



Q2

Interim report

Q2 2022

Key figures

KION Group overview

in € million	Q2 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
Order intake	3,754.6	3,255.4	15.3%	6,654.8	5,881.7	13.1%
Revenue	2,802.2	2,592.8	8.1%	5,536.7	4,967.9	11.4%
Order book ¹				7,941.1	6,658.5	19.3%
Financial performance						
EBITDA	366.5	452.7	–19.0%	739.6	873.9	–15.4%
Adjusted EBITDA ²	368.2	457.7	–19.5%	759.2	879.5	–13.7%
Adjusted EBITDA margin ²	13.1%	17.7%	–	13.7%	17.7%	–
EBIT	116.8	221.3	–47.2%	234.6	414.8	–43.5%
Adjusted EBIT ²	141.4	247.2	–42.8%	311.7	462.2	–32.6%
Adjusted EBIT margin ²	5.0%	9.5%	–	5.6%	9.3%	–
Net income	79.6	154.2	–48.4%	159.8	291.2	–45.1%
Basic earnings per share (in €)	0.60	1.17	–48.6%	1.21	2.21	–45.4%
Financial position¹						
Total assets				16,825.6	15,850.9	6.1%
Equity				5,614.9	5,168.9	8.6%
Net Working Capital ³				1,822.1	1,192.0	52.9%
Net financial debt ⁴				1,429.1	567.6	> 100%
Cash flow						
Free cash flow ⁵	–158.9	39.4	< –100%	–591.5	301.5	< –100%
Capital expenditure ⁶	84.7	65.3	29.8%	166.1	123.3	34.8%
Employees⁷				40,804	39,602	3.0%

1 Figure as at Jun. 30, 2022 compared with Dec. 31, 2021

2 Adjusted for PPA items and non-recurring items

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 including capitalized development costs, excluding right-of-use assets

7 Number of employees (full-time equivalents) as at Jun. 30, 2022 compared with Dec. 31, 2021

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 2022

Despite difficult conditions, the KION Group achieves good order intake and revenue in the first half of the year

- Continued high demand despite macroeconomic uncertainties
- Compared to the previous year, order intake increases by 13.1 percent to € 6.655 billion
- Order book increases by 19.3 percent to € 7.941 billion compared with the end of 2021
- Revenue up by 11.4 percent to € 5.537 billion compared to the previous year
- At €311.7 million, adjusted EBIT is significantly lower than the previous year (€462.2 million) due to disruptions in supply chains and higher cost of material, energy and logistics
- Adjusted EBIT margin down to 5.6 percent (H1 2021: 9.3 percent)
- Net income at €159.8 million, down from previous year (€291.2 million)
- Free cash flow of minus €591.5 million significantly below previous year's level (€301.5 million)
- KION Group intends to issue an outlook for 2022 later in the year

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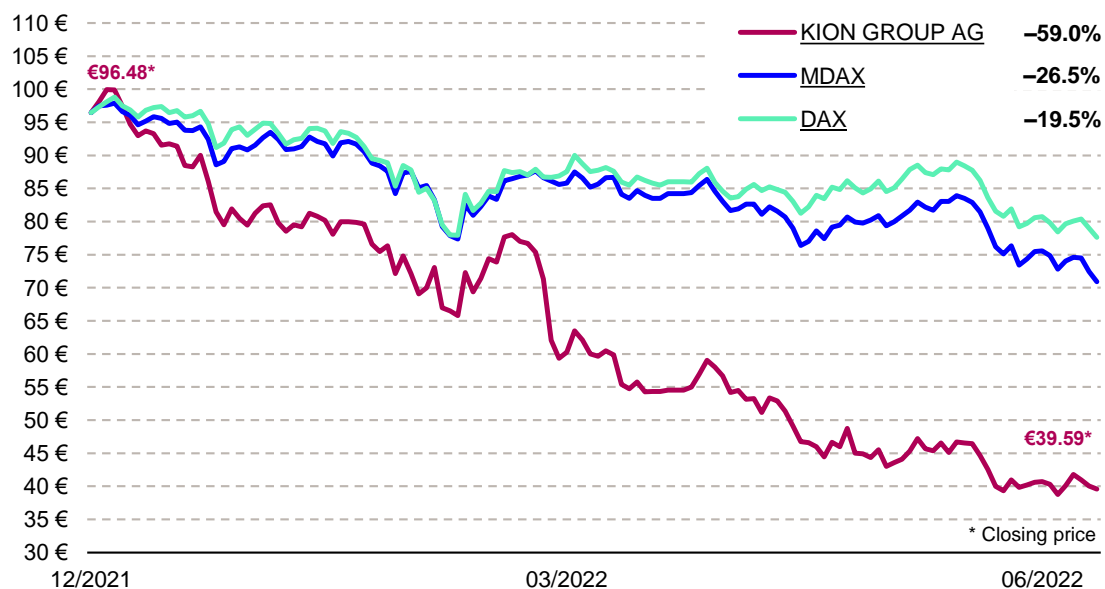
KION shares

Equity markets under pressure – KION shares fall sharply

The equity markets saw prices plummet in the first six months of 2022. This was predominantly due to the war in Ukraine, which caused prices to slide even further in February owing to the fundamental shift in the geopolitical situation. Moreover, the factors already weighing on the markets deteriorated markedly, including rising inflation and the substantial problems and disruptions in supply chains. The inflation rates reached during the reporting period prompted the central banks to abandon their expansionary monetary policy, thereby piling additional pressure on the equity markets. The DAX ended the first half of the year at 12,783.77 points, which equates to a loss of 19.5 percent. The MDAX dropped by 26.5 percent in the period ended June 30, 2022, closing at 25,823.45 points.

KION shares fell at an even sharper rate, declining by 59.0 percent to close at €39.59 on June 30, 2022. This was partly attributable to the tense geopolitical situation and the markets' resulting concerns about a recession. The share price was also adversely affected by the KION Group's withdrawal of its outlook on April 4 – combined with lower earnings expectations – and a changed risk situation with respect to procurement. At the end of June 2022, market capitalization stood at €5.2 billion, of which €2.8 billion was attributable to shares in free float.

Share price performance in the first half of 2022 compared with the DAX and MDAX



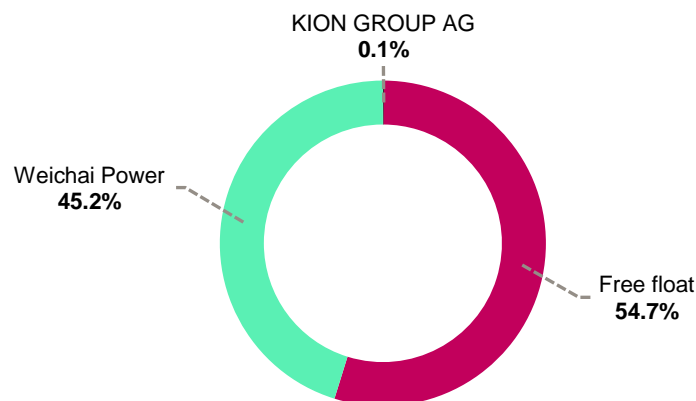
Record dividend approved

KION GROUP AG's 2022 Annual General Meeting on May 11, 2022 again took place as a virtual event without shareholders being physically present. Approximately 70 percent of the capital was represented and all of the motions were approved by a majority of votes. This included the distribution of a dividend of €1.50 per share, resulting in a total distribution to shareholders of around €196.7 million. With earnings per share for 2021 of €4.34, this equates to a dividend payout rate of around 35 percent.

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, had a stake of 45.2 percent as at June 30, 2022, which means it is still the biggest single shareholder, while KION GROUP AG continues to hold 0.1 percent of the shares. The free float therefore continued to account for 54.7 percent as at the end of the second quarter.

Shareholder structure as at June 30, 2022



Mainly buy recommendations

A total of 23 brokerage houses currently follow and report regularly on the KION Group. As at June 30, 2022, 16 analysts recommended KION shares as a buy, six rated them as neutral, and one advised selling them. The average target price specified by the sell-side analysts was €76.91 at the end of June.

Unchanged investment-grade credit ratings

The KION Group's issuer default ratings remained the same in the period under review. Standard & Poor's has classified the KION Group as BBB- with a stable outlook since August 2021. Since September 2021, 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, 2022	€39.59
Performance since beginning of 2022	-59.0%
Market capitalization as at Jun 30, 2022	€5,194.2 million
Free float	54.7%
Basic earnings per share ¹	€1.21

¹ For the reporting period Jan 1 to Jun 30, 2022

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, 2021. The reporting currency is the euro.

Management and control

Anke Groth, Chief Financial Officer (CFO) and Labor Relations Director of KION GROUP AG, ended her work for KION GROUP AG with effect from March 31, 2022, before the end of her contract, in order to pursue new challenges outside the Group. Until a successor has been appointed, her tasks will be carried out by the Chief Executive Officer, Dr. Richard Robinson Smith, on an interim basis.

Various aspects of the Executive Board's schedule of responsibilities were changed with effect from July 1, 2022. The current schedule of responsibilities is available on the KION Group's website at www.kiongroup.com/Executive-Board-Responsibilities.

The Annual General Meeting on May 11, 2022 re-elected Birgit A. Behrendt, Dr. Alexander Dibelius, Dr. Michael Macht, and Tan Xuguang to the Supervisory Board of KION GROUP AG for a further five years. In addition, elections were held for all employee representative seats on the Supervisory Board of KION GROUP AG for the five-year term of office commencing May 11, 2022. Stefan Casper, Olaf Kunz, and Dr. Frank Schepp left the Supervisory Board. The new members elected were Jan Bergemann, Dominique Lembke, and Thomas Mainka. All other employee representatives were re-elected to the Supervisory Board.

Strategy of the KION Group

The KION Group is playing a central role in shaping the future of the global material handling market with its KION 2027 strategy. By evolving into a solution provider in both of its operating segments, the KION Group is aiming to grow at a faster pace than the global market and, relative to other companies in the sector, achieve a high level of profitability while maintaining a focus on sustainability. At the same time, it continually strives to improve the return on capital employed (ROCE) and its resilience in different market cycles.

Six fields of action have been defined – energy, digitalization, automation, innovation, performance, and sustainability – for which a wide range of strategic measures were again implemented in the reporting period. There was also a continued focus on capital expenditure in order to enduringly strengthen the KION Group's position in the market.

In the **energy** (new energy) field, 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. During the first half of 2022, KION Battery Systems GmbH launched a second production line for lithium-ion batteries that will be used to power mobile warehouse trucks.

In the **digitalization** field, the KION Group's priorities include gearing its business to customers' increasingly digitalized processes in order to improve their intralogistics efficiency. Dematic, for example, entered into a partnership with Google Cloud in June with the aim of accelerating cloud innovations and using these to develop the next generation of warehouse management solutions.

In the **automation** field, the KION Group provides customer-specific and scalable solutions catering to customers' wide-ranging requirements. Among other initiatives, the Linde and STILL brand companies added new autonomous mobile robots to their product portfolio.

The **Innovation** field is focused on the development of cross-segment technologies for tomorrow's material handling market. One of the main activities in this regard was the European research project IMOCO, which is aimed at enabling trucks to navigate autonomously with the aid of artificial intelligence (AI).

In the **performance** field, the KION Group continued its work on developing a global platform for the value segment. The relocation of the production of STILL reach trucks to Střibro in the Czech Republic is progressing as planned. At the Châtelleraut plant in France, the automated production of pallet trucks went into operation in the reporting period.

Sustainability, which is enshrined in the KION 2027 strategy, was designated a separate field of action in 2021. The groupwide sustainability report, which was published in April 2022, provides information on the sustainability strategy.

Report on the economic position

Macroeconomic and sector-specific conditions

Macroeconomic conditions

The ongoing war in Ukraine and the fallout from the coronavirus pandemic weighed heavily on the global economy in the period under review. The further surge in commodity and energy prices as a result of the war, continuing rises in inflation rates, disruptions to global supply chains, and coronavirus-related lockdowns in Asia took a heavy toll on global economic growth.

Inflation reached very high levels around the world during the reporting period. In May, for example, the annual inflation rate was 8.1 percent in the eurozone and even higher in the United States at 8.6 percent. The central banks responded to this erosion of monetary value by putting up interest rates for the first time in this cycle – including substantial hikes in the United States – and this may have a further braking effect on growth.

The World Bank significantly adjusted its 2022 growth forecast for the global economy and warned of several years of elevated inflation and slow economic growth. For this year, the World Bank now predicts global economic growth of just 2.9 percent, compared with 5.7 percent in 2021. As recently as January, it had forecast growth of 4.1 percent. The global inflation rate for 2022 is projected to reach approximately 7.0 percent.

Sectoral conditions

Sales markets

Based on the KION Group's assessment, the global material handling market grew at a moderate rate in the first half of 2022. However, the level of demand for industrial trucks varied across the KION Group's sales markets. According to the KION Group, momentum declined in all sales regions in the second quarter due to the macroeconomic uncertainties and the considerable supply restrictions. Order numbers for the first half of 2022 are likely to be up slightly compared with the same period of 2021 in the EMEA region. For the Americas region, the KION Group anticipates that the growth rate will have been stronger. In the APAC region, order numbers were probably down compared with the prior-year period, partly due to the measures taken in Asia to contain the coronavirus pandemic.

