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FINANCIAL STATEMENTS 2019  
KION GROUP AG

PERFORMANCE

This annual report is available in German and English.

Only the content of the German version is authoritative.

## Statement of financial position as at 31 December 2019

### Assets

€ thousand	Notes	31.12.2019	31.12.2018
<b>A. Non-current assets</b>	[3]		
I. Intangible assets		1	1
II. Property, plant and equipment		2,834	3,317
III. Financial assets		4,231,227	4,231,227
		<b>4,234,061</b>	<b>4,234,544</b>
<b>B. Current assets</b>			
I. Receivables and other assets	[4]		
1. Receivables from affiliated companies		3,389,008	3,303,674
2. Receivables from other long-term investees and investors		190	227
3. Other assets		16,537	17,745
		<b>3,405,734</b>	<b>3,321,646</b>
II. Cash on hand and credit balances with banks		40,651	18,323
<b>C. Deferred charges</b>		<b>11</b>	<b>0</b>
<b>Total Assets</b>		<b>7,680,457</b>	<b>7,574,514</b>

## Statement of financial position as at 31 December 2019

### Equity and liabilities

€ thousand	Notes	31.12.2019	31.12.2018
<b>A. Equity</b>	[5]		
I. Subscribed capital		118,090	118,090
Treasury shares		-131	-166
Issued capital		<u>117,959</u>	<u>117,924</u>
II. Capital reserves		3,058,841	3,057,214
III. Other revenue reserves		498,303	494,803
IV. Distributable profit		<u>153,522</u>	<u>141,669</u>
		<b>3,828,626</b>	<b>3,811,611</b>
<b>B. Provisions</b>			
1. Retirement benefit obligation	[6]	47,366	39,328
2. Tax provisions		44,319	23,217
3. Other provisions	[7]	<u>33,375</u>	<u>22,885</u>
		<b>125,060</b>	<b>85,430</b>
<b>C. Liabilities to affiliated companies</b>	[8]		
1. Liabilities to banks		1,739,468	1,978,717
2. Trade payables		3,700	4,873
3. Liabilities to affiliated companies		1,981,040	1,690,949
4. Liabilities to other long-term investees and investors		60	60
5. Other liabilities		2,503	2,875
<i>thereof taxes € thousand 1389.826 (2018: € thousand 941.054)</i>			
<i>thereof relating to social security € thousand .0</i>			
<i>(2018: € thousand 241.948)</i>			
		<u>3,726,771</u>	<u>3,677,473</u>
<b>Total equity and liabilities</b>		<b>7,680,457</b>	<b>7,574,514</b>

## Income Statement for the year ended 31 December 2019

€ thousand	Notes	2019	2018
1. Revenue	[9]	47,160	30,463
2. Other operating income	[10]	28,422	33,463
3. Cost of materials for purchased services	[11]	-575	-720
4. Personnel expenses	[12]	-53,887	-37,503
a) Wages and salaries		-46,775	-32,583
b) Social security contributions and expenses for pensions and other employee benefits		-7,111	-4,920
<i>thereof for pensions € thousand -3821.0</i>			
<i>(2018: € thousand -2176.649)</i>			
5. Depreciation, amortisation and impairment of property, plant and equipment and non-current intangible assets		-523	-446
6. Other operating expenses	[13]	-107,786	-80,165
7. Income from profit-transfer agreements	[14]	332,191	343,448
8. Expenses from the transfer of losses	[14]	-3,024	-3,449
9. Other interest and similar income		62,399	61,646
<i>thereof from affiliated companies € thousand 60093.102</i>			
<i>(2018: € thousand 59273.397)</i>			
10. Interest expense and similar charges	[15]	-52,892	-54,898
<i>thereof to affiliated companies € thousand -11822.033</i>			
<i>(2018: € thousand -9849.916)</i>			
11. Income taxes	[16]	-94,607	-55,493
<b>12. Net profit for the year</b>		<b>156,879</b>	<b>236,346</b>
<b>Appropriation of profit</b>			
Net profit for the year		156,879	236,346
Profits brought forward		144	123
Withdrawals from other revenue reserves		0	0
Allocation to other revenue reserves		-3,500	-94,800
<b>Distributable profit</b>		<b>153,522</b>	<b>141,669</b>

## Notes to the financial statements of KION GROUP AG for the year ended 31 December 2019

### Basis of preparation

#### [1] General information on the Company

KION GROUP AG, whose registered office is at Thea-Rasche-Strasse 8, 60549 Frankfurt am Main, is entered in the commercial register at the Frankfurt am Main local court under reference HRB 112163. KION GROUP AG has been a listed company on the regulated market of the Frankfurt Stock Exchange since 28 June 2013 and is part of the MDAX, the STOXX Europe 600 and the FTSE Euro Mid Cap.

The object of the Company is to hold, acquire, manage and sell investments in entities with any form of legal structure, in particular such entities involved in developing, manufacturing and selling forklifts, warehouse trucks (industrial trucks), mobile hydraulics and software, automation and robotics solutions for the logistics sector, including associated services, consultancy and advisory services and similar activities, as well as to assume responsibility, in return for a consideration, for managerial holding company functions, other services and the provision of lease finance for the investee entities.

By pursuing an appropriate financial management strategy, the KION Group – through KION GROUP AG – makes sufficient cash and cash equivalents available at all times to meet the Group companies' operational and strategic funding requirements. KION GROUP AG collects liquidity surpluses in a cash pool and, where possible, covers funding requirements with intercompany loans. KION GROUP AG is a publicly listed company and therefore ensures that its financial management takes into account the interests of shareholders and financing partners.

For the purpose of corporation tax, trade tax and VAT, KION GROUP AG is the tax group parent company for almost all the subsidiaries in Germany.

The separate financial statements of KION GROUP AG are prepared in accordance with the prevailing accounting principles specified for limited companies by section 242 et seq. and section 264 et seq. of the German Commercial Code (HGB) and comply with the provisions of the German Stock Corporation Act (AktG), which apply specifically to entities structured as a public limited company. As a listed company, KION GROUP AG is a large corporation as defined in section 267 (3) and section 264d HGB.

The income statement has been prepared in accordance with the nature-of-expense method pursuant to section 275 (2) HGB.

To improve the clarity of presentation, some items are aggregated in the statement of financial position and income statement and are then separately reported in the notes.

All amounts are disclosed in thousands of euros (€ thousand) unless stated otherwise. Due to rounding effects, addition of the individual amounts shown may result in minor rounding differences to the totals.

The management report of KION GROUP AG and the group management report have been combined in accordance with section 315 (5) HGB in conjunction with section 298 (2) HGB and are published in the KION Group's 2019 annual report.

## [2] Accounting policies

### Intangible assets and property, plant and equipment

Purchased intangible assets and property, plant and equipment are carried at cost less straight-line amortisation or depreciation over their estimated useful life and less any impairment losses.

