

Quarterly Statement – Q3 2023  
January 1 to September 30, 2023



**KNORR-BREMSE**

# Quarterly Statement

JANUARY 1 TO SEPTEMBER 30, 2023  
KNORR-BREMSE AG

## KNORR-BREMSE GROUP KEY INDICATORS

		First Nine Months		Third Quarter	
		2023	2022	2023	2022
Revenues	€ million	5,856.2	5,198.0	1,938.8	1,792.0
EBITDA	€ million	879.8	767.4	303.9	278.4
EBITDA margin	%	15.0	14.8	15.7	15.5
Operating EBITDA margin	%	15.2	15.2	15.7	15.7
EBIT	€ million	622.0	543.1	222.7	199.9
EBIT margin	%	10.6	10.4	11.5	11.2
Operating EBIT margin	%	10.9	10.9	11.5	11.3
Net income	€ million	398.2	384.9	137.2	147.3
Earnings per share (basic)	€	2.30	2.32	0,79	0,90
Incoming orders	€ million	6,216.1	5,916.8	1,980.2	1,879.2
Order book (September 30)	€ million	7,190.9	6,877.8	7,190.9	6,877.8
Operating cash flow	€ million	275.1	(31.3)	306.8	121.6
Free cash flow	€ million	64.9	(229.1)	230.1	37.5
Cash conversion rate	%	16.3	(59.5)	167.8	25.5
Capital expenditure (before IFRS 16 and acquisitions)	€ million	222.1	226.4	82.7	85.5
Capital expenditure as % of revenues	%	3.8	4.4	4.3	4.8
R & D costs	€ million	382.1	348.6	127.8	115.9
R & D as % of revenues	%	6.5	6.7	6.6	6.5

		September 30,	December 31,
		2023	2022
Total assets	€ million	8,087.7	8,011.9
Equity (incl. non-controlling interests)	€ million	2,819.0	2,691.3
Equity ratio	%	34.9	33.6
ROCE (annualized)	%	17.5	16.8
Net financial (debt)/cash	€ million	1,061.9	726.7
Net working capital	€ million	1,581.9	1,126.5
Employees (at reporting date incl. leased personnel)		33,025	31,599

\*Bills of exchange have also been included in the net working capital since 2023; the comparable figure as at December 31, 2022, would have been € 1,101.0 million. The ROCE would have been 16.9%.

## FIRST NINE MONTHS OF 2023

- » Order intake up € 299.3 million year over year at € 6,216.1 million thanks to a very significant recovery in demand in commercial vehicle business in all regions; order intake in the rail vehicle business up slightly year over year, especially in Europe
- » Positive order levels reflected in a new record order book of € 7,190.9 million, increased slightly by € 313 million year over year
- » Revenue of € 5,856.2 million up significantly year over year (13%) despite a challenging market environment, resulting from growth in OE as well as aftermarket business in both segments
- » Aftermarket revenue up 20% year over year; share of aftermarket revenue in total revenues rose from 37.1% to 39.5% across the Group
- » Profitability: operating EBIT of € 638.6 million up € 71 million with an operating EBIT margin (RoS) remaining stable at 10.9% (previous year: 10.9%)
- » Free cash flow at € 64.9 million and up on the previous year (€ -229.1 million) mainly as a result of improved working capital efficiency
- » R & D ratio of 6.5% of revenues (previous year: 6.7%) resulting from continued and intensive investment in strategic and future-oriented projects for innovation and technology
- » Full-year EBIT and cash flow guidance for 2023 confirmed:
  - » Revenue: € 7,500 million to € 7,800 million (2022: € 7,150 million)
  - » Operating EBIT margin: 10.5% to 12.0% (2022: 11.1 %)
  - » Free cash flow: € 350 million to € 550 million (2022: € 219 million)

## BUSINESS PERFORMANCE IN THE FIRST NINE MONTHS OF 2023

### Order Intake Risen by € 299.3 million

The order intake of the Knorr-Bremse Group as at the end of September 2023 had risen to € 6,216.1 million, up € 299.3 million or 5.1% on the comparable period of the previous year. This development was based on strong demand in the global commercial vehicle market. In the rail vehicle segment, the overall order intake was slightly up on the comparable figure from the previous year due to growth in the European market.

The positive order developments led to an order book of € 7,190.9 million at the end of September 2023, up by a slight amount of € 313.1 million on the corresponding level in the previous year (€ 6,877.8 million) to provide a solid basis for revenue development in the coming quarters.