Because the relevant trade association has changed the publishing dates for market data on order intake for industrial trucks, no robust data on order numbers in the overall market is available for the reporting period.

Supply chain delays also weighed heavily on the project business for supply chain solutions. The KION Group estimates that the global market for supply chain solutions continued to expand in the first six months of the year. Once again, this market growth was driven by the EMEA and Americas regions. It is not yet possible to fully gauge how the war in Ukraine and declining consumer confidence are affecting economic growth in the KION Group's customer sectors. According to the KION Group, demand contracted in the e-commerce customer segment but continued to rise sharply in the food and beverage, grocery retail/wholesale, and apparel industries. Despite the announcement by a major e-commerce provider that it will slow down its construction and expansion of fulfillment hubs, the research institute Interact Analysis continues to anticipate a positive trend for the warehouse automation market.

Based on the KION Group's assessment, the medium- to long-term growth trend in the global market for supply chain solutions and industrial trucks and services remains intact and this is backed up by market studies.

Procurement markets

The internationally applicable sanctions on Russia and Belarus led to further price rises in the commodity markets. The increase in energy commodity prices was particularly pronounced. For example, the oil price leaped to over US\$ 100 at the end of February and remained at this level until the middle of the year. By contrast, prices for metals such as palladium and nickel dropped back down after surging at the start of the war in Ukraine. The price of copper also dropped in the second quarter, but remained at a high level.

Financial markets

The KION Group generated 56.1 percent (H1 2021: 50.2 percent) of its revenue outside the eurozone in the reporting period. Important foreign currencies in addition to the US dollar were the Chinese renminbi and pound sterling. The appreciation of the US dollar and Chinese renminbi against the euro resulted in notable positive currency effects. These also had a noticeable impact on the KION Group's operating performance.

Business performance in the Group

Business in the KION Group was influenced by further sharp rises in the cost of materials, energy, and logistics, and by persistent bottlenecks in procurement markets in the first half of 2022. The situation had been difficult even before the outbreak of war in Ukraine, and was exacerbated by the continuation of military action in the second quarter. Coronavirus lockdowns also had an effect, particularly in Asia.

In the first quarter, the KION Group stopped all deliveries of products to Russia and Belarus, including the supply of spare parts and the provision of related services, in both segments due to the international sanctions imposed in connection with the war in Ukraine. Local operations in the service business in Russia are being maintained by the sales companies and their KION employees in the country. The Industrial Trucks & Services segment recognized a substantial volume of impairment losses, especially in respect of assets of Russian subsidiaries. Non-recurring items relating to business in Russia reduced net income for the first half of 2022 by around €30 million in total.

The KION Group's capital expenditure program was able to continue as planned, despite the difficult situation in the procurement markets. In Jinan, in China's Shandong province, the new factory for Linde and Baoli counterbalance trucks went into regular operation in February 2022. It is designed for a capacity of up to 40,000 industrial trucks and supports the strengthening of the Group's market position in the fast-growing value segment. Construction of a new plant for supply chain solutions in Jinan has also begun. This new Dematic site will be used to manufacture items such as racks for the Multishuttle system, components for automated guided vehicle systems, and conveyor belts and systems. The factory is scheduled to go into operation in the first quarter of 2023.

An ultra-modern parts warehouse with high-bay storage facilities and automated, digitalized, and intelligently networked processes is being built in Kahl am Main, Germany. Known as the Kahl Regional Distribution Center, it will occupy a total area of around 31,000 square meters. A sum in the mid-double-digit millions of euros is being invested in the facility, which is due to commence operations in spring 2024.

The KION Group is also investing in the manufacture of energy-efficient lithium-ion battery systems. In April 2022, KION Battery Systems GmbH (KBS) launched a second production line for lithium-ion batteries that will be used to power mobile warehouse trucks.

As scheduled, the short-term promissory note of €92.5 million was repaid in May 2022. The volume of the commercial paper program launched by the KION Group in 2020 was increased by €250.0 million, from €500.0 million to €750.0 million, in April 2022. By the reporting date, around €500 million of commercial paper had been issued under this program in order to cover short-term funding requirements. In June, additional loans of €300.0 million were arranged with banks in view of the existing uncertainties in the capital markets and the temporarily elevated level of capital commitment.

Financial position and financial performance

Overall assessment of the economic situation

In the first half of 2022, the KION Group's position in the market and its technological position allowed it to benefit from long-term megatrends such as e-commerce, energy and transportation solutions, digitalization, and urbanization and to increase both its revenue and the value of its order intake. The sharp fall in adjusted EBIT was largely due to ongoing supply chain disruptions and the continued rise in material prices.

Order intake increased by 13.1 percent to €6,654.8 million (H1 2021: €5,881.7 million). In the Industrial Trucks & Services segment, order intake grew by 20.0 percent year on year to €4,827.2 million (H1 2021: €4,021.1 million), primarily on the back of a jump in new truck business. Order intake in the Supply Chain Solutions segment came to €1,865.2 million, which was virtually at the level of the prior-year period (H1 2021: €1,868.8 million). In contrast with the first half of 2021, order intake in the Supply Chain Solutions segment included more project business with new customers in a range of industries, thereby helping to further diversify the customer portfolio.

Consolidated revenue went up by 11.4 percent year on year to €5,536.7 million (H1 2021: €4,967.9 million). In the Industrial Trucks & Services segment, revenue generated from external customers went up by 10.6 percent to €3,445.3 million (H1 2021: €3,114.4 million). The rise in revenue was held back by ongoing delays in the delivery of new trucks due to shortages in the supply of bought-in parts, especially in the EMEA region. In the Supply Chain Solutions segment, revenue from external customers rose by 13.0 percent to €2,090.2 million (H1 2021: €1,849.1 million). Here too, supply chain disruptions led to delays in working through the sizeable order book. The continued growth of the service business, which was up by 12.8 percent across both segments, contributed to the rise in the KION Group's revenue.

Adjusted EBIT fell sharply to €311.7 million (H1 2021: €462.2 million). Earnings in both operating segments were squeezed by higher costs for materials, energy, and logistics, and also by inefficiencies resulting from disrupted supply chains. Lower personnel expenses in connection with variable remuneration components had a positive impact on the Group's adjusted EBIT.

Net income for the period decreased to €159.8 million (H1 2021: €291.2 million). As the number of shares was virtually unchanged, basic earnings per share therefore declined to €1.21 (H1 2021: €2.21). Free cash flow was well into negative territory at minus €591.5 million (H1 2021: €301.5 million). This was partly due to supply chain disruptions and the related significant growth of inventories, especially in the case of unfinished trucks and raw materials. Short-term funding requirements increased as a result. This pushed up net financial debt by €861.6 million to €1,429.1 million as at June 30, 2022, which meant that net debt stood at 0.9 times adjusted EBITDA on an annualized basis.

Business situation and financial performance of the KION Group

Level of orders

The value of the KION Group's order intake increased by 13.1 percent to €6,654.8 million in the first half of 2022 (H1 2021: €5,881.7 million). This shows that momentum – despite the prevailing macroeconomic uncertainty – stayed strong in the second quarter as the megatrends affecting the sector remained intact. Due to the continued rise in material prices, list prices for sales were adjusted during the reporting period in order to reflect the current market situation, particularly that faced by KION ITS EMEA. The value of order intake rose significantly as a result. In the Industrial Trucks & Services segment, order intake grew by 20.0 percent overall compared with the prior-year period to reach €4,827.2 million (H1 2021: €4,021.1 million). Due to currency effects, order intake in the Supply Chain Solutions segment came to €1,865.2 million, which was roughly at the level of the prior-year period (H1 2021: €1,868.8 million). Orders from new customers in a range of industries helped to further diversify the customer portfolio in the order book.

Currency effects increased the value of the KION Group's order intake by a total of €179.2 million.

The order book continued to swell in the second quarter and stood at €7,941.1 million as at June 30, 2022 (December 31, 2021: €6,658.5 million). The main factors in this increase were the high volume of new orders, the significantly longer delivery times for industrial trucks in the ITS segment, and delays to projects for supply chain systems in the SCS segment. As at June 30, 2022, around 1 percent of the order book was attributable to the subsidiaries located in Russia.

Revenue

Consolidated revenue amounted to €5,536.7 million, a year-on-year rise of 11.4 percent (H1 2021: €4,967.9 million). In the Industrial Trucks & Services segment, revenue generated from external customers went up by 10.6 percent to €3,445.3 million (H1 2021: €3,114.4 million). However, growth dropped off slightly in the second quarter of 2022. Shortages in the supply of bought-in parts, especially in the EMEA region, led to further delays in the delivery of new trucks in the second quarter. As had also been the case in the previous quarter, the increase in revenue was largely attributable to the order book built up in 2021. The aftersales and rental businesses within the service business also made a substantial contribution to revenue growth. The substantial delays to deliveries mean that the interim price increases have not yet had any influence on the revenue generated by the Industrial Trucks & Services segment. The price increases will only be reflected in the revenue of KION ITS EMEA once the segment has worked through the orders received in 2021.

In the Supply Chain Solutions segment, revenue from external customers rose by 13.0 percent to €2,090.2 million (H1 2021: €1,849.1 million). Working through the sizeable order book that had built up by the end of 2021 contributed to the increase in revenue in the long-term project business (business solutions). This was despite the delays to projects resulting from supply chain disruptions. The service business (customer services) made a disproportionately strong contribution to the segment's revenue growth.

Overall, the proportion of consolidated revenue attributable to the service business increased to 40.5 percent (H1 2021: 40.0 percent).

Consolidated revenue included positive currency effects totaling €190.7 million.

Revenue with third parties by product category

in € million	Q2 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
Industrial Trucks & Services	1,729.1	1,598.3	8.2%	3,445.3	3,114.4	10.6%
New business	825.9	766.5	7.7%	1,646.1	1,484.3	10.9%
Service business	903.2	831.8	8.6%	1,799.2	1,630.1	10.4%
– Aftersales	472.0	423.2	11.5%	940.9	841.9	11.8%
– Rental business	272.0	243.8	11.6%	537.8	479.5	12.1%
– Used trucks	95.3	111.6	–14.6%	197.9	211.3	–6.3%
– Other	63.9	53.1	20.3%	122.6	97.4	25.8%
Supply Chain Solutions	1,072.5	992.5	8.1%	2,090.2	1,849.1	13.0%
Business solutions	831.3	804.3	3.4%	1,644.8	1,490.0	10.4%
Service business	241.2	188.3	28.1%	445.4	359.1	24.1%
Corporate Services	0.6	1.9	–68.9%	1.1	4.4	–74.2%
Total revenue	2,802.2	2,592.8	8.1%	5,536.7	4,967.9	11.4%

Revenue by sales region

In the Industrial Trucks & Services segment, the biggest contribution to revenue growth in terms of volume came from the main EMEA sales region in the reporting period. The Americas and APAC regions both generated growth that was well above average.

The increase in revenue in the Supply Chain Solutions segment was attributable to higher revenue in the core North America market. Despite the shortages of materials, the segment was able to continue with ongoing customer projects, primarily in the e-commerce, grocery, and general merchandise sectors. Revenue was down year on year in the EMEA region, but up sharply in the APAC region.

Revenue with third parties by customer location

in € million	Q2 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
EMEA	1,623.5	1,591.6	2.0%	3,261.4	3,100.5	5.2%
Western Europe	1,417.4	1,403.2	1.0%	2,853.9	2,746.7	3.9%
Eastern Europe	184.0	167.5	9.8%	362.8	314.9	15.2%
Middle East and Africa	22.1	21.0	5.3%	44.6	38.8	15.0%
Americas	854.7	705.6	21.1%	1,658.7	1,324.4	25.2%
North America	782.9	659.0	18.8%	1,529.5	1,238.9	23.5%
Central and South America	71.8	46.5	54.4%	129.1	85.6	50.9%
APAC	324.0	295.6	9.6%	616.6	542.9	13.6%
China	191.1	174.4	9.6%	356.0	306.8	16.0%
APAC excluding China	132.9	121.2	9.7%	260.7	236.2	10.4%
Total revenue	2,802.2	2,592.8	8.1%	5,536.7	4,967.9	11.4%

Earnings**EBIT and EBITDA**

Earnings before interest and tax (EBIT) totaled €234.6 million, which was 43.4 percent below the figure for the prior-year period (H1 2021: €414.8 million). EBIT included budgeted purchase price allocation effects amounting to an expense of €45.0 million in the first half of 2022 (H1 2021: expense of €41.8 million). In the reporting period, there were also non-recurring items amounting to a total expense of €32.1 million (H1 2021: expense of €5.5 million) that essentially reflected impairment losses on assets of the Russian subsidiaries.