Amortisation and depreciation are recognised using the straight-line method. Low-value assets are amortised or depreciated as an aggregate item over a period of five years in accordance with tax rules.

The following useful lives are applied in determining the carrying amounts of intangible assets and items of property, plant and equipment:

	<b>Useful life (years)</b>
Software	3
Buildings	12
Operational facilities	4–12
Office furniture and equipment	3–13

Assets under finance leases are also recognised as property, plant and equipment. In this case, the present value of future lease payments is recognised at the inception of the lease (purchase price). Corresponding liabilities to the lessor are recognised as trade payables. The property, plant and equipment is depreciated over the term of the lease.

Any impairment of assets expected to be permanent and in excess of the amortisation or depreciation related to useful life is accounted for by the recognition of impairment losses. If the reasons for permanent impairment no longer prevail, impairment losses are reversed on the basis of the HGB reversal requirement, but such reversals do not result in an asset carrying amount greater than the carrying amount that would have been recognised after amortisation or depreciation if there had been no impairment.

### Financial assets

Investments in affiliated companies included within financial assets are carried at cost.

Impairment losses are recognised for assets that are permanently impaired. If an impairment loss has been recognised in prior years and the reasons for the impairment loss now no longer exist, either as a whole or in part, the impairment loss is reversed, but such that the resulting asset carrying amount is no greater than the acquisition cost of the asset.

### Receivables and other assets

Receivables and other assets are carried at cost. Appropriate valuation allowances are recognised for any risks identified when measuring receivables and other assets. The amount of the valuation allowances is based on the probable default risk. Receivables denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:

- the recognition of receivables due in more than one year is in compliance with the HGB principles of prudent revenue recognition, imparity (whereby unrealised losses are recognised, but unrealised gains are not recognised) and the historical cost convention;

- the recognition of receivables due in or within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

### **Deferred taxes**

Deferred taxes are recognised for differences between the carrying amounts calculated in accordance with HGB and those calculated in accordance with tax law. As in 2018, the Company exercised the option provided for in section 274 (1) sentence 2 HGB not to utilise the surplus of deferred tax assets. Deferred tax assets arise, in particular, due to temporary differences resulting from differences in the measurement of pension provisions and other provisions. Deferred tax liabilities arise as a result of the measurement of intangible assets and financial assets.

As the parent company of the tax group, KION GROUP AG has to recognise the deferred taxes of the controlled companies. An income tax rate of 30.7 per cent was used to calculate the deferred taxes.

### **Cash on hand and credit balances with banks**

Cash and cash equivalents are carried at their nominal amounts. Amounts denominated in foreign currency are translated into euros at the middle spot exchange rate on the reporting date.

### **Prepaid expenses**

Prepaid expenses are recognised under assets for expenditure before the reporting date that relates to an expense that will be recognised in a subsequent period.

### **Equity**

Subscribed capital is carried at its nominal amount.

### **Retirement benefit obligation**

The retirement benefit obligation is calculated in accordance with actuarial principles based on biometric probabilities (Heubeck 'Richttafeln 2018 G' mortality tables) using the projected unit credit method. Future estimated increases in salaries and pensions are factored into the calculation of the obligation.

The retirement benefit obligation covers the obligation to pay retirement pensions to employees of KION GROUP AG. The actuarial measurement of the amount required to settle the retirement benefit obligation is based on a number of factors including average staff turnover of 2 per cent and an assumed annual adjustment of 2.75 per cent (2018: 2.75 per cent) in remuneration and 1.75 per cent (2018: 1.75 per cent) in pensions paid, or 1.0 per cent where agreed (2018: 1.0 per cent). As at 31 December 2019, the discount rate used to discount the defined benefit obligation was 2.71 per cent (31 December 2018: 3.21 per cent). The discount rate was determined using the average market discount rate over the previous ten years for an assumed maturity of 15 years, as published by Deutsche Bundesbank.

In order to satisfy the pension obligations, appropriate resources are invested in special funds managed by the trustee KION Vorsorge Aktiv e.V. The Company is not permitted any access to these assets. The sole purpose of these assets is to provide security for the rights of individuals to receive pensions from KION GROUP AG. The assets are measured at fair value (market price); the value of the assets is offset against the underlying obligation. If this results in an excess obligation, the excess is recognised under pension provisions. If the value of the securities (plan assets) exceeds the obligation, an excess of plan assets over pension liabilities is recognised on the assets side of the statement of financial position.



### Provisions for taxes and other provisions

Other provisions are measured such that identifiable risks arising from pending transactions and contingent liabilities are recognised in the financial statements. These provisions are recognised in the amount that would be required to settle future payment obligations, as dictated by prudent business practice. Future increases in prices and costs are factored into the calculation of the amounts if there is sufficient objective evidence that such increases will occur. Provisions with a maturity of more than one year are discounted with a maturity-matched average market discount rate for the past seven years.

Non-current provisions for long-service bonuses and partial retirement existed at the reporting date. The provisions for partial retirement were calculated using a discount rate of 1.97 per cent per annum (31 December 2018: 2.32 per cent).

### Liabilities

Liabilities are carried at their settlement value. Liabilities denominated in foreign currency are translated at the middle spot exchange rate on the reporting date as part of the subsequent measurement process:

- the recognition of liabilities due in more than one year is in compliance with the HGB principles of prudent revenue recognition, imparity and the historical cost convention;
- the recognition of liabilities due in or within one year does not take account of the HGB principles of prudent revenue recognition, imparity and the historical cost convention.

### Derivative financial instruments and hedge accounting

Derivatives are generally not accounted for, because they are pending transactions. Gains on hedging transactions that are not included in a hedging relationship are not realised until maturity. As at the reporting date, provisions for expected losses from onerous contracts are recognised for derivatives with negative fair values and are included in other provisions.

Where it is possible to recognise hedging relationships (hedge accounting), this option is utilised. This involves designating the underlying transactions, together with the derivatives entered into as their exchange-rate or interest-rate hedge, as micro-hedges and measuring them as at the reporting date. The net hedge presentation method is used for subsequent measurement. Under this method, any changes in the fair values of underlying and hedging transactions that fully offset each other are not recognised in either the statement of financial position or the income statement until the hedge has been terminated. If changes in fair values or cash flows do not offset each other because the hedge is ineffective, provisions for anticipated losses are recognised in respect of net losses.

## Notes to the statement of financial position

### [3] Non-current assets

The statement of changes in non-current assets, including details of depreciation and amortisation, can be found in the annex to the notes to the financial statements.

### [4] Receivables and other assets

The receivables mainly consisted of loans and cash pool receivables due from other Group companies and the entitlement to the transfer of profits from Linde Material Handling GmbH of €332,099 thousand (31 December 2018: €343,393 thousand).