### Positive Year-over-Year Revenue Development: +12.7%

During the first nine months of the 2023 fiscal year, the Knorr-Bremse Group's revenues rose by 12.7%, or € 658.2 million, to € 5,856.2 million. Significant growth in revenue was recorded in the rail vehicle business as well as the commercial vehicle business.

In the Rail Vehicle Systems segment, the aftermarket business increased by a significant amount year over year while OE revenues were only able to increase by a slight amount. In Europe, OE business in the fields of high-speed trains as well as regional and commuter was on the decline, whereas growth was seen there in the fields of public transportation (metro and light-rail vehicles) as well as freight and locomotives. In North America, OE revenues fell primarily as a result of the shrinking freight business while aftermarket revenue was able to increase further from the previous year. In the Asia region, the market caused OE revenues to decline in the passenger and metro businesses, although this was partially offset by increases in the high-speed business. In the aftermarket business, on the other hand, all regions recorded growth. In the Rail Vehicle Systems segment, the share of aftermarket revenue in total revenues was 51.8% and up on the previous year (47.1%). In the Commercial Vehicle Systems segment, year-over-year growth was recorded in the OE as well as aftermarket revenues. The aftermarket's share in the total revenues of the Commercial Vehicle Systems division was 28.7% and likewise higher than the previous year (28.1%).

For the Group as a whole, the share of aftermarket revenue in total revenues rose from 37.1% in the same period of the previous year to 39.5%.

### Robust Profitability and strong free cash flow despite Challenging Economic Environment: Operating EBIT Margin of 10.9%

In the first nine months of 2023, operating EBIT of € 638.6 million was generated with an operating EBIT margin (RoS) of 10.9% (previous year: 10.9%). The operating EBIT is € 71.0 million, or 12.5%, higher than the comparable period of the previous year, which is mainly the result of the continued consistent implementation of cost control measures and successful price negotiations with customers.

The operating EBITDA, at € 887.8 million, had also increased by € 95.9 million or 12.1%. The operating EBITDA margin was 15.2% and therefore at the previous year's level.

The operating earnings measures (EBIT/EBITDA, absolute and relative to revenues) were adjusted from the presented earnings measures for positive, non-recurring effects in connection with the withdrawal from the Russian market of an amount of € 4.1 million (EBIT) and € 11.2 million (EBITDA), losses on disposal in North America of an amount of € 4.2 million, expenditure in connection with further adjustments of the product portfolio in North America of an amount of € 1.6 million, expenditure expected for voluntary non-warranty remedies in Asia of an amount of € 14.1 million, and severance pay in Asia of an amount of € 0.8 million, i.e., € 16.6 million (EBIT) and € 7.9 million (EBITDA) net.

## CONSOLIDATED STATEMENT OF INCOME (CONDENSED)

in € million	First Nine Months		Third Quarter	
	2023	2022	2023	2022
Revenues	5,856.2	5,198.0	1,938.8	1,792.0
Change in inventory of unfinished/finished products	26.5	105.9	9.1	43.6
Own work capitalized	78.4	76.9	25.2	28.1
<b>Total operating performance</b>	<b>5,961.1</b>	<b>5,380.8</b>	<b>1,973.1</b>	<b>1,863.8</b>
Cost of materials	(3,012.1)	(2,822.6)	(998.2)	(983.1)
Personnel expenses	(1,474.9)	(1,336.2)	(488.2)	(440.4)
Other operating income and expenses	(594.2)	(454.7)	(182.8)	(161.8)
<b>EBITDA</b>	<b>879.8</b>	<b>767.4</b>	<b>303.9</b>	<b>278.4</b>
Depreciation, amortization, and impairment	(257.9)	(224.3)	(81.2)	(78.5)
<b>EBIT</b>	<b>622.0</b>	<b>543.1</b>	<b>222.7</b>	<b>199.9</b>
Financial result	(61.1)	(15.8)	(38.6)	(8.2)
<b>Income before taxes</b>	<b>560.8</b>	<b>527.3</b>	<b>184.1</b>	<b>191.7</b>
Taxes on income	(162.6)	(142.4)	(46.9)	(44.4)
<b>Net income</b>	<b>398.2</b>	<b>384.9</b>	<b>137.2</b>	<b>147.3</b>
Of which profit (loss) attributable to non-controlling interests	27.6	10.6	10.3	2.4