EBIT adjusted for non-recurring items and purchase price allocation effects (adjusted EBIT) decreased to €311.7 million (H1 2021: €462.2 million). The adjusted EBIT margin fell sharply to 5.6 percent as a result (H1 2021: 9.3 percent).

EBIT

in € million	Q2 2022	Q2 2021	Q1 – Q2 2022	in % of revenue	Q1 – Q2 2021	in % of revenue
EBIT	116.8	221.3	234.6	4.2%	414.8	8.4%
Adjustment by functional costs:						
+ Cost of sales	11.1	9.4	28.6	0.5%	18.9	0.4%
+ Selling expenses and administrative expenses	13.3	15.1	34.4	0.6%	29.5	0.6%
+ Research and development costs	0.0	0.0	0.0	0.0%	0.1	0.0%
+ Other costs	0.2	1.4	14.2	0.3%	–1.1	–0.0%
Adjusted EBIT	141.4	247.2	311.7	5.6%	462.2	9.3%
adjusted for non-recurring items	1.6	5.0	32.1	0.6%	5.5	0.1%
adjusted for PPA items	23.0	20.9	45.0	0.8%	41.8	0.8%

Earnings before interest, tax, depreciation, and amortization (EBITDA) stood at €739.6 million in the reporting period (H1 2021: €873.9 million). Adjusted EBITDA came to €759.2 million (H1 2021: €879.5 million), giving an adjusted EBITDA margin of 13.7 percent (H1 2021: 17.7 percent).

EBITDA

in € million	Q2 2022	Q2 2021	Q1 – Q2 2022	in % of revenue	Q1 – Q2 2021	in % of revenue
EBITDA	366.5	452.7	739.6	13.4%	873.9	17.6%
Adjustment by functional costs:						
+ Cost of sales	0.8	0.0	8.4	0.2%	0.0	0.0%
+ Selling expenses and administrative expenses	0.6	3.6	9.5	0.2%	6.6	0.1%
+ Research and development costs	0.0	0.0	0.0	0.0%	0.0	0.0%
+ Other costs	0.4	1.4	1.8	0.0%	–1.0	–0.0%
Adjusted EBITDA	368.2	457.7	759.2	13.7%	879.5	17.7%
adjusted for non-recurring items	1.7	5.0	19.7	0.4%	5.6	0.1%
adjusted for PPA items	0.0	–0.0	0.0	0.0%	0.0	0.0%

Key influencing factors for earnings

The cost of sales rose at a much faster rate than revenue, increasing by 17.4 percent to €4,346.6 million (H1 2021: €3,702.6 million). The gross margin in the first half of the year was squeezed by higher costs for materials, energy, and logistics. During the reporting period, the increases made by the KION Group in its list prices on the sale side, prompted by the continued rise in material prices, had not yet had any significant impact on earnings. Costs were also driven up by production inefficiencies and delays to projects caused by supply chain disruptions. The KION Group's gross margin therefore dropped to 21.5 percent in the period under review (H1 2021: 25.5 percent).

Selling and administrative expenses went up by a total of 10.5 percent. This slightly slower rate of increase compared with revenue can be explained by a year-on-year fall in personnel expenses in connection with variable remuneration components.

Research and development expenditure rose by 11.6 percent in total, in part due to the targeted increase in staffing levels at the development sites. New energy, automation, and digitalization continued to be the main areas of focus.

There was a moderate increase in purchase price allocation effects included in the cost of sales and in other functional costs compared with the first half of 2021 due to currency effects. The 'other' item included not only foreign currency exchange rate gains and losses but also line items such as the share of profit (loss) of equity-accounted investments, which amounted to a profit of €10.9 million (H1 2021: profit of €10.3 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 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
Revenue	2,802.2	2,592.8	8.1%	5,536.7	4,967.9	11.4%
Cost of sales	-2,216.3	-1,942.8	-14.1%	-4,346.6	-3,702.6	-17.4%
Gross profit	585.9	649.9	-9.9%	1,190.1	1,265.2	-5.9%
Selling expenses and administrative expenses	-430.7	-395.8	-8.8%	-865.1	-782.9	-10.5%
Research and development costs	-49.4	-45.8	-7.8%	-96.4	-86.3	-11.6%
Other	11.0	13.0	-15.7%	5.9	18.8	-68.5%
Earnings before interest and tax (EBIT)	116.8	221.3	-47.2%	234.6	414.8	-43.5%
Net financial expenses	-7.4	-9.2	19.7%	-10.1	-19.2	47.3%
Earnings before tax	109.4	212.1	-48.4%	224.5	395.6	-43.3%
Income taxes	-29.8	-57.9	48.5%	-64.7	-104.4	38.1%
Net income	79.6	154.2	-48.4%	159.8	291.2	-45.1%

Net financial expenses

The net financial expenses, representing the balance of financial income and financial expenses, improved markedly to €10.1 million (H1 2021: €19.2 million). This was mainly due to a better level of net interest income/expense from the lease business and positive changes in the fair value of interest-rate derivatives. In addition, interest expense on financial liabilities was down year on year because of improved funding conditions. By contrast, negative exchange-rate effects in connection with financing went up.

Income taxes

Income tax expenses fell to €64.7 million (H1 2021: €104.4 million) owing to the lower level of earnings and to tax rebates for previous years. No deferred tax assets were recognized in respect of the impairment losses on assets of the Russian subsidiaries in the period under review. The effective tax rate was 28.8 percent in the first six months of the year (H1 2021: 26.4 percent).

Net income for the period

Net income for the period stood at €159.8 million, which was substantially below the level for the prior-year period (H1 2021: €291.2 million). This figure included an expense of around €30 million for non-recurring items relating to business in Russia. Basic earnings per share attributable to the shareholders of KION GROUP AG came to €1.21 (H1 2021: €2.21) based on 131.1 million (H1 2021: 131.1 million) no-par-value shares.

Business situation and financial performance of the segments**Industrial Trucks & Services segment****Business performance and order intake**

In the first six months of 2022, the number of new trucks ordered in the Industrial Trucks & Services segment rose by 11.7 percent to 173.7 thousand. However, order numbers in the second quarter were down by 1.8 percent year on year. Across all regions, the number of units ordered was higher in the first half of 2022 than in the corresponding prior-year period. The increases were substantial in the EMEA and Americas regions.

The total value of order intake went up by 20.0 percent to €4,827.2 million (H1 2021: €4,021.1 million). The 10.9 percent rise in new truck business was largely attributable to higher order intake for counterbalance trucks, with further growth in the proportion of electric forklift trucks. The segment's intake of warehouse truck orders also increased. In the service business, the value of order intake rose sharply across nearly all categories. Only for used trucks was order intake down on the prior-year period and this was due to the current limited availability.

Currency effects boosted order intake by a total of €55.9 million.

Key figures – Industrial Trucks & Services

in € million	Q2 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
Order intake	2,745.1	2,220.7	23.6%	4,827.2	4,021.1	20.0%
Total revenue	1,731.0	1,601.0	8.1%	3,449.4	3,119.7	10.6%
Order book ¹				4,219.9	2,877.8	46.6%
EBITDA	284.7	328.3	–13.3%	578.9	644.6	–10.2%
Adjusted EBITDA	285.2	335.6	–15.0%	595.3	650.8	–8.5%
EBIT	82.9	139.8	–40.7%	168.2	270.9	–37.9%
Adjusted EBIT	83.6	147.6	–43.4%	197.8	278.6	–29.0%
Adjusted EBITDA margin	16.5%	21.0%	–	17.3%	20.9%	–
Adjusted EBIT margin	4.8%	9.2%	–	5.7%	8.9%	–

¹ Figure as at Jun. 30, 2022 compared with Dec. 31, 2021

Revenue

At €3,449.4 million, total revenue in the Industrial Trucks & Services segment was up by 10.6 percent on the prior-year period (H1 2021: €3,119.7 million). In this context, the segment particularly benefited from the sizeable order book amassed up to the end of 2021. By contrast, the new truck orders generated in the current year made only a modest contribution to the increase in revenue. The supply of bought-in parts is still disrupted, which resulted in significant delays to the delivery of trucks to customers, especially in the EMEA region. This means that the dynamic list price increases implemented in 2021 and 2022 made barely any contribution to the revenue of the Industrial Trucks & Services segment during the reporting period. The service business grew by 10.4 percent, driven mainly by the aftersales and rental businesses.

At 52.2 percent, the share of the segment's external revenue generated by the service business was virtually unchanged on the prior-year period (H1 2021: 52.3 percent). Currency effects increased segment revenue by €48.7 million.

Earnings

The adjusted EBIT of the Industrial Trucks & Services segment fell to €197.8 million (H1 2021: €278.6 million). The boost to earnings from revenue growth and lower variable remuneration components was offset by the substantially bigger negative effect of much higher costs for materials, energy, and logistics as well as production inefficiencies resulting from disrupted supply chains. Countermeasures were introduced at an early stage in order to mitigate problems with suppliers and in respect of sales to customers. For the former, this included the adjustment of production processes in response to bought-in parts not being available and the further strengthening and expansion of the supplier network. For the latter, the continued rise in material prices is being passed on to customers. Interim increases in list prices that reflect the current market situation in each case are one of the ways this is being done. However, the price increases will only be reflected in earnings once the segment has worked through the orders received in 2021.

The adjusted EBIT margin declined markedly to 5.7 percent in the period under review (H1 2021: 8.9 percent).

After taking into account non-recurring items and purchase price allocation effects, EBIT fell sharply to €168.2 million (H1 2021: €270.9 million). The non-recurring items in the Industrial Trucks & Services segment amounted to an expense of €29.6 million and predominantly consisted of the impairment losses recognized on business in Russia in the first quarter. Adjusted EBITDA amounted to €595.3 million (H1 2021: €650.8 million), giving an adjusted EBITDA margin of 17.3 percent (H1 2021: 20.9 percent).

Supply Chain Solutions segment

Business performance and order intake

The value of order intake in the Supply Chain Solutions segment amounted to €1,865.2 million in the first half of 2022 and was thus only just short of the figure for the prior-year period (H1 2021: €1,868.8 million). The orders placed primarily related to investment in new facilities and in the expansion of existing facilities in the e-commerce, general merchandise, and grocery sectors. In contrast to the prior-year period, orders from new customers from a range of industries helped to further diversify the customer portfolio. Order intake in the reporting period stemmed from stable demand in the long-term project business (business solutions), both in the core North America region and elsewhere. In addition, there were further sharp rises in order intake in the higher-margin service business compared with the first half of 2021. Currency effects boosted order intake by a total of €123.3 million.

Key figures – Supply Chain Solutions

in € million	Q2 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
Order intake	1,022.0	1,038.9	–1.6%	1,865.2	1,868.8	–0.2%
Total revenue	1,076.2	996.5	8.0%	2,096.0	1,857.2	12.9%
Order book ¹				3,762.3	3,792.2	–0.8%
EBITDA	94.2	139.9	–32.7%	186.7	256.6	–27.2%
Adjusted EBITDA	94.8	141.5	–33.0%	187.4	259.5	–27.8%
EBIT	52.7	103.6	–49.1%	104.9	184.1	–43.0%
Adjusted EBIT	75.8	125.5	–39.6%	149.8	227.3	–34.1%
Adjusted EBITDA margin	8.8%	14.2%	–	8.9%	14.0%	–
Adjusted EBIT margin	7.0%	12.6%	–	7.1%	12.2%	–

¹ Figure as at Jun. 30, 2022 compared with Dec. 31, 2021

Revenue

The total revenue of the Supply Chain Solutions segment grew by 12.9 percent year on year to €2,096.0 million (H1 2021: €1,857.2 million). Despite the shortages of materials caused by supply chain disruptions, the segment was able to continue with ongoing customer projects, particularly in the e-commerce, grocery, and general merchandise sectors. This contributed to a 10.4 percent increase in revenue from the long-term project business. The jump in revenue in the service business was mainly due to modernization work, upgrades, and the supply of spare parts. The proportion of the segment's external revenue attributable to the service business thus rose by 1.9 percentage points to 21.3 percent. Currency effects increased segment revenue by €142.0 million.

Earnings

The adjusted EBIT of the Supply Chain Solutions segment was down sharply year on year at €149.8 million (H1 2021: €227.3 million). The main reasons for this were higher material prices and growing inefficiencies resulting from bottlenecks in the supply of bought-in parts. Consequently, the adjusted EBIT margin declined to 7.1 percent (H1 2021: 12.2 percent). After taking into account non-recurring items and purchase price allocation effects, EBIT came to €104.9 million (H1 2021: €184.1 million).

Adjusted EBITDA amounted to €187.4 million (H1 2021: €259.5 million); the adjusted EBITDA margin fell to 8.9 percent (H1 2021: 14.0 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.

Revenue and earnings

Total segment revenue increased to €105.6 million in the first half of 2022 (H1 2021: €85.3 million).