All KION GROUP AG companies that participate in the cash pooling use the cash pool to make their liquidity available to each other. Receivables from affiliated companies with a residual maturity of more than one year totalled €606,125 thousand (31 December 2018: €216,005 thousand). They related mainly to two fixed-rate loans made to Dematic Corporation (USA).

Receivables from affiliated companies included trade receivables amounting to €30,569 thousand (31 December 2018: €18,531 thousand).

### [5] Equity

As at 31 December 2019, the Company's share capital amounted to €118,090 thousand (31 December 2018: €118,090 thousand), which was fully paid up. It was divided into 118,090,000 no-par-value shares (31 December 2018: 118,090,000), so each no-par-value share had a notional value of €1.

The Annual General Meeting on 11 May 2017 voted to create new authorised capital that will enable the KION Group to continue to meet its funding needs quickly and flexibly. Subject to the consent of the Supervisory Board, the Executive Board is authorised until 10 May 2022 to increase the Company's share capital by up to €10,879 thousand by way of an issue of up to 10,879,000 new no-par-value bearer shares (2017 Authorised Capital).

With the consent of the Supervisory Board, the Executive Board of KION GROUP AG decided on 22 May 2017 to utilise some of the authorised capital created by the 2017 Annual General Meeting. The share capital was increased against cash contributions in 2017 by issuing 9,300,000 new no-par-value bearer shares. The authorised capital remaining as at 31 December 2019 therefore amounted to €1,579 thousand.

The total number of shares outstanding as at 31 December 2019 was 117,959,356 no-par-value shares (31 December 2018: 117,924,442).

Between 9 September 2019 and 20 September 2019, a further 60,000 treasury shares were repurchased via the stock exchange at an average price of €48.80 in order to provide the shares for employees' own investments and the free shares under the KEEP 2019 employee equity programme. This equates to 0.05 per cent of the subscribed capital. The total cost was €2,928 thousand. Due to the issue of 14,136 bonus shares under KEEP 2016 and 67,104 no-par-value shares (2018: 38,691 no-par-value shares) under KEEP 2019, KION GROUP AG held 130,644 treasury shares at the reporting date (31 December 2018: 165,558). These treasury shares are not dividend-bearing and do not confer any voting rights. Treasury shares accounted for 0.11 per cent of the subscribed capital (31 December 2018:

0.14 per cent). Further details on the KEEP employee equity programme can be found in note [22]. In February 2020, a further 7,338 no-par-value shares were issued for participants' own investments under KEEP 2019.

As at 31 December 2019, KION Group employees held options on a total of 53,776 no-par-value shares (31 December 2018: 43,655). The share options granted under the employee equity programme are not dividend-bearing and do not confer any voting rights.

The capital reserves changed as follows over the course of the year:

€ thousand	2019	2018
<b>Balance as at 1 Jan</b>	<b>3,057,214</b>	<b>3,058,111</b>
Issuance of treasury shares	4,495	2,612
Acquisition of treasury shares	-2,868	-3,509
<b>Balance as at 31 Dec</b>	<b>3,058,841</b>	<b>3,057,214</b>

The distribution of a dividend of €1.20 per share (2018: €0.99 per share) to the shareholders of KION GROUP AG resulted in an outflow of funds from other revenue reserves of €141,526 thousand in 2019 (2018: €116,750 thousand).

An amount of €3,500 thousand was transferred to other revenue reserves from the net profit for 2019 (2018: €94,800 thousand).

## [6] Retirement benefit obligation

The retirement benefit obligation relates to pension entitlements granted to employees and Executive Board members.

The fair value of the assets invested by KION Vorsorge Aktiv e.V. shown in the following table was derived from the market prices of the plan assets as at the reporting date.

€ thousand	31.12.2019	31.12.2018
Settlement value for retirement benefit obligation	64,259	53,831
Fair value of plan assets invested in special funds	16,893	14,502
<b>Net amount for retirement benefit obligation</b>	<b>47,366</b>	<b>39,328</b>
<b>Cost of plan assets invested in special funds</b>	<b>14,843</b>	<b>13,226</b>

During the year under review, the contributions made to the cover assets totalled €1,617 thousand (2018: €1,519 thousand). This means that an amount of €2,050 thousand (2018: €1,277 thousand) arising from the difference between cost and fair value was subject to a lock-up, KION GROUP AG being prohibited from distributing this amount as a dividend or transferring it under a profit-and-loss transfer agreement.

The expenses arising from unwinding the discount amounted to €6,408 thousand (2018: €5,309 thousand) and the income arising from the cover assets amounted to €1,001 thousand (2018:

expense of €216 thousand). The income and expenses were offset against each other and reported in interest expenses in the income statement at an amount of €5,407 thousand (2018: €5,525 thousand).

The difference arising from the measurement of pension obligations pursuant to section 253 (6) HGB is €8,490 thousand (2018: €8,641 thousand) and cannot be distributed as a dividend.

In addition, a regular amount is added to the retirement benefit obligation and reported under personnel expenses. In 2019, this amount was €3,265 thousand (2018: €1,731 thousand).

## [7] Other provisions

The breakdown of other provisions is as follows:

€ thousand	31.12.2019	31.12.2018
Personnel	27,339	18,248
Outstanding invoices	3,428	3,205
Other	2,608	1,432
<b>Total other provisions</b>	<b>33,375</b>	<b>22,885</b>

The increase in personnel provisions was predominantly attributable to the remeasurement and subsequent addition to provisions for the KION performance share plan (PSP) and short-term incentives as at the reporting date. Further information on the KION performance share plan (PSP) can be found in notes [23] and [24].

**[8] Liabilities**

€ thousand	31.12.2019	31.12.2018
<b>Liabilities to banks</b>	<b>1,739,468</b>	<b>1,978,717</b>
due within one year	29,468	168,717
due in more than one year	1,710,000	1,810,000
<b>Trade payables</b>	<b>3,700</b>	<b>4,873</b>
due within one year	3,647	4,802
due in more than one year	53	71
<b>Liabilities to affiliated companies</b>	<b>1,981,040</b>	<b>1,690,949</b>
due within one year	1,981,040	1,690,949
due in more than one year	-	-
<b>Liabilities to other long-term investees and investors</b>	<b>60</b>	<b>60</b>
due within one year	60	60
due in more than one year	-	-
<b>Other liabilities</b>	<b>2,503</b>	<b>2,875</b>
due within one year	2,503	2,875
due in more than one year	-	-
<b>Total liabilities</b>	<b>3,726,771</b>	<b>3,677,473</b>

Liabilities to banks essentially comprise promissory notes and interest-bearing liabilities to banks. Of the total liabilities to banks, €327,500 thousand is due in more than five years (31 December 2018: €464,000 thousand).