The € 3,012.1 million cost of materials had risen by 6.7% year over year in the first nine months of 2023 (previous year: € 2,822.6 million). The material cost ratio, at 51.4% of revenues, was 290 basis points below the prior-year level. This is a result of, among other things, the positive revenue development stemming in particular from increases in the prices charged to our customers. Personnel expenses rose by 10.4% to € 1,474.9 million (previous year: € 1,336.2 million). However, the personnel expenses ratio also fell by 50 basis points, from 25.7% to 25.2%, since the personnel expenses rose at a slower rate than revenue. The ratio arising from the sum of other operating income and expenses rose for reasons including a decline in foreign-currency income and increased order-related and personnel-related expenses, with a significant increase of 140 basis points from -8.7% to -10.1% of revenue. Depreciation, amortization, and impairment amounted to 4.4% of revenue and were also slightly higher year over year (4.3%). The charges incurred from the financial result increased by € 45.3 million year over year to € 61.1 million, which results from, among other things, increased interest expenses due to the generally higher interest rate levels and, as part of this, the interest expenses incurred in the first nine months of 2023 for the new € 700 million sustainability-linked bond issued in September 2022 in particular. Furthermore, losses from the deconsolidation of Group companies and the loss contribution from companies consolidated using the equity method grew, too. Pre-tax income was 9.6% of revenue and, overall, down by a significant amount of 50 basis points from 10.1% in the same period of the previous year.

The tax rate rose by 200 basis points to 29.0% from 27.0% in the first nine months of 2022, which – as at the end of September 2023 – led to a decline in the return on sales after taxes from 7.4% in the previous year to 6.8% for 2023.

## FINANCIAL SITUATION

### FREE CASH FLOW

in € million	First Nine Months	
	2023	2022
Net income (including minority interests)	398.2	384.9
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	257.9	224.3
Additions to, reversals of, and discounting of provisions	87.0	37.9
Non-cash changes in the measurement of derivatives	10.7	103.6
Other non-cash expenses and income	(20.5)	24.9
Income tax expense	162.6	142.4
Income tax payments	(156.4)	(148.1)
Changes in inventories, trade accounts receivable, and other assets which cannot be allocated to investing or financing activities	(525.3)	(789.0)
Changes in trade accounts payable and other liabilities which cannot be allocated to investing or financing activities	65.3	38.0
Changes in provisions due to utilization	(82.2)	(96.9)
Other	77.9	46.8
<b>Cash flow from operating activities</b>	<b>275.1</b>	<b>(31.3)</b>
Cash changes in intangible assets and property, plant, and equipment	(210.2)	(197.8)
<b>Free cash flow</b>	<b>64.9</b>	<b>(229.1)</b>

The cash inflow from operating activities in the first nine months of 2023 increased by € 306.4 million year over year to € 275.1 million. This is mainly the result of a softened buildup of working capital, compared with the previous year's period, and thus increased efficiency.

Free cash flow in the first nine months of 2023 improved to € 64.9 million, up € 294.0 million on the prior-year level (€ - 229.1 million). This is mainly due to the increased cash flow from operating activities, which is being driven in particular by a more moderate buildup of working capital when compared with the previous year.

### CURRENT AND NON-CURRENT ASSETS

in € million	09/30/2023	12/31/2022
Intangible assets and goodwill	1,343.8	1,340.2
Property, plant, and equipment	1,804.3	1,814.5
Other non-current assets	469.1	455.1
<b>Non-current assets</b>	<b>3,617.3</b>	<b>3,609.7</b>
Inventories	1,250.9	1,141.9
Trade accounts receivable	1,634.9	1,343.3
Other financial assets	172.8	103.1
Contract assets	79.5	69.5
Cash and cash equivalents	884.2	1,342.6
Assets held for sale and disposal groups	187.4	170.2
Other current assets	260.8	231.6
<b>Current assets</b>	<b>4,470.5</b>	<b>4,402.3</b>

An increase from December 31, 2022, was recorded in the trade accounts receivable as a result of the typical buildup of receivables as the year progresses and, to a partial extent, the still-challenging market environment. In this regard – as in previous years – we expect a noticeable improvement by year end.