Adjusted EBIT for the segment came to €94.7 million (H1 2021: minus €20.4 million). This significant improvement in earnings was largely due to dividend payments from subsidiaries being received earlier than in the previous year. Moreover, a sharp fall in personnel expenses in relation to variable remuneration components reduced administrative expenses. Excluding internal income from equity investments, adjusted EBIT amounted to minus €36.0 million (H1 2021: minus €43.6 million). Adjusted EBITDA stood at €107.2 million (H1 2021: minus €7.4 million) or minus €23.5 million (H1 2021: minus €30.6 million) if intra-group income from equity investments is excluded.

Key figures – Corporate Services

in € million	Q2 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
Order intake	52.9	41.6	27.0%	105.6	85.3	23.8%
Total revenue	52.9	41.6	27.0%	105.6	85.3	23.8%
EBITDA	104.9	6.3	> 100%	104.6	-3.8	> 100%
Adjusted EBITDA	105.6	2.4	> 100%	107.2	-7.4	> 100%
EBIT	98.6	-0.2	> 100%	92.1	-16.8	> 100%
Adjusted EBIT	99.3	-4.2	> 100%	94.7	-20.4	> 100%

Net assets

The condensed consolidated statement of financial position as at June 30, 2022 showing current and non-current assets and liabilities together with equity is presented below:

Condensed consolidated statement of financial position

in € million	Jun. 30, 2022	in %	Dec. 31, 2021	in %	Change
Non-current assets	11,284.8	67.1%	11,153.0	70.4%	1.2%
Current assets	5,540.8	32.9%	4,697.9	29.6%	17.9%
Total assets	16,825.6	100.0%	15,850.9	100.0%	6.1%
Equity	5,614.9	33.4%	5,168.9	32.6%	8.6%
Non-current liabilities	5,811.2	34.5%	5,576.7	35.2%	4.2%
Current liabilities	5,399.4	32.1%	5,105.3	32.2%	5.8%
Total equity and liabilities	16,825.6	100.0%	15,850.9	100.0%	6.1%

Totaling €11,284.8 million, non-current assets as at June 30, 2022 were slightly higher than at the end of 2021 (December 31, 2021: €11,153.0 million). The carrying amount of intangible assets was €5,872.7 million (December 31, 2021: €5,710.7 million). Of this sum, €3,671.0 million was attributable to goodwill (December 31, 2021: €3,544.8 million). The entire increase of €126.2 million was due to exchange-rate movements. Other property, plant, and equipment rose slightly to €1,504.5 million (December 31, 2021: €1,447.5 million). Right-of-use assets related to procurement leases were up by a modest amount compared with the end of the previous year, standing at €518.1 million as at June 30, 2022 (December 31, 2021: €513.6 million). Of this figure, €419.2 million was attributable to land and buildings (December 31, 2021: €401.6 million) and

€98.8 million to plant & machinery and office furniture & equipment (December 31, 2021: €112.0 million).

The rental assets from the short-term rental business recognized in the statement of financial position came to €557.0 million as at the reporting date (December 31, 2021: €542.8 million). Leased assets for direct and indirect leases with end customers that are classified as operating leases declined slightly to €1,375.4 million (December 31, 2021: €1,391.5 million). At €1,317.0 million, long-term lease receivables arising from leases with end customers that are classified as finance leases were on a par with the end of last year (December 31, 2021: €1,318.9 million).

Current assets increased to a total of €5,540.8 million (December 31, 2021: €4,697.9 million). This was mainly because of ongoing disruption in supply chains, which prompted the KION Group to further increase its stocks of materials and supplies in order to maintain its ability to deliver to customers. Inventories were further inflated by trucks that remained unfinished due to bought-in parts not being available. However, the increase in unfinished trucks was contained to a large extent in the second quarter thanks to the countermeasures implemented at an early stage, which included the adjustment of production processes and the further strengthening and expansion of the supplier network. Inventories totaled €2,012.4 million as at June 30, 2022 (December 31, 2021: €1,632.1 million).

Trade receivables rose to €1,590.5 million (December 31, 2021: €1,339.2 million) due to the larger volume of business. Contract assets, which mainly related to project business in the Supply Chain Solutions segment, grew to €723.8 million (December 31, 2021: €519.1 million).

The KION Group's net working capital rose sharply again compared with the end of 2021, primarily due to the global supply bottlenecks, and stood at €1,822.1 million as at June 30, 2022 (December 31, 2021: €1,192.0 million). The growth of inventories, contract assets, and trade receivables was partly offset by a less pronounced rise in trade payables and contract liabilities.

Current lease receivables from end customers increased from €465.1 million as at December 31, 2021 to €484.8 million as at June 30, 2022.

Cash and cash equivalents stood at €379.5 million, which was lower than at the end of 2021 (December 31, 2021: €483.0 million).

Impairment losses amounting to a total of €29.6 million were recognized on non-current and current assets due to the economic impact of the war in Ukraine.

Financial position

The principles and objectives applicable to financial management as at June 30, 2022 were largely the same as those described in the 2021 combined management report.

Analysis of capital structure

Non-current and current liabilities amounted to €11,210.6 million as at June 30, 2022, which was €528.6 million higher than the figure as at December 31, 2021 of €10,682.0 million. The increase was driven primarily by the rise in financial liabilities and, to a lesser extent, by higher trade payables. It was partly offset, in particular, by a lower defined benefit obligation.

Non-current and current financial liabilities rose to a total of €1,808.6 million (December 31, 2021: €1,050.5 million). Non-current financial liabilities stood at €1,088.5 million (December 31, 2021: €898.7 million). The carrying amount of the corporate bond issued, which is included in this line item, amounted to €496.2 million (December 31, 2021: €495.6 million). In addition to the non-current promissory notes, which had a carrying amount of €321.8 million (December 31, 2021: €326.1 million), non-current financial liabilities mainly comprised liabilities to banks of €239.7 million (December 31, 2021: €46.6 million). The growth of the latter is attributable to new long-term loans of €200.0 million that were arranged in June 2022.

Current financial liabilities rose to €720.1 million as at June 30, 2022 (December 31, 2021: €151.9 million). The increase was mainly due to paper totaling €508.5 million that was issued under the commercial paper program in the first half of the year. In addition, current liabilities to banks increased to €192.4 million (December 31, 2021: €57.4 million), of which €100.0 million is attributable to a new loan arranged in June 2022.

Net financial debt (non-current and current financial liabilities less cash and cash equivalents) rose sharply to €1,429.1 million as at June 30, 2022 (December 31, 2021: €567.6 million). This equated to 0.9 times adjusted EBITDA on an annualized basis (December 31, 2021: 0.3 times). To reconcile the net financial debt with the industrial net operating debt of €2,490.3 million as at June 30, 2022 (December 31, 2021: €1,600.1 million), the liabilities from the short-term rental business of €502.3 million (December 31, 2021: €488.9 million) and the liabilities from procurement leases of €558.9 million (December 31, 2021: €543.6 million) are added to net financial debt.

Industrial net operating debt

in € million	Jun. 30, 2022	Dec. 31, 2021	Change
Promissory notes	321.8	418.5	-23.1%
Bonds	496.2	495.6	0.1%
Liabilities to banks	432.0	104.0	> 100%
Other financial debt	558.5	32.4	> 100%
Financial debt	1,808.6	1,050.5	72.2%
Less cash and cash equivalents	-379.5	-483.0	21.4%
Net financial debt	1,429.1	567.6	> 100%
Liabilities from short-term rental business	502.3	488.9	2.7%
Liabilities from procurement leases	558.9	543.6	2.8%
Industrial net operating debt	2,490.3	1,600.1	55.6%

Non-current and current liabilities from the lease business came to €3,117.8 million as at June 30, 2022 (December 31, 2021: €3,070.8 million). Of this total, €2,930.2 million was attributable to the financing of the direct lease business (December 31, 2021: €2,858.3 million) and €187.6 million to the repurchase obligations resulting from the indirect lease business (December 31, 2021: €212.6 million).

Non-current and current liabilities from the short-term rental business totaled €502.3 million (December 31, 2021: €488.9 million).

Non-current and current other financial liabilities stood at €678.4 million as at June 30, 2022 (December 31, 2021: €652.0 million). This item included liabilities from procurement leases amounting to €558.9 million (December 31, 2021: €543.6 million), for which right-of-use assets were recorded.

Contract liabilities, which mainly relate to prepayments received from customers in connection with the long-term project business in the Supply Chain Solutions segment, edged up to €868.1 million (December 31, 2021: €854.8 million).

The retirement benefit obligation and similar obligations under defined benefit pension plans fell to €858.6 million as at June 30, 2022 (December 31, 2021: €1,265.3 million). This was mainly due to significantly higher discount rates compared with the end of 2021.

Consolidated equity went up by €446.1 million to €5,614.9 million as at June 30, 2022 (December 31, 2021: €5,168.9 million). The net income of €159.8 million earned during the first half of 2022 contributed to the rise in equity, as did the actuarial gains and losses arising from the measurement of pensions, which amounted to a net gain of €304.8 million (after deferred taxes) and were recognized in other comprehensive income. The currency translation gains of €179.0 million, also recognized in other comprehensive income, had a positive impact on equity too. KION GROUP AG's dividend payout reduced equity by €196.7 million. The equity ratio was 33.4 percent as at June 30, 2022 (December 31, 2021: 32.6 percent).

Analysis of capital expenditure

The KION Group's capital expenditure on property, plant, and equipment and on intangible assets in the first six months of 2022 (excluding right-of-use assets from procurement leases) gave rise to cash payments of €166.1 million (H1 2021: €123.3 million). The focus in the Industrial Trucks & Services segment was on the expansion and modernization of production and technology facilities. Capital expenditure in the Supply Chain Solutions segment predominantly related to development costs.

Analysis of liquidity

Cash and cash equivalents decreased to €379.5 million as at June 30, 2022 (December 31, 2021: €483.0 million) owing to the decline in free cash flow. Taking into account the credit facility of €993.9 million that was still freely available (December 31, 2021: €1,000,0 million), the unrestricted cash and cash equivalents available to the KION Group as at June 30, 2022 amounted to €1,340.5 million (December 31, 2021: €1,473.7 million).

Cash flow from operating activities amounted to a net cash outflow of minus €433.0 million, which was down sharply compared with the net cash provided by operating activities of €437.7 million in the prior-year period. As well as the reduction in earnings from operations, the considerable rise in net working capital reduced the level of cash flow from operating activities by €632.4 million. Inventories increased, mainly in the Industrial Trucks & Services segment due to the difficult supply situation. In addition, higher contract balances in the project business of the Supply Chain Solutions segment resulted in more liquidity being tied up.

Net cash used for investing activities amounted to minus €158.5 million and was therefore higher than in the prior-year period (H1 2021: minus €136.3 million). Within this total, cash payments for capital expenditure on production facilities, product development, and purchased property, plant, and equipment rose to minus €166.1 million (H1 2021: minus €123.3 million).

Free cash flow – the sum of cash flow from operating activities and investing activities – declined markedly to minus €591.5 million (H1 2021: €301.5 million).

Net cash provided by financing activities amounted to €473.4 million in the first half of 2022 (H1 2021: net cash used of minus €309.9 million). Additions to financial debt primarily related to the paper issued under the commercial paper program and the new bank loans arranged in June 2022. This was partly offset by the scheduled repayment of the fixed-rate tranche of the promissory note in May 2022. Payments made for interest portions and principal portions under procurement leases totaled minus €73.0 million (H1 2021: minus €69.8 million). Current interest payments decreased slightly to minus €13.3 million (H1 2021: minus €13.7 million). The payment of a dividend to the shareholders of KION GROUP AG resulted in an outflow of funds of minus €196.7 million, which equates to €1.50 per share.

Condensed consolidated statement of cash flows

in € million	Q2 2022	Q2 2021	Change	Q1 – Q2 2022	Q1 – Q2 2021	Change
EBIT	116.8	221.3	–47.2%	234.6	414.8	–43.5%
+ Amortization / depreciation ¹ on non-current assets (without lease and rental assets)	112.4	100.4	11.9%	224.3	199.7	12.3%
+ Net changes from lease business (including depreciation ¹ and release of deferred income)	12.7	–10.2	> 100%	2.5	–10.0	> 100%
+ Net changes from short- term rental business (including depreciation ¹)	9.9	–5.6	> 100%	–6.9	1.5	< –100%
+ Changes in net working capital	–198.6	–162.9	–21.9%	–632.4	–61.7	< –100%
+ Taxes paid	–54.9	–45.7	–20.0%	–92.7	–98.5	5.9%
+ Other	–76.4	8.5	< –100%	–162.3	–8.1	< –100%
= Cash flow from operating activities	–78.1	105.8	< –100%	–433.0	437.7	< –100%
+ Cash flow from investing activities	–80.8	–66.5	–21.5%	–158.5	–136.3	–16.3%
thereof changes from acquisitions	–	–0.1	100.0%	–	–12.0	100.0%
thereof changes from other investing activities	–80.8	–66.3	–21.8%	–158.5	–124.3	–27.5%
= Free cash flow	–158.9	39.4	< –100%	–591.5	301.5	< –100%
+ Cash flow from financing activities	146.5	–243.2	> 100%	473.4	–309.9	> 100%
+ Effect of exchange rate changes on cash	8.2	2.5	> 100%	14.6	7.8	86.4%
= Change in cash and cash equivalents	–4.1	–201.3	97.9%	–103.5	–0.7	< –100%

1 Including impairment and reversals of impairment

Non-financial information

Employees

As at June 30, 2022, the KION Group employed 40,804 full-time equivalents (December 31, 2021: 39,602). The rise during the reporting period was predominantly due to additions to the workforce in manufacturing and logistics in the Industrial Trucks & Services segment and to additions to the workforce in the project business in the Supply Chain Solutions segment.