In April 2019, KION GROUP AG issued a new variable-rate promissory note in a nominal amount of €120,500 thousand. In return, €20,500 thousand of the fixed-rate tranche of the promissory note from 2018 was repaid ahead of schedule. Promissory notes that mature at different times, and have variable-rate or fixed coupons, have been issued in a nominal amount totalling €1,310,000 thousand (2018: €1,210,000 thousand).

€ thousand	Term	Maturity	Notional amount	
			31.12.2019	31.12.2018
Promissory note	5 years	May 2022	746,000	746,000
Promissory note	7 years	April 2024	236,500	236,500
Promissory note	7 years	June 2025	179,500	200,000
Promissory note	7 years	April 2026	120,500	-
Promissory note	10 years	April 2027	27,500	27,500

KION GROUP AG has entered into a number of interest-rate derivatives in order to hedge the interest-rate risk resulting from the variable-rate tranches of the promissory notes (see also note [2]).

KION GROUP AG also has liabilities to banks arising from variable-rate loans of €400,000 thousand (31 December 2018: €600,000 thousand) that mature in October 2021. These include the liabilities under the acquisition facilities agreement (AFA), of which €400,000 thousand was repaid early in 2019 using cash received from operating activities, additional borrowing and the issuance of a new promissory note. As at 31 December 2019, the remaining liability under the AFA amounted to €200,000 thousand (31 December 2018: €600,000 thousand).

KION GROUP AG also has a multicurrency revolving credit facility of €1,150,000 thousand. It has a variable interest rate and, as it currently stands, can be drawn down until February 2023. As at 31 December 2019, the amount drawn down was €0 thousand (31 December 2018: €101,842 thousand). The drawdowns under the revolving credit facility are classified as short term.

The liabilities to banks and the promissory notes are not collateralised. KION GROUP AG has issued guarantees to the banks for all of the payment obligations under the revolving credit facility and it is the borrower in respect of all the payment obligations resulting from the promissory notes.

Liabilities to affiliated companies largely consisted of short-term loans from subsidiaries and liabilities in connection with cash pooling within the KION Group. All KION GROUP AG companies that participate in the cash pooling use the cash pool to make their liquidity available to each other.

Other liabilities include the liabilities under the commercial paper programme that KION GROUP AG launched with a total volume of €500,000 thousand in November 2019. The volume issued under this programme amounted to €0 thousand as at 31 December 2019 (31 December 2018: €0 thousand).

## Notes to the income statement

### [9] Revenue

Of the total revenue, most of it (€46,158 thousand; 2018: €29,393 thousand) arose from the performance of services for affiliated companies. These services comprise support and advice for the companies in various areas.

There was also revenue of €528 thousand (2018: €485 thousand) from reporting services rendered and €475 thousand (2018: €585 thousand) from services in connection with the KEEP employee equity programme, which KION GROUP AG launched for itself and various subsidiaries.

Revenue is broken down by region as follows:

€ thousand	2019	2018
Germany	35,489	23,750
Europe (excluding Germany)	9,001	4,977
China	1,980	1,006
Rest of world	691	730
<b>Total revenue</b>	<b>47,160</b>	<b>30,463</b>

### [10] Other operating income

Other operating income includes the following items:

€ thousand	2019	2018
Foreign currency exchange rate gains	25,901	26,844
Income from the reversal of provisions	1,603	5,224
Sundry operating income	918	1,395
<b>Total other operating income</b>	<b>28,422</b>	<b>33,463</b>

The foreign currency exchange rate gains resulted from the measurement of bank accounts and the cash pools in foreign currencies.

Other operating income included an amount of €581 thousand relating to services from 2018 (2018: €343 thousand).

### [11] Cost of materials for purchased services

The cost of materials for purchased services relates to the revenue generated. This cost comprises expenses that are linked directly to, and form an integral and significant part of, the performance of the services. These are largely expenses for advisory services.

## [12] Personnel expenses

Personnel expenses went up by €16,383 thousand to €53,887 thousand. This year-on-year increase was due to growth in the number of employees and annual salary rises. It was also attributable to larger additions to provisions for share-based remuneration and short-term incentives.

The Company employed 262 people as at 31 December 2019 (31 December 2018: 230). The breakdown of the average number of employees is as follows:

	2019	2018
Employees with individually agreed remuneration	179	155
Employees covered by collective pay agreements	70	62
<b>Total employees</b>	<b>249</b>	<b>217</b>

## [13] Other operating expenses

Other operating expenses include the following items:

€ thousand	2019	2018
Consultancy expenses	30,081	15,449
Foreign currency exchange rate losses	33,711	29,106
Ancillary personnel expenses	14,505	11,038
Expenses for other third-party services	14,224	10,800
Expenses for travel and events	4,369	4,280
Rental fees	2,792	2,803
Supervisory Board remuneration	1,421	1,611
Sundry operating expenses	6,682	5,078
<b>Total other operating expenses</b>	<b>107,786</b>	<b>80,165</b>

The foreign currency exchange rate losses resulted from the measurement of bank accounts and cash pools in foreign currencies.

Other operating expenses included an amount of €2,470 thousand relating to services from the 2018 accounting period (2018: €1,236 thousand).

## [14] Income from profit-transfer agreements and expenses from the transfer of losses

The income from profit-transfer agreements is attributable to the transfer of Linde Material Handling GmbH's profit of €332,099 thousand (2018: €343,393 thousand) and IoT Systems GmbH's profit of €91 thousand (2018: €55 thousand).

Expenses of €2,867 thousand (2018: €3,030 thousand) arose due to the obligation to transfer losses from KION Information Management Services GmbH; the expenses arising due to the obligation to



transfer losses from proplan Transport- und Lagersysteme GmbH came to €157 thousand (2018: €419 thousand).

### [15] Interest expense and similar charges

The breakdown of interest expense and similar charges is as follows:

€ thousand	2019	2018
Interest expenses from promissory notes	19,382	16,329
Interest paid to affiliated companies	11,822	9,850
Interest expenses from external loan liabilities	9,964	17,857
Unwinding of discount on provisions for pensions	5,407	5,573
Similar charges	4,079	4,167
Other interest expenses	2,238	1,122
<b>Total interest expense and similar charges</b>	<b>52,892</b>	<b>54,898</b>

The similar charges are the commitment fees for the liabilities to banks, the promissory note and the commercial paper programme, and the fees for unused loan facilities.

### [16] Income taxes

KION GROUP AG incurred tax expenses of €94,607 thousand as a result of its role as the parent company of the tax group in 2019 (2018: €55,493 thousand). The figure for 2018 had included a positive tax effect stemming from the offsetting of losses of corporations in an amount of €29,363 thousand in connection with an amendment to tax law (section 8c of the German Corporation Tax Act (KStG)).