Net working capital is defined as the sum of inventories, trade accounts receivable, and contract assets less trade accounts payable and contract liabilities as well as current bills of exchange, which are recognized in the other financial assets/liabilities. Net working capital has also included current bills of exchange, which are recognized in the other financial assets/liabilities, since the 2023 fiscal year. Net working capital as at September 30, 2023, was € 1,582 million (December 31, 2022: € 1,126.5 million or, if incorporating the bills of exchange that began being included in 2023: € 1,101.0 million). Measured in terms of days' sales, this corresponds to a commitment of 72.9 days (December 31, 2022: 56.7 days or 55.4 days if incorporating the bills of exchange). This increase was caused firstly by seasonal effects and secondly by proactive

measures to preserve our supply chains. Net working capital as at September 30, 2023, based on the updated definition, was € 14.3 million, or 8.5 days' sales, lower than its level in the first nine months of 2022 (September 30, 2022: € 1,567.6 million based on the updated definition).

#### CAPITAL EXPENDITURE

		First Nine Months	
		2023	2022
Capital expenditure (before IFRS 16 and acquisitions)	€ million	222.1	226.4
Capital expenditure as % of revenues	%	3.8	4.4

Capital expenditure on intangible assets and property, plant, and equipment increased slightly compared with the previous year. Key capital expenditure in the first nine months of 2023 went toward expansions of production plant and equipment, automation projects, site optimization, and replacement investments.

#### CONSOLIDATED EQUITY

in € million	09/30/2023	12/31/2022
Subscribed capital	161.2	161.2
Other equity	2,524.7	2,400.6
<b>Equity attributable to the shareholders</b>	<b>2,685.9</b>	<b>2,561.8</b>
Non-controlling interests	133.1	129.5
<b>Total equity</b>	<b>2,819.0</b>	<b>2,691.3</b>

The Knorr-Bremse Group had an equity ratio of 34.9% as at September 30, 2023, which is higher than the equity ratio as at December 31, 2022 (33.6%).

#### CURRENT AND NON-CURRENT LIABILITIES

in € million	09/30/2023	12/31/2022
Provisions (incl. pensions)	411.6	435.6
Financial liabilities	2,014.7	2,022.2
Other non-current liabilities	234.0	197.4
<b>Non-current liabilities</b>	<b>2,660.2</b>	<b>2,655.1</b>
Trade accounts payable	1,207.3	1,214.0
Financial liabilities	584.9	655.9
Contract liabilities	212.8	214.3
Liabilities directly associated with assets held for sale	148.9	155.1
Other liabilities	454.6	426.3
<b>Current liabilities</b>	<b>2,608.5</b>	<b>2,665.5</b>
<b>Total liabilities</b>	<b>5,268.7</b>	<b>5,320.6</b>

The current and non-current liabilities have fallen by a slight amount from € 5,320.6 million to € 5,268.7 million.

The following debt financing existed as at September 30, 2023:

- » Corporate bond of Knorr-Bremse AG in the amount of € 750.0 million (maturing in June 2025)
- » Corporate bond of Knorr-Bremse AG in the amount of € 700.0 million (maturing in September 2027)
- » Liabilities of the Knorr-Bremse Group to banks in the amount of € 108.8 million
- » Lease liabilities in the amount of € 515.4 million

## EMPLOYEES

### AVERAGE NUMBER OF EMPLOYEES

	First Nine Months	
	2023	2022
Wage earners	17,192	15,922
Of which leased personnel	3,557	2,960
Salaried employees	15,687	14,643
Of which leased personnel	164	202
Trainees	0	199
<b>Total</b>	<b>32,880</b>	<b>30,764</b>

On average, the Group employed 32,879 people as at the end of September 2023 (previous year: 30,764). The disclosures for 2022 are based on full-time-equivalent (FTE) units, while the disclosures for 2023 are based on the employee head count (the number of employees). The modified disclosure method does not result in any material differences. Unlike in the previous year, trainees are categorized as wage earners. The slight 6.9% increase on the corresponding period of the previous year results mainly from the growing revenue. In addition, the average number of employees in the Commercial Vehicle Systems segment increased due to the acquisition of Cojali in the previous year (516 employees). In the Rail Vehicle Systems segment, the number of employees only increased slightly, which was due to reasons including the acquisition of DSB Component Workshops in the previous year (382 employees), the acquisition of Westcode (U.K.) Limited in the first quarter of 2023 (19 employees), and the acquisition of Alisea Srl. in the third quarter of 2023 (20 employees).