Personnel expenses rose to €1,421.9 million (H1 2021: €1,306.5 million).

Employees (full-time equivalents)

	Jun. 30, 2022	Dec. 31, 2021	Change
EMEA	27,275	26,661	2.3%
Western Europe	22,786	22,375	1.8%
Eastern Europe	4,451	4,238	5.0%
Middle East and Africa	38	48	-20.8%
Americas	6,959	6,609	5.3%
North America	5,073	4,632	9.5%
Central and South America	1,886	1,977	-4.6%
APAC	6,570	6,332	3.8%
China	4,970	4,826	3.0%
APAC excluding China	1,600	1,506	6.2%
Total	40,804	39,602	3.0%

Research and development

Total spending on research and development (R&D), including capitalized development costs, went up by 17.3 percent year on year to reach €150.0 million (H1 2021: €127.9 million). Expenditure was concentrated on developments in the new energy, automation, and digitalization fields. R&D spending equated to 2.7 percent of revenue (H1 2021: 2.6 percent). R&D costs totaling €96.4 million were expensed in the income statement (H1 2021: €86.3 million). There were also amortization charges on capitalized development costs of €52.8 million (H1 2021: €48.8 million), which are reported under cost of sales.

Research and development (R&D)

in € million	Q1 – Q2 2022	Q1 – Q2 2021	Change
Research and development costs (P&L)	96.4	86.3	11.6%
Capitalized development costs	53.7	41.5	29.3%
Total R&D spending	150.0	127.9	17.3%
R&D spending as percentage of revenue	2.7%	2.6%	–

Focus of R&D in the first six months of 2022

The cross-brand and cross-region R&D activities secure the KION Group's market position as one of the world's leading providers of integrated, automated supply chain and mobile automation solutions. Reflecting customer requirements, R&D activities remained focused on new energy, automation, and digitalization in the first half of 2022. Further objectives are to reduce the complexity and diversity of the product range and to shorten development times for new products.

Energy

In the new energy field, 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. Experts in the KION Group are working on solutions for the entire lithium-ion battery lifecycle, including charging management, reconditioning, and recycling. KION Battery Systems (KBS) launched a second production line for 24-volt lithium-ion batteries in April that will be used to power mobile warehouse trucks. Through a minority stake in software specialist ifesca GmbH, the KION Group also continued to develop AI-based energy management solutions.

At the same time, the KION Group's brand companies broadened the use of lithium-ion batteries to include additional load ranges and applications. Linde, for example, launched new extra heavy-duty trucks in the 10–18 tonne load range and began marketing the T14–T20 series of pallet trucks in the 1.4–2.0 tonne load range with a fully integrated lithium-ion battery. Electric tow tractors that can tow up to 35 tonnes and electric platform trucks that can move up to 3 tonnes of payload are now also available. In May, STILL unveiled the new and compact RXE 10-16C electric forklift truck, which can move loads of up to 1.6 tonnes. For the volume segment, Baoli brought out the EP 15-03 hand pallet truck with a lithium-ion battery drive.

Digitalization

Dematic entered into a partnership with Google Cloud in June with the aim of accelerating cloud innovations and using these to develop the next generation of warehouse management solutions. Migrating Dematic's offerings to the cloud and using both AI and machine learning should make it possible to build highly efficient, resilient supply chains for customers. The jointly developed solutions are intended to be used in e-commerce fulfillment, omnichannel fulfillment, control tower applications, and other applications for key vertical markets, such as general merchandise, apparel, groceries, and beverages.

Development of the VDA 5050 digital interface continued in the first half of 2022. It enables automated guided vehicle systems and control software supplied by different manufacturers to communicate with each other. The KION Group and its STILL brand company are contributing to this joint project of the German Association of the Automotive Industry (VDA) and the German Mechanical Engineering Industry Association (VDMA).

Automation

In the first six months of this year, Linde and STILL expanded their automation portfolio to include the autonomous mobile robot Linde C-MATIC for horizontal goods movement in warehouses and factories. The transport robots are highly maneuverable and rapid, even in tight spaces. Dematic widened its service portfolio to include visual inspections of intralogistics facilities carried out with the help of drone technology. This has the potential to reduce the time and work involved in performing mandatory checks on automated warehouse systems.

Innovation

Innovation activities are focused on the development of cross-segment technologies for tomorrow's material handling market. The European research project IMOCO (Intelligent Motion Control), which started in February 2022, is aimed at enabling intelligent trucks to navigate autonomously in fast-moving intralogistics environments. IMOCO addresses four scenarios in which AI can be used, namely navigation, the collection and movement of goods, and delivery to their final position. The German project consortium is led by the KION Group and STILL. The IMOCO project will see a demonstrator set up at the STILL site in Hamburg that will bring together all the work of the national partners. STILL will also be coordinating the integration of the components.

Customers

Following their pandemic-related hiatus, trade fairs and other industry events began to take place physically again in the first half of 2022. The KION Group and its brand companies took full advantage of the opportunity to deepen relationships with customers and persuade them of the benefits of its various material flow solutions. The virtual formats and online events continued as well.

At the flagship LogiMAT trade fair in Stuttgart, the KION Group's brand companies presented a broad range of new intralogistics solutions. Whereas STILL gave practical demonstrations of its ACH series of autonomous mobile robots (AMR), Linde focused on the next generation of electric forklift trucks and fleet management solutions. Baoli was represented by three new industrial truck models, including its new electric hand pallet truck with a lithium-ion battery drive. Dematic unveiled the #Bringiton campaign, through which it is addressing the five key challenges facing the intralogistics sector. Linde's World of Material Handling event returned for the first time in June.

The KION Group's brand companies won further accolades for their product quality and innovation in the first six months of 2022. Linde once again collected the ETM Award for 'Best Brand' in the industrial trucks category. And readers of trade magazine materialfluss voted the Linde X20 – X35 electric forklift trucks and the Linde logistic train controller (a cloud-based tugger train guidance system) as the best products of 2022 in their respective categories.

Outlook for 2022

In view of the ongoing and substantial uncertainties in the procurement markets, which are being significantly exacerbated by the war in Ukraine and renewed coronavirus lockdowns (especially in Asia), the Executive Board of KION GROUP AG decided on April 4, 2022 to withdraw the outlook for 2022 that had been published in the 2021 annual report.

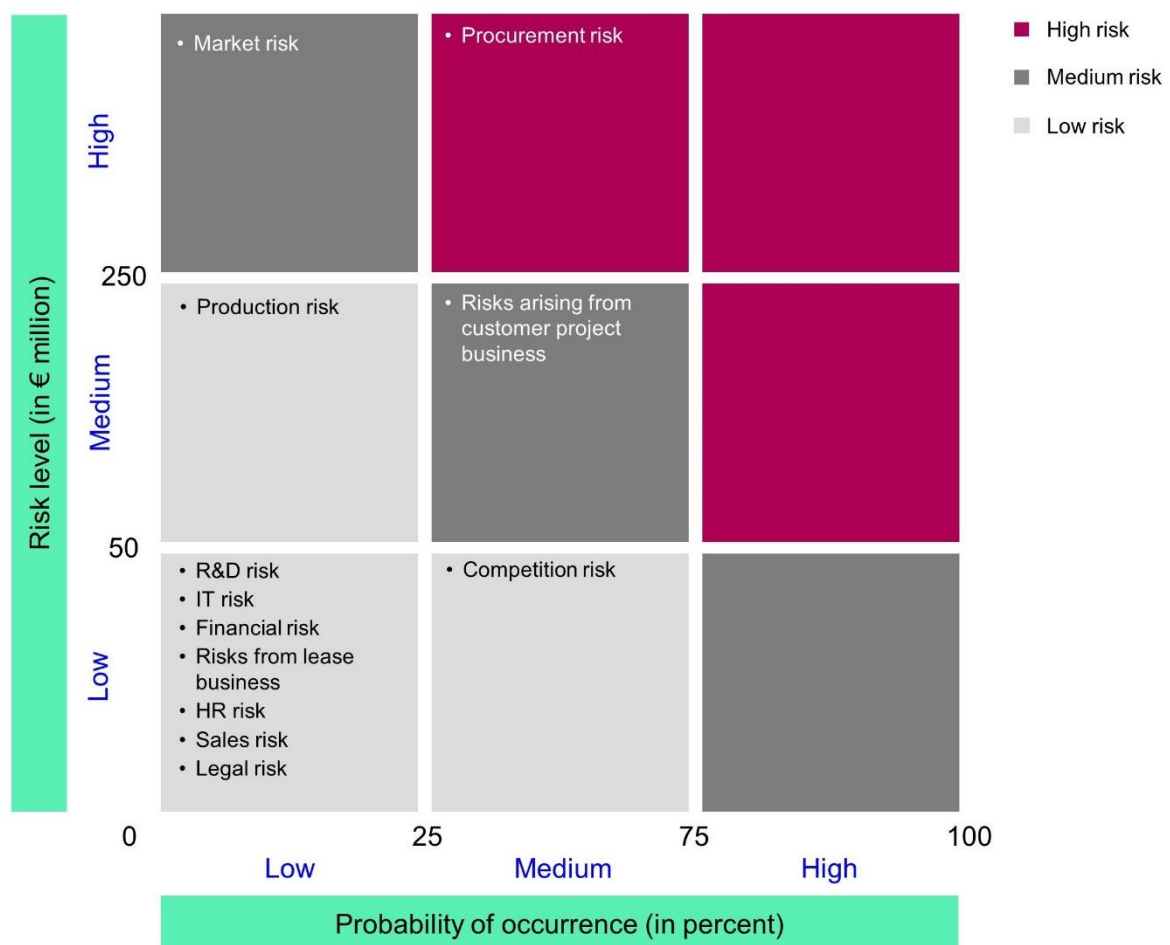
Although the KION Group believes that the fundamental driving factors in the intralogistics industry remain intact, there are still significant uncertainties with regard to evaluating the Group's business performance over the further course of the year. The persistently difficult conditions mean it is not possible to provide a reliable projection of the key performance indicators for 2022. The consequences of the war in Ukraine and the looming energy crisis cannot be reliably determined at the present time, nor can the resulting impact on sales and procurement markets. For the remainder of 2022, the ongoing disruption to supply chains and further rises in the already high costs of materials, energy, and logistics will continue to have a negative impact on adjusted EBIT and related key performance indicators, and on free cash flow. As a result, the figures for 2022 as a whole are expected to fall short of the levels achieved in the prior year.

The KION Group intends to issue a new outlook later in the year.

Opportunity and risk report

As a result of the ongoing and significant macroeconomic uncertainty, the KION Group's risk situation with regard to procurement risk has changed compared with the description in the 2021 annual report. This change concerns both operating segments in equal measure. As things stand at present, there are no indications of any risks that could jeopardize the Company's continuation as a going concern. The KION Group's overall opportunity situation has not changed significantly compared with the description in the 2021 annual report.

Risk matrix



Procurement risk

The continuing sharp rises in the cost of materials, energy, and logistics, from an already high level, is increasing procurement risk for the KION Group. Disrupted supply chains and the resulting reduction in the availability of parts and materials is being further exacerbated by the ongoing war

in Ukraine. The coronavirus restrictions that are still in place, particularly in Asia, could also lead to further risks on the procurement side.

It is currently impossible to predict how these situations will develop over the further course of 2022. Early pre-emptive action was nevertheless taken to address problems with suppliers and in respect of sales to customers, particularly in the Industrial Trucks & Services segment. For example, the supplier base was diversified to an even greater extent in order to mitigate disruption in the supply chains. In addition, dedicated project teams are continually monitoring supply chains, the availability of materials, and suppliers' ability to fulfill orders. And the continued sharp rise in material prices was passed on to customers in the form of appropriate increases in list prices, reflecting the prevailing market situation in each case.

Overall, the current procurement situation has raised the procurement risk level from medium to high.

