole number. There may therefore be discrepancies between the actual totals of the individual amounts in the tables and the totals shown as well as between the numbers in the tables and the numbers given in the corresponding analyses in the text of the interim report. All percentage changes and key figures were calculated using the underlying data in thousands of euros (€ thousand).

Financial calendar

October 26, 2023

Quarterly statement
for the period ended
September 30, 2023
(Q3 2023),
conference call for analysts

February 29, 2024

Publication of
2023 annual report,
financial statements press
conference and conference
call for analysts

April 25, 2024

Quarterly statement
for the period ended
March 31, 2024
(Q1 2024),
conference call for analysts

Subject to change without notice

Securities identification numbers

ISIN: DE000KGX8881
WKN: KGX888

Contact

Contacts for the media

Bernd Eitel

Senior Vice President
Corporate Communications
Tel. +49 69 20 110 7967
[bernd.eitel@
kiongroup.com](mailto:bernd.eitel@kiongroup.com)

Frank Grodzki

Vice President
Corporate Communications
Tel. +49 69 20 110 7496
[frank.grodzki@
kiongroup.com](mailto:frank.grodzki@kiongroup.com)

Christopher Spies

Senior Manager
Corporate Communications
Tel. +49 69 20 110 7725
[christopher.spies@
kiongroup.com](mailto:christopher.spies@kiongroup.com)

KION GROUP AG
Thea-Rasche-Strasse 8
60549 Frankfurt am Main
Germany
Tel. +49 69 20 110 0
Fax +49 69 20 110 7690
info@kiongroup.com
www.kiongroup.com

Contacts for investors

Sebastian Ubert

Vice President
Investor Relations
Tel. +49 69 20 110 7329
[sebastian.ubert@
kiongroup.com](mailto:sebastian.ubert@kiongroup.com)

Raj Junginger

Senior Manager
Investor Relations
Tel. +49 69 20 110 7942
[raj.junginger@
kiongroup.com](mailto:raj.junginger@kiongroup.com)

This interim report
is available in German
and English at
www.kiongroup.com.
The content of the German
version is authoritative.



[kiongroup.com/
ir](http://kiongroup.com/ir)

We keep

the world moving.

KION GROUP AG

Corporate Communications

Thea-Rasche-Strasse 8

60549 Frankfurt am Main | Germany

Tel. +49 69 20 110 0

Fax +49 69 20 110 7690

info@kiongroup.com

www.kiongroup.com