## INFORMATION ON REPORTABLE SEGMENTS

### REVENUES BY SEGMENT

in € million	First Nine Months	
	2023	2022
Rail Vehicle Systems	2,745.6	2,452.8
Commercial Vehicle Systems	3,112.3	2,746.7
Other segments and consolidation	(1.6)	(1.5)
<b>Group</b>	<b>5,856.2</b>	<b>5,198.0</b>

### EBT BY SEGMENT

in € million	First Nine Months	
	2023	2022
Rail Vehicle Systems	318.2	327.8
Commercial Vehicle Systems	273.0	219.5
Other segments and consolidation	(30.4)	(20.1)
<b>Group</b>	<b>560.8</b>	<b>527.3</b>

Our two segments developed as follows during the first nine months of 2023:

### RAIL VEHICLE SYSTEMS SEGMENT

		First Nine Months		Third Quarter	
		2023	2022	2023	2022
Revenues	€ million	2,745.6	2,452.8	932.1	854.7
Of which aftermarket	%	51.8	47.1	50.2	48.1
EBITDA	€ million	496.3	447.1	167.8	163.1
EBITDA margin	%	18.1	18.2	18.0	19.1
Operating EBITDA margin	%	18.0	19.2	18.0	19.4
EBIT	€ million	385.4	348.7	134.4	130.0
EBIT margin	%	14.0	14.2	14.4	15.2
Operating EBIT margin	%	14.1	15.2	14.4	15.6
Incoming orders	€ million	3,044.1	3,005.5	1,019.1	877.5
Order book (September 30)	€ million	5,168.0	4,844.2	5,168.0	4,844.2

Order intake in the Rail Vehicle Systems segment increased from the previous year's level by a total of € 38.7 million, or 1.3%, and amounted to € 3,044.1 million as at the end of September 2023 (previous year: € 3,005.5 million), which was visible in all regions. The order book as at September 30, 2023, had therefore increased by € 323.8 million to € 5,168.0 million (previous year: € 4,844.2 million).

Revenue in the Rail Vehicle Systems segment in the first nine months of 2023 was € 2,745.6 million and therefore up on the previous year. This development results mainly from significantly increased aftermarket business, while OE business revenues only rose slightly from their 2022 levels. OE business in Europe profited in particular from growth in the public transportation (metro and light-rail vehicles), freight, passenger, and locomotive businesses, which were more than able to compensate for the decline in the high-speed and regional and commuter businesses. In North America, OE revenues fell primarily as a result of the shrinking freight business while aftermarket revenue was able to increase further from the previous year. OE revenues in China fell to the previous year's level mainly as a result of declining passenger and metro business, however these were able to be at least partially offset by increased revenue from high-speed business. In contrast, aftermarket revenues in the Asia region saw growth. The share of aftermarket revenue (breakdown based on management reporting) in the total segment revenues was moderately larger than at the same time in the previous year at 51.8% (47.1%).

Operating EBIT was € 387.4 million and therefore up € 14.3 million year over year (previous year: € 373.1 million), making for an operating EBIT margin (RoS) of 14.1% (previous year: 15.2%). The decline in the operating EBIT margin results from the persistent, generally high inflationary pressure and is additionally influenced by the growing pressure on margins in China-based business and the withdrawal from business in Russia. The operating EBITDA was € 493.1 million and therefore

€ 21.6 million up on the previous year's value of € 471.5 million, leading to an operating EBITDA margin of 18.0% of revenue as at September 2023 (previous year: 19.2%). To calculate the operating earnings measures (EBIT/EBITDA, absolute and in relation to revenue), there were adjustments for € 17.3 million of income from the reversal of write-downs in the previous year in connection with the withdrawal from the Russian market and for € 14.1 million of expected expenses on voluntary non-warranty remedies in Asia.

#### COMMERCIAL VEHICLE SYSTEMS SEGMENT

		First Nine Months		Third Quarter	
		2023	2022	2023	2022
Revenues	€ million	3,112.3	2,746.7	1,007.2	937.7
Of which aftermarket	%	28.7	28.1	30.4	29.3
EBITDA	€ million	410.2	344.5	146.4	123.6
EBITDA margin	%	13.2	12.5	14.5	13.2
Operating EBITDA margin	%	13.5	12.5	14.6	13.2
EBIT	€ million	285.2	237.3	106.1	86.7
EBIT margin	%	9.2	8.6	10.5	9.2
Operating EBIT margin	%	9.6	8.6	10.6	9.2
Incoming orders	€ million	3,173.6	2,913.2	961.6	1,002.6
Order book (September 30)	€ million	2,024.2	2,035.1	2,024.2	2,035.1

Order intake in the Commercial Vehicle Systems segment amounted to € 3,173.6 million in the first nine months of 2023 and exceeded the previous year's corresponding figure by € 260.4 million. The order book as at September 30, 2023, is smaller year over year with a decline of € 11.0 million, although it still remains at a high level.