Condensed consolidated interim financial statements

Condensed consolidated income statement

in € million	Q2 2022	Q2 2021	Q1 – Q2 2022	Q1 – Q2 2021
Revenue	2,802.2	2,592.8	5,536.7	4,967.9
Cost of sales	-2,216.3	-1,942.8	-4,346.6	-3,702.6
Gross profit	585.9	649.9	1,190.1	1,265.2
Selling expenses	-270.5	-242.7	-544.5	-478.8
Research and development costs	-49.4	-45.8	-96.4	-86.3
Administrative expenses	-160.2	-153.1	-320.5	-304.1
Other income	25.1	23.1	64.4	44.0
Other expenses	-22.3	-15.8	-69.3	-35.6
Profit from equity-accounted investments	8.2	5.7	10.9	10.3
Earnings before interest and tax	116.8	221.3	234.6	414.8
Financial income	93.6	19.0	166.2	54.7
Financial expenses	-101.0	-28.2	-176.3	-73.9
Net financial expenses	-7.4	-9.2	-10.1	-19.2
Earnings before tax	109.4	212.1	224.5	395.6
Income taxes	-29.8	-57.9	-64.7	-104.4
Current taxes	-29.7	-67.4	-67.4	-120.6
Deferred taxes	-0.1	9.5	2.7	16.2
Net income	79.6	154.2	159.8	291.2
Attributable to shareholders of KION GROUP AG	78.9	153.5	158.4	290.1
Attributable to non-controlling interests	0.7	0.8	1.4	1.1
Earnings per share				
Average number of shares (in million)	131.1	131.1	131.1	131.1
Basic earnings per share (in €)	0.60	1.17	1.21	2.21
Diluted earnings per share (in €)	0.60	1.17	1.21	2.21

Condensed consolidated statement of comprehensive income

in € million	Q2 2022	Q2 2021	Q1 – Q2 2022	Q1 – Q2 2021
Net income	79.6	154.2	159.8	291.2
Items that will not be reclassified subsequently to profit or loss	174.8	5.4	305.4	151.0
Gains / losses on defined benefit obligation	175.6	6.8	304.8	151.8
thereof changes in unrealized gains and losses	253.2	10.3	437.1	215.0
thereof tax effect	-77.6	-3.6	-132.3	-63.2
Changes in unrealized gains / losses on financial investments	-0.8	-1.4	-0.8	-0.0
Changes in unrealized gains / losses from equity-accounted investments	0.0	0.0	1.3	-0.7
Items that may be reclassified subsequently to profit or loss	86.0	-10.5	179.2	102.9
Impact of exchange differences	87.7	-16.8	179.0	103.3
thereof changes in unrealized gains and losses	87.7	-16.8	179.0	103.3
Gains / losses on hedge reserves	-1.7	6.3	0.0	-0.7
thereof changes in unrealized gains and losses	-6.2	8.3	-7.7	1.1
thereof realized gains (-) and losses (+)	3.7	-0.3	7.3	-2.1
thereof tax effect	0.8	-1.6	0.4	0.3
Changes in unrealized gains / losses from equity-accounted investments	-0.0	0.0	0.1	0.4
Other comprehensive (loss) income	260.9	-5.1	484.5	253.9
Total comprehensive income	340.5	149.2	644.3	545.2
Attributable to shareholders of KION GROUP AG	339.1	147.7	641.5	542.5
Attributable to non-controlling interests	1.4	1.5	2.8	2.6

Condensed consolidated statement of financial position – Assets

in € million	Jun. 30, 2022	Dec. 31, 2021
Goodwill	3,671.0	3,544.8
Other intangible assets	2,201.7	2,165.9
Leased assets	1,375.4	1,391.5
Rental assets	557.0	542.8
Other property, plant and equipment	1,504.5	1,447.5
Equity-accounted investments	90.7	84.3
Lease receivables	1,317.0	1,318.9
Other financial assets	133.7	96.1
Other assets	123.6	111.8
Deferred taxes	310.3	449.3
Non-current assets	11,284.8	11,153.0
Inventories	2,012.4	1,632.1
Lease receivables	484.8	465.1
Contract assets	723.8	519.1
Trade receivables	1,590.5	1,339.2
Income tax receivables	65.6	58.6
Other financial assets	72.8	62.8
Other assets	211.4	138.0
Cash and cash equivalents	379.5	483.0
Current assets	5,540.8	4,697.9
Total assets	16,825.6	15,850.9

Condensed consolidated statement of financial position – Equity and liabilities

in € million	Jun. 30, 2022	Dec. 31, 2021
Subscribed capital	131.1	131.1
Capital reserve	3,826.6	3,826.4
Retained earnings	1,660.9	1,699.2
Accumulated other comprehensive income / loss	3.5	-479.6
Non-controlling interests	-7.2	-8.3
Equity	5,614.9	5,168.9
Retirement benefit obligation and similar obligations	858.6	1,265.3
Financial liabilities	1,088.5	898.7
Liabilities from lease business	2,258.3	1,793.5
Liabilities from short-term rental business	319.9	321.4
Other provisions	125.5	143.1
Other financial liabilities	446.3	433.2
Other liabilities	188.0	198.0
Deferred taxes	526.1	523.5
Non-current liabilities	5,811.2	5,576.7
Financial liabilities	720.1	151.9
Liabilities from lease business	859.4	1,277.3
Liabilities from short-term rental business	182.4	167.5
Contract liabilities	868.1	854.8
Trade payables	1,636.5	1,443.7
Income tax liabilities	32.6	51.4
Other provisions	179.2	197.2
Other financial liabilities	232.1	218.8
Other liabilities	689.0	742.9
Current liabilities	5,399.4	5,105.3
Total equity and liabilities	16,825.6	15,850.9

Condensed consolidated statement of cash flows

in € million	Q1 – Q2 2022	Q1 – Q2 2021
Earnings before interest and tax	234.6	414.8
Amortization, depreciation and impairment minus reversals of impairment on non-current assets without lease and rental assets	224.3	199.7
Depreciation and impairment minus reversals of impairment on lease and rental assets	280.7	259.4
Non-cash reversals of deferred revenue from lease business	–61.5	–81.2
Other non-cash income (–) / expenses (+)	13.2	17.7
Gains (–) / losses (+) on disposal of non-current assets	–1.7	–2.8
Change in leased assets (excluding depreciation) and receivables / liabilities from lease business	–109.2	–97.7
Change in rental assets (excluding depreciation) and liabilities from rental business	–114.5	–89.0
Change in net working capital	–632.4	–61.7
thereof inventories	–350.0	–217.4
thereof trade receivables and trade payables	–72.9	315.0
thereof contract assets and contract liabilities	–209.6	–159.3
Cash payments for defined benefit obligations	–15.4	–11.4
Change in other provisions	–39.4	19.5
Change in other operating assets / liabilities	–119.0	–31.1
Taxes paid	–92.7	–98.5
Cash flow from operating activities	–433.0	437.7
Cash payments for purchase of non-current assets	–166.1	–123.3
Cash receipts from disposal of non-current assets	1.5	2.8
Dividends received	7.0	5.1
Acquisition of subsidiaries / other businesses (net of cash acquired)	–	–12.0
Cash receipts / payments for sundry assets	–0.9	–9.0
Cash flow from investing activities	–158.5	–136.3

Condensed consolidated statement of cash flows (continued)

in € million	Q1 – Q2 2022	Q1 – Q2 2021
Dividend of KION GROUP AG	–196.7	–53.7
Dividends paid to non-controlling interests	–	–1.6
Financing costs paid	–0.9	–2.2
Transaction costs in connection with equity measures	–	–2.1
Proceeds from borrowings	1,609.2	85.3
Repayment of borrowings	–856.3	–249.9
Interest received	1.8	0.7
Interest paid	–13.3	–13.7
Interest and principal portion from procurement leases	–73.0	–69.8
Cash receipts / payments from other financing activities	2.6	–2.9
Cash flow from financing activities	473.4	–309.9
Effect of exchange rate changes on cash and cash equivalents	14.6	7.8
Change in cash and cash equivalents	–103.5	–0.7
Cash and cash equivalents at the beginning of the period	483.0	314.4
Cash and cash equivalents at the end of the period	379.5	313.8

Condensed consolidated statement of changes in equity

in € million	Subscribed capital	Capital reserves	Retained earnings	
Balance as at Jan. 1, 2021	131.1	3,825.8	1,184.6	
Net income			290.1	
Other comprehensive income				
Comprehensive income	0.0	0.0	290.1	
Dividend of KION GROUP AG			-53.7	
Dividends paid to non-controlling interests				
Changes from employee share option program	0,0	0.3		
Balance as at Jun. 30, 2021	131.1	3,826.2	1,421.0	
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	

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 share- holders of KION GROUP AG	Non- controlling interests	Total
	-350.3	-504.9	-1.2	1.6	-2.8	4,284.0	-13.1	4,270.8
						290.1	1.1	291.2
	101.7	151.8	-0.7	-0.0	-0.4	252.4	1.6	253.9
	101.7	151.8	-0.7	-0.0	-0.4	542.5	2.6	545.2
						-53.7	0,0	-53.7
						0,0	-1.6	-1.6
						0.3	0.0	0.3
	-248.6	-353.1	-1.9	1.6	-3.1	4,773.1	-12.1	4,761.0
	-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

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.

The condensed consolidated interim financial statements and the interim group management report were prepared by the Executive Board of KION GROUP AG on July 27, 2022.

Basis of preparation

The condensed consolidated interim financial statements of the KION Group for the six months ended June 30, 2022 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. A condensed scope of interim reporting has been prepared in accordance with IAS 34.

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 that were required to be applied for financial years commencing on or after January 1, 2022 have been applied in preparing these condensed consolidated interim financial statements. 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, 2021.

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 27 German (December 31, 2021: 27) and 107 foreign (December 31, 2021: 105) subsidiaries were fully consolidated in addition to KION GROUP AG as at June 30, 2022.

In addition, seven associates (December 31, 2021: seven) and three joint ventures (December 31, 2021: three) were consolidated and accounted for using the equity method.

As at June 30, 2022, 55 (December 31, 2021: 58) 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 accounting policies used in these condensed consolidated interim financial statements, as well as the judgments, are the same as those used for the year ended December 31, 2021.

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 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

in € million	Q2 2021			
	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
EMEA	1,307.6	282.1	1.9	1,591.6
Western Europe	1,136.7	264.6	1.9	1,403.2
Eastern Europe	152.5	15.0	0.0	167.5
Middle East and Africa	18.4	2.6	0.0	21.0
Americas	75.4	630.1	0.0	705.6
North America	32.6	626.4	0.0	659.0
Central and South America	42.8	3.7	0.0	46.5
APAC	215.3	80.3	0.0	295.6
China	157.6	16.8	0.0	174.4
APAC excluding China	57.7	63.5	0.0	121.2
Total revenue	1,598.3	992.5	1.9	2,592.8
New business	766.5			766.5
Service business	831.8			831.8
– Aftersales	423.2			423.2
– Rental business	243.8			243.8
– Used trucks	111.6			111.6
– Other	53.1			53.1
Business solutions		804.3		804.3
Service business		188.3		188.3
Corporate Services			1.9	1.9
Total revenue	1,598.3	992.5	1.9	2,592.8
Timing of revenue recognition				
Products and services transferred at a point in time	1,212.9	77.2	0.0	1,290.0
Products and services transferred over a period of time	385.4	915.4	1.9	1,302.7

Disaggregation of revenue with third parties

	Q1 – Q2 2022			
in € million	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

Disaggregation of revenue with third parties

	Q1 – Q2 2021			
in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Total
EMEA	2,572.1	524.1	4.4	3,100.5
Western Europe	2,248.9	493.4	4.4	2,746.7
Eastern Europe	290.5	24.4	0.0	314.9
Middle East and Africa	32.6	6.2	0.0	38.8
Americas	143.3	1,181.2	0.0	1,324.4
North America	62.3	1,176.6	0.0	1,238.9
Central and South America	81.0	4.6	0.0	85.6
APAC	399.1	143.8	0.0	542.9
China	280.3	26.4	0.0	306.8
APAC excluding China	118.7	117.4	0.0	236.2
Total revenue	3,114.4	1,849.1	4.4	4,967.9
New business	1,484.3			1,484.3
Service business	1,630.1			1,630.1
– Aftersales	841.9			841.9
– Rental business	479.5			479.5
– Used trucks	211.3			211.3
– Other	97.4			97.4
Business solutions		1,490.0		1,490.0
Service business		359.1		359.1
Corporate Services			4.4	4.4
Total revenue	3,114.4	1,849.1	4.4	4,967.9
Timing of revenue recognition				
Products and services transferred at a point in time	2,355.7	149.2	0.0	2,505.0
Products and services transferred over a period of time	758.7	1,699.8	4.4	2,462.9

Net financial expenses

The net financial expenses, representing the balance of financial income and financial expenses, improved by €9.1 million to €10.1 million in the first six months of this year (H1 2021: €19.2 million).

Of this amount, €11.5 million (H1 2021: €13.7 million) was attributable to interest expense on loan liabilities, promissory notes, and bonds.

Interest income from the lease business totaling €37.3 million (H1 2021: €33.0 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). Interest expense from the lease and short-term rental business amounting to €25.9 million (H1 2021: €25.7 million) related to liabilities from financing the lease and short-term rental business.

Interest expense on procurement leases amounted to €7.3 million (H1 2021: €6.1 million).

The net loss in respect of the retirement benefit obligation and similar obligations amounted to €6.6 million in the first six months of this year (H1 2021: net loss of €4.8 million).

Exchange differences had an aggregate adverse impact on net financial expenses of €9.4 million (H1 2021: €3.6 million).