## Other disclosures

### [17] Contingent liabilities

KION GROUP AG had contingent liabilities related to guarantees and indemnities for obligations of affiliated companies amounting to €3,455,787 thousand (31 December 2018: €2,725,103 thousand). Of the total amount, most of it (€2,552,954 thousand) resulted from leasing obligations.

The guarantees and indemnities given to affiliated companies stood at €791,533 thousand and those to banks and insurance companies at €2,664,254 thousand. The economic position of the affiliated companies in respect of which the contingent liabilities have been given is positive. The Executive Board therefore believes the probability of their being used is low.

For the period ended 31 December 2019, a number of UK subsidiaries exercised the exemption in section 479A of the UK Companies Act 2006, which releases them from the obligation to have their annual financial statements audited. KION GROUP AG is responsible for the liabilities that these companies had as at 31 December 2019; these liabilities (calculated in accordance with IFRS) amounted to €257,056 thousand (31 December 2018: €299,763 thousand).

### [18] Other financial commitments

The other financial commitments relate to obligations under long-term leases, most of which were entered into in connection with administrative buildings, office space and vehicles.

€ thousand	2019	2018
<b>Obligations under long-term leases</b>	<b>22,576</b>	<b>22,930</b>
due within one year	2,806	2,586
due in one to five years	9,922	8,972
due in more than five years	9,848	11,373

### [19] Derivative financial instruments and hedge accounting

KION GROUP AG is exposed to currency risk and interest-rate risk as a result of its business activities. It predominantly uses derivatives to hedge these risks.

In accordance with Corporate Treasury guidelines, the KION Group hedges currency risk both locally at company level and centrally via KION GROUP AG using prescribed hedging ratios. The main hedging instruments employed are foreign-currency forwards, provided that there are no country-specific restrictions on their use. In addition, foreign-currency forwards are employed to hedge the currency risks arising in the course of internal financing. Interest-rate risk within the KION Group is managed centrally and hedged using interest-rate swaps.

The notional amount of the derivatives entered into with external counterparties was €1,894,986 thousand as at 31 December 2019 (31 December 2018: €1,751,277 thousand). Offsetting derivatives with a notional amount of €514,937 thousand were entered into with Group companies (31 December 2018: €753,776 thousand). In total, there were therefore derivative transactions with a notional amount of €2,409,923 thousand (31 December 2018: €2,505,053 thousand). This included those transactions forming part of hedges. The table below shows the breakdown of derivatives:

€ thousand	Fair value		Notional amount	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Foreign-currency forwards</b>				
Positive fair values	18,780	10,284	886,863	736,251
Negative fair values	-14,765	-9,751	503,561	728,802
<b>Interest-rate swaps</b>				
Positive fair values	3,574	1,624	169,500	850,000
Negative fair values	-10,821	-7,862	850,000	190,000
	<b>-3,233</b>	<b>-5,706</b>	<b>2,409,923</b>	<b>2,505,053</b>

The fair values (market values) of derivative financial instruments are calculated using standard market-based valuation methods and the market data available at the measurement date. The fair values of currency derivatives are computed by using a risk-free interest rate to discount the difference between the contracted forward rate and the current forward rate over the derivatives' residual term. The fair values of interest-rate swaps are calculated by using standard market-based interest rates to discount the expected future cash flows over the residual term of the instruments.

Cash flow risk and the risk of a change in fair value attaching to existing and planned transactions are hedged using derivatives, thereby forming hedges. The underlying transactions and hedges are subject to similar risks, and their amounts and maturities are matched in order to ensure that the hedges remain highly effective. KION GROUP AG conducts retrospective and prospective assessments of effectiveness by comparing all the factors that affect the fair values of underlying transactions and their corresponding hedging transactions (critical-terms-match method). Provisions for expected losses were recognised in an amount of €1,096 thousand for negative ineffective portions (31 December 2018: €0 thousand).

The following table shows the hedged risk, i.e. the accounting impact that would have arisen without hedging:

€ thousand	Nature of risk	Hedging relationship	Amount of underlying transaction	Amount of hedged risk
<b>Hedging of currency risk using currency forwards</b>				
- Currency forwards transferred to Group companies	Currency risk	Micro-hedge	424,937	7,638
- Intercompany loans in foreign currency	Currency risk	Micro-hedge	288,789	-1,857
<b>Hedging of interest-rate risk using interest-rate swaps</b>				
- Promissory notes	Interest-rate risk	Micro-hedge	839,500	7,248
- Interest-rate swaps transferred to Group companies	Interest-rate risk	Micro-hedge	90,000	1,164

The currency forwards and interest-rate swaps entered into by KION GROUP AG to hedge the Group companies' risks are usually transferred to the subsidiaries using corresponding internal transactions. The effects of the underlying and hedging transactions cancel each other out at maturity.

Currency forwards have also been entered into in order to hedge currency risk arising on intercompany loans. The maturities of the hedging transactions match those of the underlying transactions and are usually less than a year. A long-term loan denominated in US dollars is hedged using rolling three-month hedges that are entered into throughout the term of the loan. The hedges are partially settled at intervals in order to ensure that the maturities of the underlying transactions match those of the corresponding hedging transactions.

KION GROUP AG has issued variable-rate and fixed-rate promissory notes as part of its financing (see also note [8]). It has hedged the interest-rate risk arising on the variable-rate tranches of the promissory note by entering into a number of interest-rate swaps, thereby transforming the variable interest-rate exposure into fixed-rate obligations. In 2019, the weighted, hedged and risk-free fixed interest rate remained unchanged year on year at 0.5 per cent. Moreover, the risk of a change in the fair value of the fixed-rate tranche of the promissory note that was issued in 2018 is hedged using an interest-rate swap, thereby creating a Euribor-based variable-rate obligation. The interest-rate swaps reflect the maturity profile of the hedged tranches of the promissory note and will mature between 2022 and 2025.

The derivatives that are not included in hedging relationships related to the hedging of recognised foreign-currency positions and highly probable future transactions. Provisions for expected losses were recognised in an amount of €112 thousand for the negative fair values of the currency forwards entered into for this purpose (31 December 2018: €0 thousand).