The revenue of € 3,112.3 million attained as at the end of September 2023 was up by a significant 13.3% on the previous year. OE as well as aftermarket revenues recorded year-over-year increases. In particular, the acquisition of the Cojali Group in the fourth quarter of 2022 contributed to growth in aftermarket revenues as well. Consequently, the share of aftermarket revenue in the total revenues of the Commercial Vehicle Systems segment as at September 2023 rose from 28.1% in the previous year to 28.7%.

The operating EBIT in the Commercial Vehicle Systems segment as at the end of September 2023 had developed by a significant 26.4% to € 299.8 million. The operating EBIT margin (RoS) rose from 8.6% in the previous year to 9.6%. The factors contributing to this development include the successful wrap-up of price negotiations and implementation of cost control measures as well as the consolidation of the Cojali Group. To calculate the operating EBIT, the disclosed EBIT was adjusted for € 8.0 million of write-downs in connection with the withdrawal from the Russian market, € 4.2 million of losses on disposal in North America, € 1.6 million of expenses in connection with the further adjustment of the product portfolio in North America, and € 0.8 million of severance payments in Asia. Operating EBITDA, at € 421.3 million, was also a significant € 76.8 million up on the previous year (€ 344.5 million), leading to an EBITDA margin of 13.5% as at September 2023 (previous year: 12.5%).

#### REVENUE BY COUNTRY OF KNORR-BREMSE COMPANY

in € thousand	First Nine Months	
	2023	2022
Europe/Africa	2,891.2	2,470.6
North America	1,482.6	1,321.6
South America	108.8	113.9
Asia-Pacific	1,373.6	1,291.8
	<b>5,856.2</b>	<b>5,198.0</b>

As at the end of September 2023, 49% of the Group's revenue was attributable to the Europe/Africa region (previous year: 48%), 25% to North America (previous year: 25%), 2% to South America (previous year: 2%), and 23% (previous year: 25%) to the Asia-Pacific region.

## SPECIAL EVENTS DURING THE REPORTING PERIOD

### Change in the Executive Board

The Supervisory Board of Knorr-Bremse AG, at its meeting on September 22, 2023, decided that Dr. Jürgen Wilder, the Executive Board member responsible for the global rail vehicle business, was to leave the company with effect from September 30, 2023, and depart from the Executive Board at this time.

At the same meeting, the Supervisory Board appointed Dr. Nicolas Lange as the new Executive Board member responsible for the Rail Vehicle Systems division for a period of three years as of October 1, 2023.

### Sale of Russia-Based Business

Given Russia's invasion of Ukraine, Knorr-Bremse made the decision to dispose of Knorr-Bremse Rail Systems CIS Holding OOO, Moscow, Russia, which is part of the Rail Vehicle Systems division, and Knorr-Bremse 1520 OOO, Burashevskoe, Russia. Knorr-Bremse signed a sale agreement for the two companies on June 1, 2023. The agreed purchase price, some of which is in rubles, amounted to € 25,279 thousand at the time of the transaction.

The transaction closed on September 25, 2023, and the two companies therefore ceased to be among the companies consolidated with Knorr-Bremse AG as of September 30, 2023.

## GUIDANCE

Knorr-Bremse confirms its EBIT and cash flow guidance for the 2023 fiscal year. Assuming that exchange rates remain as they are, that the geopolitical and macroeconomic environments remain mostly stable, that there are no new Covid-19 lockdowns, that inflation-related cost increases are compensated for, and that there are no additional supply chain issues caused by potential energy shortages, the company expects revenue between € 7,500 million and € 7,800 million, an operating EBIT margin of 10.5% to 12.0%, and free cash flow from € 350 million to € 550 million for the 2023 fiscal year.