Positive changes in the fair value of interest-rate derivatives boosted net financial expenses by €12.5 million (H1 2021: €5.8 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

As a result of currency effects, goodwill rose by €126.2 million to €3,671.0 million in the first six months of this year (December 31, 2021: €3,544.8 million).

As at June 30, 2022, the carrying amounts for brand names and for technology and development assets stood at €939.8 million and €711.1 million respectively (December 31, 2021: €939.7 million and €680.6 million respectively).

At €550.8 million, sundry other intangible assets were €5.2 million higher than their carrying amount as at December 31, 2021 of €545.7 million and primarily related to customer relationships.

Leased and rental assets

Total impairment losses of €10.1 million were recognized in respect of the leased and rental assets of the Russian subsidiaries in the Industrial Trucks & Services segment in the first half of 2022. This represented most of the value of the assets.

Other property, plant, and equipment

Other property, plant, and equipment totaled €1,504.5 million (December 31, 2021: €1,447.5 million) and included a figure of €518.1 million for right-of-use assets related to procurement leases (December 31, 2021: €513.6 million). Of this figure, €419.2 million was attributable to land and buildings (December 31, 2021: €401.6 million) and €98.8 million to plant & machinery and office furniture & equipment (December 31, 2021: €112.0 million).

Inventories

The reported inventories break down as follows:

Inventories

in € million	Jun. 30, 2022	Dec. 31, 2021
Materials and supplies	573.2	442.0
Work in progress	518.6	363.2
Finished goods and merchandise	860.7	761.6
Advances paid	60.0	65.2
Total inventories	2,012.4	1,632.1

Write-downs of €4.9 million were recognized on inventories in the second quarter of 2022 (Q2 2021: €2.7 million) and of €20.3 million in the first six months of 2022 (H1 2021: €10.5 million). In the first quarter of 2022, write-downs of €7.1 million were recognized on inventories of the Russian subsidiaries in the Industrial Trucks & Services segment. Reversals of write-downs had to be recognized in an amount of €2.4 million in the second quarter of 2022 (Q2 2021: €1.0 million) and in an amount of €5.7 million in the first six months of 2022 (H1 2021: €3.8 million) because the reasons for the write-downs no longer applied.

Trade receivables

Trade receivables break down as follows:

Trade receivables

in € million	Jun. 30, 2022	Dec. 31, 2021
Receivables from third parties	1,594.4	1,347.1
Receivables from third parties measured at fair value through profit or loss (FVPL)	12.6	1.5
Trade receivables from non-consolidated subsidiaries, equity-accounted investments and other investments	52.1	47.9
Valuation allowances for trade receivables	-68.6	-57.3
Total trade receivables	1,590.5	1,339.2

Equity

As at June 30, 2022, the Company's share capital amounted to €131.2 million, which was unchanged on December 31, 2021 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, 2022 was 131,102,423 no-par-value shares (December 31, 2021: 131,102,423 no-par-value shares). KION GROUP AG had 96,224 treasury shares as at the reporting date (December 31, 2021: 96,224).

The distribution of a dividend of €1.50 per share (H1 2021: €0.41 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds of €196.7 million in May 2022 (H1 2021: €53.7 million).

Retirement benefit obligation and similar obligations

For the purposes of the interim report, a qualified estimate of the defined benefit obligation was made on the basis of the change in actuarial parameters in the period under review.

The retirement benefit obligation and similar obligations were lower than they had been at the end of 2021 owing to actuarial gains that resulted from higher discount rates in all key currency areas. The present value of the defined benefit obligation was calculated on the basis of the discount rates shown in the following table.

Assumptions underlying provisions for pensions and other post-employment benefits

	Germany		UK		Other	
	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
Discount rate	3.35%	1.20%	3.70%	1.80%	3.90%	1.97%
Salary increase rate	3.05%	2.75%	3.18%	3.58%	0.73%	0.66%
Pension increase rate	2.35%	2.00%	3.60%	3.70%	0.08%	0.07%

The change in estimates relating to defined benefit pension entitlements resulted in an increase in equity of €304.8 million (after deferred taxes) in the reporting year. Overall, the net obligation under defined benefit pension plans fell to €767.3 million (December 31, 2021: €1,185.6 million). This consisted of €858.6 million recognized under the retirement benefit obligation and similar obligations (December 31, 2021: €1,265.3 million) less an amount of €91.3 million (December 31, 2021: €79.7 million) recognized under other non-current assets.

Financial liabilities

The non-current and current financial liabilities totaling €1,808.6 million (December 31, 2021: €1,050.5 million) included promissory notes amounting to €321.8 million as at June 30, 2022 (December 31, 2021: €418.5 million). As scheduled, the fixed-rate tranche of the promissory note of €92.5 million was repaid in May 2022.

A corporate bond of €496.2 million (December 31, 2021: €495.6 million) and liabilities to banks of €432.0 million (December 31, 2021: €104.0 million) were also included under financial liabilities. The rise in liabilities to banks was due to new bank loans of €300.0 million that were arranged in June. The overall rise in other financial liabilities to €558.5 million (December 31, 2021: €32.4 million) was mainly due to the paper issued under the commercial paper program in the first half of the year totaling €508.5 million (December 31, 2021: €0.0 million).

Liabilities from the lease business

Non-current and current liabilities from the lease business totaled €3,117.8 million (December 31, 2021: €3,070.8 million) and could be broken down into a sum of €2,930.2 million (December 31, 2021: €2,858.3 million) that related to the financing of the direct lease business and a sum of €187.6 million (December 31, 2021: €212.6 million) that related to repurchase obligations resulting from the indirect lease business.

Liabilities from lease business

in € million	Jun. 30, 2022	Dec. 31, 2021
Non-current liabilities from lease business	2,258.3	1,793.5
thereof from sale and leaseback sub-lease transactions	741.4	766.0
thereof from lease facilities	456.0	5.2
thereof from asset-backed securities	932.5	874.0
thereof from repurchase obligations (indirect lease business)	128.5	148.4
Current liabilities from lease business	859.4	1,277.3
thereof from sale and leaseback sub-lease transactions	335.2	342.7
thereof from lease facilities	136.5	583.8
thereof from asset-backed securities	328.7	286.7
thereof from repurchase obligations (indirect lease business)	59.1	64.1

Liabilities arising from sale and leaseback sub-lease transactions still included liabilities of €62.9 million (December 31, 2021: €109.8 million) that related to sale and leaseback sub-lease transactions entered into up to December 31, 2017.

The maturity structure of liabilities from lease facilities changed as at June 30, 2022 due to the new revolving credit facility that was arranged.

Liabilities from the short-term rental business

Non-current and current liabilities from the short-term rental business totaled €502.3 million (December 31, 2021: €488.9 million) and related to the financing of industrial trucks for the short-term rental fleet, mainly on the basis of sale and leaseback sub-lease transactions.

This amount still included liabilities of €24.5 million (December 31, 2021: €43.2 million) that related to sale and leaseback sub-lease transactions entered into up to December 31, 2017.

Contract balances

Contract assets rose by €204.7 million to €723.8 million as at June 30, 2022 (December 31, 2021: €519.1 million). They mainly related to work under project business contracts that has not yet been invoiced.

Of the contract liabilities, €665.1 million was attributable to project business contracts with a net debit balance due to customers as at the reporting date (December 31, 2021: €675.0 million) and €202.9 million to prepayments received from customers (December 31, 2021: €179.8 million). The contract liabilities related to services that are still to be provided but for which payments from customers have been received.

Other financial liabilities

Non-current and current other financial liabilities totaled €678.4 million (December 31, 2021: €652.0 million) and included a figure of €558.9 million for liabilities from procurement leases (December 31, 2021: €543.6 million).

Other disclosures

Consolidated statement of cash flows

Free cash flow – the sum of cash flow from operating activities (minus €433.0 million; H1 2021: €437.7 million) and investing activities (minus €158.5 million; H1 2021: minus €136.3 million) – amounted to minus €591.5 million in the first six months of 2022 (H1 2021: €301.5 million).

Contingent liabilities and other financial commitments

As at June 30, 2022, contingent liabilities included guarantees and indemnities of €131.0 million (December 31, 2021: €129.5 million).

The other financial commitments totaling €301.3 million (December 31, 2021: €241.4 million) included purchase commitments of €160.0 million under long-term license and maintenance agreements (December 31, 2021: €160.3 million), commitments of €139.3 million for capital expenditure on non-current assets (December 31, 2021: €79.1 million), and future payment commitments of €2.1 million to related parties (December 31, 2021: €2.1 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, 2022		Dec. 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Lease receivables ¹	1,801.7	1,816.8	1,784.0	1,790.2
Trade receivables	1,590.5	1,590.5	1,339.2	1,339.2
Other financial assets	206.5	206.5	158.9	158.9
thereof financial investments	44.2	44.2	43.7	43.7
thereof financial receivables	28.5	28.5	27.3	27.3
thereof other financial investments	28.6	28.6	27.2	27.2
thereof sundry financial assets	54.3	54.3	47.5	47.5
thereof derivative financial instruments	51.0	51.0	13.2	13.2
Cash and cash equivalents	379.5	379.5	483.0	483.0
Financial liabilities				
Financial liabilities	1,808.6	1,793.8	1,050.5	1,089.4
thereof promissory notes	321.8	323.0	418.5	424.3
thereof bonds	496.2	480.2	495.6	528.7
thereof liabilities to banks	432.0	432.0	104.0	104.0
thereof sundry financial liabilities	558.5	558.5	32.4	32.4
Liabilities from lease business	3,054.9	3,056.5	2,961.1	2,969.1
Liabilities from lease business ¹	62.9	62.9	109.8	110.0
Liabilities from short-term rental business	477.8	478.4	445.7	448.5
Liabilities from short-term rental business ¹	24.5	24.6	43.2	43.3
Trade payables	1,636.5	1,636.5	1,443.7	1,443.7
Other financial liabilities	678.4	663.3	652.0	653.3
thereof liabilities from procurement leases ¹	558.9	543.8	543.6	545.0
thereof sundry other financial liabilities and liabilities from accrued interest	89.4	89.4	91.7	91.7
thereof derivative financial instruments	30.1	30.1	16.6	16.6

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, 2022
	Level 1	Level 2	Level 3	
Financial assets				136.4
thereof financial investments	1.4		42.8	44.2
thereof other financial investments		28.6		28.6
thereof trade receivables		12.6		12.6
thereof derivative financial instruments		51.0		51.0
Financial liabilities				30.1
thereof derivative financial instruments		30.1		30.1

Financial instruments measured at fair value

in € million	Fair Value Hierarchy			Dec. 31, 2021
	Level 1	Level 2	Level 3	
Financial assets				85.7
thereof financial investments	2.2		41.6	43.7
thereof other financial investments		27.2		27.2
thereof trade receivables		1.5		1.5
thereof derivative financial instruments		13.2		13.2
Financial liabilities				16.6
thereof derivative financial instruments		16.6		16.6

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 investments in Shanghai Quicktron Intelligent Technology Co., Ltd. and Zhejiang EP Equipment Co., Ltd. The fair value was determined using appropriate valuation methods that drew on observable inputs to the greatest possible extent.

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.

Variable remuneration

KEEP Employee Equity Program

As at June 30, 2022, KION Group employees held options on a total of 23,137 no-par-value shares (December 31, 2021: 23,411). The total number of bonus shares granted therefore declined by 274 forfeited bonus shares in the first six months of 2022. A pro rata expense of €0.2 million was recognized for bonus shares in the first half of 2022 (H1 2021: €0.3 million).

KION performance share plan (PSP) for managers

The 2022 tranche of the long-term variable remuneration component for the managers in the KION Group (LTI 2022) was granted with effect from January 1, 2022 and has a term of three years. The financial performance targets for the 2022 tranche with a weighting of 50 percent are the relative total shareholder return (TSR) for the shares of KION GROUP AG compared with the MDAX (market-oriented measure of financial performance) and, with a weighting of 30 percent (2020 tranche and 2021 tranche: each with a weighting of 50 percent), return on capital employed (ROCE) (internal measure of financial performance). Starting with the 2022 tranche, 20 percent of the performance share plan is now linked to ESG targets. It also depends on the performance of KION GROUP AG shares during the relevant period. At the beginning of the performance period on January 1, 2022, the managers were allocated a total of 279,478 phantom shares for this tranche. The allocation was based on a particular percentage of each manager's individual gross annual remuneration at the time of grant. The maximum amount payable is limited to 250.0 percent of the value of the shares allotted to an individual at the grant date.

In March 2022, the 2019 tranche was paid on the basis of the achievement of the long-term targets that were defined in 2019 at the start of the performance period.

The total carrying amount for liabilities in connection with this share-based remuneration was €6.0 million as at June 30, 2022 (December 31, 2021: €42.7 million). Of this amount, €2.8 million related to the 2020 tranche (December 31, 2021: €15.0 million), €2.1 million to the 2021 tranche

(December 31, 2021: €5.3 million), and €1.1 million to the 2022 tranche. As at December 31, 2021, there had also been an amount of €22.5 million relating to the 2019 tranche.