## [20] Members of the Executive Board and Supervisory Board

### Executive Board members

#### **Gordon Riske**

Chief Executive Officer (CEO) (since 14 March 2008)

Chairman of the Board of Directors of Linde (China) Forklift Truck Co., Ltd., Xiamen, People's Republic of China

Non-Executive Director of Weichai Power Co., Ltd., Weifang, People's Republic of China

Member of the Executive Board of the non-profit Hertie Foundation, Frankfurt am Main

#### **Dr Eike Böhm**

Member of the Executive Board / CTO (since 1 August 2015)

Member of the Advisory Board of JULI Motorenwerk s.r.o., Moravany, Czech Republic (until 12 September 2019)

Member of the Board of Directors of Linde (China) Forklift Truck Co., Ltd., Xiamen, People's Republic of China

Member of the Supervisory Board of e.GO Mobile AG, Aachen

#### **Anke Groth**

Member of the Executive Board / CFO (since 1 June 2018)

#### **Ching Pong Quek**

Member of the Executive Board / Chief Asia Pacific Officer (since 11 January 2013)

Chairman of the Board of Directors of KION South Asia Pte Ltd., Singapore, Singapore

Chairman of the Board of Directors of KION Asia Ltd., Hong Kong, People's Republic of China

Chairman of the Board of Directors of KION Baoli Forklift Co., Ltd., Jiangsu, People's Republic of China

Chairman of the Board of Directors of KION India Pvt. Ltd., Pune, India

Chairman of the Board of Directors of Linde Material Handling Asia Pacific Pte. Ltd., Singapore, Singapore

Chairman of the Board of Directors of Linde Material Handling Hong Kong Ltd., Hong Kong, People's Republic of China

Chairman of the Board of Directors of Linde Material Handling (Malaysia) Sdn. Bhd., Petaling Jaya, Malaysia

Chairman of the Board of Directors of Linde Material Handling (Thailand) Co., Ltd., Pathum Thani, Thailand

Member of the Board of Directors of Linde Material Handling Pty. Ltd., Huntingwood, Australia

Member of the Board of Directors of Lansing Bagnall (Aust.) Pty. Ltd., Huntingwood, Australia

Member of the Advisory Board of Fujian JULI Motor Co., Ltd., Putian, People's Republic of China

Chairman of the APAC Advisory Board of Euro Asia Consulting Co., Ltd., Shanghai, People's Republic of China

Member of the Board of Directors of Zhejiang EP Equipment Co., Ltd., Hangzhou, People's Republic of China (since 11 July 2019)

#### **Susanna Schneeberger**

Member of the Executive Board / CDO (from 1 October 2018 to 12 January 2020)

Member of the Supervisory Board of Concentric AB, Linköping, Sweden

Member of the Supervisory Board of Hempel A/S, Kongens Lyngby, Denmark

## Supervisory Board members

**Dr Michael Macht** (since 9 October 2018)  
Chairman of the Supervisory Board (since 9 May 2019)

Shareholder and member of the Supervisory Board of Endurance Capital Aktiengesellschaft, Munich  
Member of the Supervisory Board of Ferretti S.p.A., Cattolica, Italy  
Member of the Supervisory Board of Linde & Wiemann SE & Co. KG, Dillenburg  
Chairman of the Advisory Board of Schweizer Group GmbH & Co. KG, Hattenhofen  
Non-Executive Director of Weichai Power Co., Ltd., Weifang, People's Republic of China

**Dr John Feldmann** (from 28 September 2011 to 9 May 2019)  
Chairman of the Supervisory Board

Former member of the Board of Executive Directors of BASF SE, Ludwigshafen  
Member of the Supervisory Board of HORNBACH Baumarkt AG, Bornheim  
Chairman of the Supervisory Board of HORNBACH Holding AG & Co. KGaA, Neustadt an der Weinstrasse  
Member of the Supervisory Board of HORNBACH Management AG, Annweiler am Trifels

**Özcan Pancarci**<sup>1</sup> (since 12 June 2013)  
Deputy Chairman of the Supervisory Board

Chairman of the Plants I and II Works Council, Linde Material Handling GmbH, Aschaffenburg  
Chairman of the Group Works Council of the KION Group  
Deputy Chairman of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg

**Birgit A. Behrendt** (since 1 January 2015)  
Vice President of Joint Ventures, Alliances and Commercial Affairs at Ford of Europe GmbH, Cologne  
Corporate Officer of the Ford Motor Company, Dearborn (Michigan), USA (until 31 March 2019)  
Member of the Executive Board of Ford of Europe GmbH, Cologne (until 31 March 2019)  
Member of the Supervisory Board of Ford Werke GmbH, Cologne  
Member of the Supervisory Board of Ford Deutschland Holding GmbH, Cologne  
Member of the Board of Directors of Ford Sollers Holding LLC, Chelny, Russia (until 31 March 2019)  
Member of the Audit Committee of Ford Sollers Holding LLC, Chelny, Russia (until 31 March 2019)  
Member of the Board of Directors of Ford Otosan (Ford Otomotiv Sanayi A.S.), Istanbul, Turkey (until 31 May 2019)  
Member of the Advisory Board of Getrag Ford Transmission GmbH, Cologne (until 31 March 2019)

**Stefan Casper**<sup>1</sup> (since 11 May 2017)  
Chairman of the Works Council of KION Warehouse Systems GmbH, Reutlingen

**Dr Alexander Dibelius** (since 12 March 2007)  
Managing Partner at CVC Capital Partners (Deutschland) GmbH, Frankfurt am Main  
Deputy Chairman of the Board of Directors of Breitling S.A., Grenchen, Switzerland  
Member of the Board of Directors of CVC Capital Partners (Luxembourg) SARL, Luxembourg  
Chairman of the Supervisory Board of Diebold Nixdorf AG, Paderborn  
Chairman of the Supervisory Board of Diebold Nixdorf International GmbH, Paderborn  
Member of the Board of Directors of Diebold Nixdorf Inc., Ohio, USA  
Member of the Supervisory Board of DKV MOBILITY SERVICES HOLDING GmbH & Co. KG, Ratingen (since 1 July 2019)  
Member of the Supervisory Board of Douglas GmbH, Düsseldorf  
Member of the Supervisory Board of Douglas Holding AG, Düsseldorf  
Member of the Supervisory Board of IronSource Mobile Ltd., Tel Aviv, Israel (since 1 November 2019)  
Member of the Supervisory Board of Kirk Beauty Investments SA, Luxembourg  
Member of the Advisory Board of Messer Industries Europe GmbH, Bad Soden

Member of the Advisory Board of Messer Industries US Inc., Bridgewater (New Jersey), USA  
Member of the Shareholders' Committee of Tipico Group Ltd., Malta

**Martin Fahrendorf**<sup>1</sup> (since 10 May 2018)

Chairman of the Works Council of Dematic GmbH and Dematic Services GmbH, Heusenstamm