## CONSOLIDATED STATEMENT OF INCOME

### CONSOLIDATED STATEMENT OF INCOME

in € thousand	First Nine Months	
	2023	2022
Revenues	5,856,206	5,198,013
Change in inventory of unfinished/finished products	26,457	105,946
Own work capitalized	78,400	76,888
<b>Total operating performance</b>	<b>5,961,063</b>	<b>5,380,847</b>
Other operating income	76,100	98,028
Cost of materials	(3,012,149)	(2,822,592)
Personnel expenses	(1,474,867)	(1,336,160)
Other operating expenses	(670,319)	(552,678)
<b>Earnings before interest, tax, depreciation, and amortization (EBITDA)</b>	<b>879,828</b>	<b>767,445</b>
Depreciation, amortization and impairment	(257,850)	(224,325)
<b>Earnings before interest and taxes (EBIT)</b>	<b>621,978</b>	<b>543,120</b>
Interest income	23,495	40,869
Interest expenses	(63,915)	(31,928)
Other financial result	(20,723)	(24,786)
<b>Income before taxes</b>	<b>560,835</b>	<b>527,275</b>
Taxes on income	(162,604)	(142,423)
<b>Net income</b>	<b>398,231</b>	<b>384,852</b>
Of which attributable to:		
Profit (loss) attributable to non-controlling interests	27,597	10,600
Profit (loss) attributable to the shareholders of Knorr-Bremse AG	370,634	374,252
<b>Earnings per share in €</b>		
Basic	2.30	2.32
Diluted	2.30	2.32

## CONSOLIDATED BALANCE SHEET

### CONSOLIDATED BALANCE SHEET

in € thousand	09/30/2023	12/31/2022
<b>Assets</b>		
Intangible assets	776,004	766,433
Goodwill	567,821	573,719
Property, plant, and equipment	1,804,319	1,814,451
Investments accounted for using the equity method	67,839	79,567
Other financial assets	157,956	122,822
Other assets	94,454	92,427
Income tax receivables	1,798	282
Assets from employee benefits	9,774	19,499
Deferred tax assets	137,305	140,459
<b>Non-current assets</b>	<b>3,617,270</b>	<b>3,609,659</b>
Inventories	1,250,930	1,141,940
Trade accounts receivable	1,634,862	1,343,305
Other financial assets	172,790	103,116
Other assets	178,238	177,694
Contract assets	79,483	69,491
Income tax receivables	82,540	53,880
Cash and cash equivalents	884,203	1,342,587
Assets held for sale and disposal groups	187,426	170,245
<b>Current assets</b>	<b>4,470,472</b>	<b>4,402,258</b>
<b>Total assets</b>	<b>8,087,742</b>	<b>8,011,917</b>

## CONSOLIDATED BALANCE SHEET

in € thousand	09/30/2023	12/31/2022
<b>Equity</b>		
Subscribed capital	161,200	161,200
Capital reserves	13,884	13,884
Retained earnings	4,820	10,320
Other components of equity	(131,190)	(123,910)
Profit carried forward	2,266,554	2,012,614
Profit attributable to the shareholders of Knorr-Bremse AG	370,634	487,680
<b>Equity attributable to the shareholders of Knorr-Bremse AG</b>	<b>2,685,901</b>	<b>2,561,788</b>
Equity attributable to non-controlling interests	133,108	129,533
Of which share of non-controlling interests in net income	27,597	18,575
<b>Equity</b>	<b>2,819,009</b>	<b>2,691,321</b>
<b>Liabilities</b>		
Provisions for pensions	202,108	219,835
Provisions for other employee benefits	18,477	21,536
Other provisions	190,999	194,192
Financial liabilities	2,014,681	2,022,161
Other liabilities	5,756	2,867
Income tax liabilities	9,135	5,782
Deferred tax liabilities	219,086	188,737
<b>Non-current liabilities</b>	<b>2,660,241</b>	<b>2,655,110</b>
Provisions for other employee benefits	7,650	10,486
Other provisions	175,651	171,381
Trade accounts payable	1,207,300	1,213,954
Financial liabilities	584,916	655,896
Other liabilities	120,822	106,440
Contract liabilities	212,767	214,258
Income tax liabilities	150,487	137,950
Liabilities directly associated with assets held for sale	148,899	155,120
<b>Current liabilities</b>	<b>2,608,492</b>	<b>2,665,485</b>
<b>Total liabilities</b>	<b>5,268,734</b>	<b>5,320,595</b>
<b>Total equity and liabilities</b>	<b>8,087,742</b>	<b>8,011,916</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