KION performance share plan (PSP) for the Executive Board

The members of the Executive Board have been promised a multiple-year variable remuneration component in the form of a performance share plan with a three-year term in each case. At the beginning of the performance period on January 1, 2022, the Executive Board members were allocated a total of 56,333 phantom shares for this tranche on the basis of the starting price of KION shares (60-day average). The shares were allocated on the basis of an allocation value in euros specified in each Executive Board member's service contract.

In March 2022, the 2019 tranche was paid on the basis of the achievement of the long-term targets that were defined in 2019 at the start of the performance period.

The total carrying amount for liabilities in connection with this share-based remuneration was €2.6 million as at June 30, 2022 (December 31, 2021: €16.2 million). Of this amount, €1.2 million related to the 2020 tranche (December 31, 2021: €4.6 million), €1.1 million to the 2021 tranche (December 31, 2021: €2.5 million), and €0.3 million to the 2022 tranche. As at December 31, 2021, there had also been an amount of €9.1 million relating to the 2019 tranche.

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 order intake, 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.

The following tables show information on the KION Group's operating segments for the second quarter of 2022 and 2021 and for the first half of 2022 and 2021.

Segment information Q2 2022

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli- dation / Reconci- liation	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 including capitalized development costs, excluding right-of-use assets

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

Segment information Q2 2021

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli- dation / Reconci- liation	Total
Revenue from external customers	1,598.3	992.5	1.9	–	2,592.8
Intersegment revenue	2.7	4.0	39.7	–46.4	–
Total revenue	1,601.0	996.5	41.6	–46.4	2,592.8
Earnings before tax	137.6	96.9	–0.6	–21.8	212.1
Net financial expenses	–2.2	–6.6	–0.3	–	–9.2
EBIT	139.8	103.6	–0.2	–21.8	221.3
+ Non-recurring items	7.4	1.6	–3.9	–	5.0
+ PPA items	0.5	20.4	0.0	–	20.9
= Adjusted EBIT	147.6	125.5	–4.2	–21.8	247.2
Capital expenditure ¹	45.9	15.3	4.1	–	65.3
Amortization and depreciation ²	34.2	10.1	3.6	–	47.9
Order intake	2,220.7	1,038.9	41.6	–45.9	3,255.4

1 Capital expenditure including capitalized development costs, excluding right-of-use assets

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

Segment information Q1 – Q2 2022

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli- dation / Reconci- liation	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	0.0	–	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 including capitalized development costs, excluding right-of-use assets

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

Segment information Q1 – Q2 2021

in € million	Industrial Trucks & Services	Supply Chain Solutions	Corporate Services	Consoli- dation / Reconci- liation	Total
Revenue from external customers	3,114.4	1,849.1	4.4	–	4,967.9
Intersegment revenue	5.3	8.1	80.9	–94.3	–
Total revenue	3,119.7	1,857.2	85.3	–94.3	4,967.9
Earnings before tax	263.2	170.0	–14.2	–23.4	395.6
Net financial expenses / income	–7.7	–14.1	2.6	–	–19.2
EBIT	270.9	184.1	–16.8	–23.4	414.8
+ Non-recurring items	6.9	2.2	–3.6	–	5.5
+ PPA items	0.8	41.0	0.0	–	41.8
= Adjusted EBIT	278.6	227.3	–20.4	–23.4	462.2
Segment assets	11,223.5	5,624.7	1,918.9	–3,998.0	14,769.1
Segment liabilities	7,901.0	2,615.0	3,489.8	–3,997.7	10,008.1
Capital expenditure ¹	89.0	26.8	7.5	–	123.3
Amortization and depreciation ²	68.7	20.6	7.0	–	96.3
Order intake	4,021.1	1,868.8	85.3	–93.4	5,881.7
Order book	2,264.6	3,150.3	–	–5.9	5,409.0
Number of employees ³	26,550	10,190	978	–	37,718

1 Capital expenditure including capitalized development costs, excluding right-of-use assets

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, 2021; allocation according to the contractual relationships

In the first six months of 2022, revenue of €863.1 million (H1 2021: €897.4 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 first six months of 2022. They were mainly attributable to the Industrial Trucks & Services segment and chiefly related to impairment losses on assets of the Russian subsidiaries. The expense of €5.5 million recognized in the prior-year period was also mainly attributable to the Industrial Trucks & Services segment and was partly related to the capacity and structural program.

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, 2021.

Another related party is Weichai Power Co., Ltd., Weifang, People's Republic of China, which indirectly held a 45.2 percent stake in KION GROUP AG via Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg ('Weichai Power') as at June 30, 2022 (December 31, 2021: 45.2 percent). The distribution of a dividend of €1.50 per share (2021: €0.41 per share) to Weichai Power resulted in an outflow of funds from KION GROUP AG of €89.0 million (2021: €24.3 million).

The revenue that the KION Group generated in the second quarter of 2022 and in the first half of 2022 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, 2022	Dec. 31, 2021	Q2 2022	Q2 2021	Q1 – Q2 2022	Q1 – Q2 2021
Non-consolidated subsidiaries	19.5	16.8	8.2	5.6	15.1	11.9
Associates (equity-accounted)	33.6	32.5	33.3	32.1	66.8	65.3
Joint ventures (equity-accounted)	15.7	12.5	18.4	11.3	36.4	20.8
Other related parties ¹	5.5	6.1	4.0	7.6	8.3	12.8
Total	74.3	67.9	64.0	56.6	126.6	110.7

¹ The figures for 'other related parties' include transactions with Weichai Power and its affiliated companies; previous year's figures were adjusted by a total of minus €11.6 million to the actual shareholdings, of which receivables accounted for minus €6.7 million

The goods and services obtained from related parties in the second quarter of 2022 and in the first half of 2022 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, 2022	Dec. 31, 2021	Q2 2022	Q2 2021	Q1 – Q2 2022	Q1 – Q2 2021
Non-consolidated subsidiaries	11.8	9.8	9.1	5.6	14.9	11.2
Associates (equity-accounted)	10.7	11.1	33.8	24.1	56.6	52.9
Joint ventures (equity-accounted)	101.3	95.0	34.2	12.1	49.2	30.7
Other related parties ¹	17.8	1.8	1.1	1.5	1.6	2.4
Total	141.6	117.7	78.3	43.3	122.2	97.2

¹ The figures for 'other related parties' include transactions with Weichai Power and its affiliated companies; previous year's figures were adjusted by a total of minus €43.9 million to the actual shareholdings, of which purchases of goods and services accounted for minus €30.0 million

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

Between the reporting date of these interim financial statements and July 27, 2022, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities reported as at June 30, 2022 or that it would be necessary to disclose.

Frankfurt am Main, July 27, 2022

The Executive Board



Dr. Richard Robinson Smith



Hasan Dandashly



Andreas Krinninger



Dr. Henry Puhl



Ching Pong Quek

Review report

To the KION GROUP AG, Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements of the KION GROUP AG, Frankfurt am Main, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and selected explanatory notes, together with the interim group management report of the KION GROUP AG, Frankfurt am Main, for the period from 1 January to 30 June 2022, that are part of the semi annual financial report pursuant to § 115 WpHG (Wertpapierhandelsgesetz: German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to 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 company'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 conducted our review of the condensed interim consolidated financial statements and of the interim group management report in accordance with the 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 such 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 those IFRSs applicable to 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 statements audit. Since, in accordance with our engagement, we have not performed a financial statements 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 of the KION GROUP AG, Frankfurt am Main, have not been prepared, in material respects, in accordance with those IFRSs applicable to 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 27, 2022

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

(Annika Deutsch)
Wirtschaftsprüferin

(German Public Auditor)

(Stefan Dorissen)
Wirtschaftsprüfer

(German Public Auditor)

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 27, 2022

The Executive Board



Dr. Richard Robinson Smith



Hasan Dandashly



Andreas Krinninger



Dr. Henry Puhl



Ching Pong Quek

Quarterly information

KION Group quarterly information¹

in € million	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	2021	2020
Order intake	3,754.6	2,900.1	3,492.6	3,107.4	3,255.4	2,626.3	12,481.6	9,442.5
Industrial Trucks & Services	2,745.1	2,082.1	2,435.2	1,710.0	2,220.7	1,800.4	8,166.3	5,796.8
Supply Chain Solutions	1,022.0	843.2	1,061.9	1,398.7	1,038.9	829.8	4,329.4	3,654.5
Total revenue	2,802.2	2,734.5	2,760.6	2,565.8	2,592.8	2,375.1	10,294.3	8,341.6
Industrial Trucks & Services	1,731.0	1,718.4	1,764.2	1,630.1	1,601.0	1,518.7	6,514.0	5,723.4
Supply Chain Solutions	1,076.2	1,019.8	1,001.9	937.0	996.5	860.7	3,796.2	2,627.1
Gross profit (adjusted)	597.0	621.7	605.4	646.7	659.3	624.8	2,536.2	2,099.6
Industrial Trucks & Services	415.9	440.5	427.2	446.7	444.0	433.3	1,751.2	1,490.7
Supply Chain Solutions	187.1	173.2	179.0	199.3	214.9	188.1	781.3	601.5
Selling expenses and administrative expenses (adjusted)	-417.4	-413.3	-411.9	-380.1	-380.7	-372.6	-1,545.3	-1,387.3
Industrial Trucks & Services	-312.0	-303.4	-289.7	-278.9	-277.9	-279.1	-1,125.6	-1,051.7
Supply Chain Solutions	-94.6	-84.9	-90.7	-77.1	-78.0	-73.0	-318.7	-281.6
Research and development costs (adjusted)	-49.4	-47.0	-50.6	-41.9	-45.7	-40.5	-178.7	-153.9
Industrial Trucks & Services	-30.4	-30.0	-30.7	-27.4	-32.8	-28.5	-119.5	-115.8
Supply Chain Solutions	-17.5	-15.1	-16.6	-12.9	-11.6	-10.6	-51.7	-42.4
Other costs (adjusted)	11.2	8.9	7.8	4.2	14.4	3.3	29.7	-11.5
Industrial Trucks & Services	10.2	7.1	6.1	4.1	14.3	5.3	29.9	-11.9
Supply Chain Solutions	0.8	0.8	1.2	-	0.2	-2.8	-1.3	0.0
Adjusted EBIT	141.4	170.3	150.8	228.9	247.2	215.0	841.8	546.9
Industrial Trucks & Services	83.6	114.2	112.9	144.5	147.6	131.0	536.0	311.4
Supply Chain Solutions	75.8	74.0	73.0	109.3	125.5	101.7	409.5	277.5
Adjusted EBIT margin	5.0 %	6.2%	5.5%	8.9%	9.5%	9.1%	8.2%	6.6%
Industrial Trucks & Services	4.8 %	6.6%	6.4%	8.9%	9.2%	8.6%	8.2%	5.4%
Supply Chain Solutions	7.0 %	7.3%	7.3%	11.7%	12.6%	11.8%	10.8%	10.6%
Adjusted EBITDA	368.2	391.0	375.5	441.9	457.7	421.9	1,696.9	1,383.5
Industrial Trucks & Services	285.2	310.1	313.7	333.5	335.6	315.2	1,297.9	1,054.9
Supply Chain Solutions	94.8	92.7	90.5	126.8	141.5	118.0	476.7	341.1
Adjusted EBITDA margin	13.1 %	14.3%	13.6%	17.2%	17.7%	17.8%	16.5%	16.6%
Industrial Trucks & Services	16.5 %	18.0%	17.8%	20.5%	21.0%	20.8%	19.9%	18.4%
Supply Chain Solutions	8.8 %	9.1%	9.0%	13.5%	14.2%	13.7%	12.6%	13.0%
Earnings per share (€)								
Basic earnings per share (in €)	0.60	0.61	1.08	1.04	1.17	1.04	4.34	1.81

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 on which 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 conditions and the competitive situation, changes in national and international law, interest-rate or exchange-rate fluctuations, legal disputes and investigations, and the availability of funds. This particularly applies in respect of currently unforeseeable further developments in connection with the war in Ukraine, and the geopolitical consequences of the war, and in respect of the coronavirus pandemic and the resulting impact on KION GROUP AG and its subsidiaries and on the wider economic and political environment in the markets in which KION GROUP AG and its subsidiaries operate. These and other risks and uncertainties are set forth in the 2021 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 intends to nor assumes any separate obligation to update forward-looking statements or to change these to reflect events or developments that occur after the publication of this interim report.

Rounding

Certain numbers in this interim report have been rounded. 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 27, 2022

Quarterly statement
for the period ended
September 30, 2022
(Q3 2022),
conference call for analysts

March 2, 2023

Publication of 2022 annual
report
Financial statements press
conference and conference
call for analysts

April 27, 2023

Quarterly statement
for the period ended
March 31, 2023
(Q1 2023),
conference call for analysts

Subject to change without notice

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This interim report
is available in German
and English at
www.kiongroup.com.

The content of the German
version is authoritative.



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