**Jiang Kui** (since 27 December 2012)

President of Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China  
Chairman of the Board of Directors of Dezhou Degong Machinery Co., Ltd., Dezhou, People's Republic of China (since 30 November 2019)  
Chairman of the Board of Directors of Shandong Degong Machinery Co., Ltd., Dezhou, People's Republic of China  
Member of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy  
Member of the Board of Directors of Ferretti S.p.A., Cattolica, Italy  
Member of the Executive Board of Hydraulics Drive Technology Beteiligungs GmbH, Aschaffenburg  
Member of the Supervisory Board of Linde Hydraulics Verwaltungs GmbH, Aschaffenburg  
Member of the Board of Directors of PSI, Delaware, USA  
Member of the Board of Directors of Shantui Construction Machinery Co., Ltd. Jining, People's Republic of China  
Member of the Board of Directors of Sinotruk (BVI) Limited, British Virgin Islands  
Member of the Board of Directors of Sinotruk (Hong Kong) Limited, Hong Kong, People's Republic of China  
Member of the Board of Directors of Sinotruk Jinan Power Co., Ltd, Jinan, People's Republic of China  
Member of the Board of Directors of Ballard Power Systems Inc., Burnaby, Canada  
Chairman of the Board of Directors of Weichai Ballard Hy-Energy Technologies Co., Ltd., Weifang, People's Republic of China  
Non-Executive Director of Weichai Power Co., Ltd., Weifang, People's Republic of China

**Olaf Kunz**<sup>1</sup> (since 1 September 2014)

Head of Collective Bargaining at IG Metall District Office for the Coast, Hamburg  
Member of the Supervisory Board of STILL GmbH, Hamburg

**Jörg Milla**<sup>1</sup> (since 16 November 2015)

Chairman of the Works Council of STILL GmbH, Hamburg  
Deputy Chairman of the Supervisory Board of STILL GmbH, Hamburg

**Dr Christina Reuter** (since 12 May 2016)

Head of Central Manufacturing Engineering & Operational Excellence for Space Equipment Operations at Airbus Defence and Space GmbH, Taufkirchen

**Hans Peter Ring** (since 9 June 2013)

Member of the Supervisory Board of Airbus Defence and Space GmbH, Taufkirchen  
Member of the Supervisory Board of Fokker Technologies Holding B.V., Papendrecht, Netherlands

**Alexandra Schädler**<sup>1</sup> (since 2 October 2013)

Trade Union Secretary on the National Executive of IG Metall, Frankfurt am Main  
Member of the Supervisory Board of Linde Material Handling GmbH, Aschaffenburg  
Member of the Supervisory Board of Opel Automobile GmbH, Rüsselsheim

**Dr Frank Schepp**<sup>2</sup> (since 11 May 2017)

Vice President of Quality at KION GROUP AG, Frankfurt am Main (based in Aschaffenburg)

**Tan Xuguang** (since 9 May 2019)

Chairman of the Board of Directors and President of Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China  
Chairman of the Board of Directors of China National Heavy Duty Truck Group Co., Ltd., Jinan,



People's Republic of China

Chairman of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy

Chairman of the Board of Directors of Ferretti S.p.A., Cattolica, Italy

Chairman of the Board of Directors of Weichai Holding Group Co., Ltd., Weifang, People's Republic of China

Chairman of the Board of Directors and Chief Executive Officer of Weichai Power Co., Ltd., Weifang, People's Republic of China

**Claudia Wenzel**<sup>1</sup> (since 1 November 2016)

Full-time works council member, HQ and plant 2 at Linde Material Handling GmbH, Aschaffenburg

**Xu Ping** (since 1 January 2015)

Partner and member of the Management Committee at King & Wood Mallesons, Beijing, People's Republic of China

Member of the Board of Directors of Ferretti International Holding S.p.A., Milan, Italy

<sup>1</sup> Employee representatives.

<sup>2</sup> Executive representatives.

## [21] Executive Board and Supervisory Board remuneration

The total remuneration for the members of the Executive Board pursuant to section 285 no. 9a HGB came to €13,759 thousand in 2019 (2018: €12,020 thousand). This consisted of short-term remuneration amounting to €8,088 thousand (2018: €6,539 thousand) and share-based payments of €5,671 thousand (2018: €5,481 thousand). In addition, agreement was reached with a member of the Executive Board about stepping down from this post, in connection with which benefits of €4,771 thousand were paid (2018: €0 thousand). As at 31 December 2019, no loans or advances had been extended to members of the Executive Board.

The fair value of the share-based payments at their individual grant dates amounted to €5,671 thousand (2018: €5,481 thousand).

The total remuneration paid to the members of the Supervisory Board for the year under review (excluding VAT) totalled €1,551 thousand (2018: €1,455 thousand).

There are pension provisions of €10,255 thousand for former members of the Executive Board of KION GROUP AG and its legal predecessors (31 December 2018: €9,527 thousand). The payments made in 2019 totalled €262 thousand (2018: €258 thousand).

Disclosures regarding the remuneration paid to individual members of the Executive Board and the Supervisory Board can be found in the remuneration report, which forms part of the combined management report of KION GROUP AG.

## [22] KEEP employee equity programme

On 20 September 2019, the Executive Board of KION GROUP AG decided to launch a further share option programme for employees (KEEP 2019). The period during which eligible employees could take up this offer by making a declaration of acceptance ran from 2 to 25 October 2019. To be eligible to participate in KEEP 2019, employees needed, at the start of the offer phase, to have had a permanent, uninterrupted employment contract with a participating KION Group company for at least one year. Currently, KION GROUP AG plus 19 German (2018: 19) and 60 foreign (2018: 62) subsidiaries are eligible to take part in KEEP. Each year, the Executive Board of KION GROUP AG decides whether



there will be an offer made under the employee share option programme that year and which companies will participate.

KEEP is a share matching plan. Participating employees acquire KION shares for their own investment purposes. Each set of three KION shares represents a share package. Once the three-year holding period has expired, employees are entitled to one free matching share (bonus share) for each share package. However, KION GROUP AG has the right to satisfy each programme participant's entitlement by paying a cash settlement instead of granting a bonus share. For employees taking part for the first time, the KION Group offers a special incentive in the form of starter packages. Under KEEP 2019, the KION Group will bear the cost of one KION share (free share) in each of the first seven share packages that an employee takes up.

The right to obtain a bonus share lapses if participants sell their own investment in KION shares or cease to work for the KION Group.

The change in the number of bonus shares granted was as follows:

	2019	2018
<b>Balance as at 1 Jan</b>	<b>43,655</b>	<b>50,166</b>
Granted bonus shares	24,794	17,455
Exercised bonus shares	-14,136	-22,580
Forfeited bonus shares	-537	-1,386
<b>Balance as at 31 Dec</b>	<b>53,776</b>	<b>43,655</b>

In 2019, 3,785 free shares were issued to employees as part of their starter packages (2018: 4,225 free shares).

The free shares to be issued are measured at their fair value on the day on which employees obtain the right to acquire shares as their own investment. The fair value on the grant date is determined on the basis of Monte Carlo simulation.