### CONSOLIDATED STATEMENT OF CASH FLOWS

in € thousand	2023	2022
Net income (including minority interests)	398,231	384,851
Adjustments for		
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	257,850	224,325
Change of impairment on inventories	(6,968)	33,799
Change of impairment on trade accounts receivable and contract assets	8,276	6,698
Loss on the sale of consolidated companies and other business units	19,162	9,157
(Gain)/loss on the disposal of fixed assets	3,392	949
Additions to, reversals of, and discounting of provisions	86,974	37,931
Non-cash changes in the measurement of derivatives	10,726	103,610
Other non-cash expenses and income	(20,543)	24,871
Interest income	40,420	(8,941)
Income from investments	13,573	5,090
Income tax expense	162,604	142,423
Income tax payments	(156,442)	(148,119)
Changes of		
inventories, trade accounts receivable, and other assets that cannot be allocated to investing or financing activities	(525,300)	(789,019)
trade accounts payable as well as other liabilities that cannot be allocated to investing or financing activities	65,349	37,970
Provisions due to utilization	(82,240)	(96,933)
<b>Cash flow from operating activities</b>	<b>275,063</b>	<b>(31,338)</b>
Disbursements for capital expenditure on intangible assets	(83,856)	(90,505)
Proceeds from the sale of property, plant, and equipment	11,899	28,550
Disbursements for capital expenditure on property, plant, and equipment	(138,204)	(135,829)
Proceeds from financial investments and from the sale of investments	29,233	77,361
Disbursements for investments in financial assets	(70,795)	(84,140)
Disbursements from the sale of consolidated companies and other business units	(6,846)	(4,475)
Disbursements for the acquisition of consolidated companies and other business units	(20,088)	(52,845)
Interest received	13,970	34,207
Disbursements for investments in plan assets (pensions)	(3,374)	(3,015)
<b>Cash flow from investing activities</b>	<b>(268,061)</b>	<b>(230,691)</b>
Proceeds from borrowings	20,667	728,617
Disbursements from the repayment of borrowings	25,362	(22,815)
Disbursements for lease liabilities	(50,466)	(51,479)
Interest paid	(51,033)	(25,685)
Dividends paid to parent company shareholders	(233,740)	(298,220)
Dividends paid to non-controlling interests	(19,303)	(36,247)
Payments for acquisition of non-controlling interests	(1,344)	(6,697)
Disbursement from the settlement of derivatives	5,807	(48,667)
Proceeds from grants and subsidies	4,386	5,575
<b>Cash flow from financing activities</b>	<b>(350,388)</b>	<b>244,381</b>
<b>Cash flow changes in cash funds</b>	<b>(343,387)</b>	<b>(17,648)</b>
Change in cash funds resulting from exchange rate and valuation-related movements	(22,408)	66,462
<b>Change in cash funds</b>	<b>(365,795)</b>	<b>48,814</b>
Cash funds at the beginning of the period	1,205,559	1,326,495
<b>Cash funds at the end of the period</b>	<b>839,765</b>	<b>1,375,308</b>
Cash and cash equivalents	884,203	1,398,838
Short-term securities available for sale	–	2
Reclassification as assets held for sale and disposal groups	50	4,505
Short-term liabilities to banks (less than 3 months)	(44,488)	(28,037)

This interim report contains statements regarding future developments which can represent forward-looking statements. Such statements are to be recognized in terms, among others, such as "expect", "anticipate" and their negation and similar variations or comparable terminology. These statements – just as every business activity in a global environment – are always associated with uncertainty. These statements are based on convictions and assumptions of the management board of Knorr-Bremse AG, which in turn are based on currently-available information. The following factors could affect the success of our strategic and operational measures: macroeconomic or regional developments, changes in the general economic conditions, especially a continuing economic recession, changes in exchange rates and interest rates, changes in energy prices and material costs, insufficient customer acceptance of new Knorr-Bremse products or services, including growing competitive pressure. Should these factors or other uncertainties arise, or the assumptions underlying the statements turn out to be incorrect, the actual results can vary from the forecast results. Knorr-Bremse assumes no obligation and does not intend to continually update or correct forward-looking statements and information. They relate to the conditions as of the date of their publication.

This document contains supplementary financial figures not precisely defined in the relevant financial reporting framework which represent or could represent so-called alternative performance indicators. Knorr-Bremse's financial position, financial performance, and cash flows should not be assessed solely on the basis of these alternative supplemental financial measures. Under no circumstances do they replace the performance indicators presented in the consolidated financial statements and calculated in accordance with the applicable financial reporting framework. Other companies which present or report performance figures with similar designations may calculate these differently. Due to rounding, it is possible that individual figures in this and other documents do not add up exactly to the reported total and that reported percentages do not reflect the absolute values to which they relate.

This document is a quarterly report pursuant to Section 53 of the Stock Exchange Regulations issued by the Frankfurt Stock Exchange.