The following measurement parameters were used:

	KEEP 2019	KEEP 2018	KEEP 2017
Expected dividend	€1.30	€0.99	€0.88
Value of a KION share as at the grant date	€58.82	€44.59	€64.62

For KEEP 2019, the fair value of a bonus share was €55.16 (KEEP 2018: €42.03; KEEP 2017: €62.02). The fair value of the bonus shares to be granted is recognised as an expense and paid into capital reserves over the three-year holding period. The holding period for KEEP 2016 ended on 5 October 2019 and the bonus shares were issued to the eligible employees at no cost.

In 2019, an expense of €45 thousand was recognised for free shares and bonus shares in connection with the employee equity programme (2018: €30 thousand).

### [23] KION performance share plan (PSP) for managers

The 2019 tranche of the long-term, variable remuneration component for the managers in the KION Group (LTI 2019) was granted with effect from 1 January 2019 and has a term of three years. The remuneration component measured over the long term is based in equal parts on the total shareholder return (TSR) of KION GROUP AG shares compared with the performance of the MDAX index as a measure of market performance, and with return on capital employed (ROCE) as an internal measure. It also depends on the performance of KION GROUP AG shares during the relevant period.

The performance period for the 2019 tranche ends on 31 December 2021 (2018 tranche: 31 December 2020). The 2017 tranche expired on 31 December 2019 and will be paid out in the first quarter of 2020.

At the beginning of the performance period on 1 January 2019 (2018 tranche: 1 January 2018; 2017 tranche: 1 January 2017), the managers were allocated a total of 56,460 phantom shares for this tranche (2018 tranche: 39,007 phantom shares; 2017 tranche: 49,947 phantom shares). The allocation was based on a particular percentage of each manager's individual gross annual remuneration at the time of grant. At the end of the performance period, the number of the phantom shares is amended depending on the degree to which the relevant targets are achieved. The resulting final number of phantom shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. The KION Group has the right to adjust the amount payable at the end of the performance period in the event of exceptional occurrences or developments. The maximum amount payable is limited to 200.0 per cent of the value of the shares allotted to an individual at the grant date.

The pro-rata expense calculation based on the fair value of the phantom shares on each valuation date is carried out using Monte Carlo simulation.

The measurement parameters shown in the following table were used to value the phantom shares on the reporting date:

	<b>2019 tranche</b>	<b>2018 tranche</b>
Expected volatility of KION shares	35.00%	35.00%
Expected volatility of the MDAX index	15.00%	15.00%
Risk-free interest rate	-0.65%	-0.71%
Expected dividend	€1.30	€1.30
Value of a KION share as at the valuation date	€61.74	€61.74
Value of the MDAX index as at the valuation date	€28,440.98	€28,440.98
Starting price of KION shares (60-day average)	€48.68	€69.85
Starting value of the MDAX index (60-day average)	€23,511.95	€26,396.86

Taking account of the remaining term of two years (2019 tranche) and one year (2018 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. As at 31 December 2019, the fair value of one phantom share was €40.99 for the 2018 tranche (31 December 2018: €28.74) and €50.27 for the 2019 tranche. On that date, the total fair value based on 32,592 phantom shares was €1,336 thousand (2018 tranche; 31 December 2018: €1,001 thousand) and €2,717 thousand (54,043 phantom shares for the 2019 tranche). The amount of €932 thousand that is expected to be paid out for the 2017 tranche (2018: €972 thousand for the 2016 tranche) is calculated on the basis of a preliminary total target achievement rate. In March 2019, a payment from the 2016 tranche was made on the basis of the achievement of the long-term targets that were defined in 2016 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration was €2,728 thousand as at 31 December 2019 (31 December 2018: €1,976 thousand). Of this amount, €932 thousand related to the 2017 tranche (31 December 2018: €670 thousand), €891 thousand to the 2018 tranche (31 December 2018: €334 thousand) and €906 thousand to the 2019 tranche. In 2018, there had also been an amount of €972 thousand relating to the 2016 tranche. In 2019, a pro-rata expense for twelve months of €262 thousand in respect of the 2017 tranche (2018: income of €246 thousand), a pro-rata expense for twelve months of €544 thousand for the 2018 tranche (2018: expense of €330 thousand) and a pro-rata expense for twelve months of €889 thousand for the 2019 tranche were recognised. Furthermore, income of €928 thousand for the 2016 tranche had been recognised in 2018.

#### **[24] 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. The remuneration component measured over the long term is based in equal parts on the total shareholder return (TSR) of KION GROUP AG shares compared with the performance of the MDAX index as a measure of market performance, and with return on capital employed (ROCE) as an internal measure. It also depends on the performance of KION GROUP AG shares during the relevant period.

The performance period for the 2019 tranche ends on 31 December 2021 (2018 tranche: 31 December 2020). The 2017 tranche expired on 31 December 2019 and will be paid out in the first quarter of 2020. At the beginning of the performance period on 1 January 2019 (2018 tranche: 1 January 2018; 2017 tranche: 1 January 2017), the Executive Board members were allocated a total of 111,544 phantom shares for this tranche (2018 tranche: 72,170 phantom shares; 2017 tranche: 63,695 phantom shares) 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.

At the end of the performance period, the number of the phantom shares is amended depending on the degree to which the relevant targets are achieved. The resulting final number of phantom shares multiplied by the smoothed price of KION GROUP AG shares at the end of the performance period determines the amount of cash actually paid. The Supervisory Board can also use a discretionary personal performance multiplier to adjust the final payment at the end of the performance period by + / - 30.0 per cent. The maximum amount payable is limited to 200.0 per cent of the value of the shares allotted to an individual at the grant date.

The measurement parameters shown in the following table were used to value the phantom shares on the reporting date:

	<b>2019 tranche</b>	<b>2018 tranche</b>
Expected volatility of KION shares	35.00%	35.00%
Expected volatility of the MDAX index	15.00%	15.00%
Risk-free interest rate	-0.65%	-0.71%
Expected dividend	€1.30	€1.30
Value of a KION share as at the valuation date	€61.74	€61.74
Value of the MDAX index as at the valuation date	€28,440.98	€28,440.98
Starting price of KION shares (60-day average)	€48.68	€69.85
Starting value of the MDAX index (60-day average)	€23,511.95	€26,396.86

Taking account of the remaining term of two years (2019 tranche) and one year (2018 tranche), the historic volatility of KION shares was used to determine the volatility on which the valuation is based. As at 31 December 2019, the fair value of one phantom share was €40.99 for the 2018 tranche (31 December 2018: €28.74) and €50.27 for the 2019 tranche. On that date, the total fair value based on 72,170 phantom shares was €2,958 thousand (2018 tranche; 31 December 2018: €1,736 thousand) and €5,607 thousand (2019 tranche based on 111,544 phantom shares). The amount of €1,817 thousand that is expected to be paid out for the 2017 tranche (2018: €2,098 thousand for the 2016 tranche) is calculated on the basis of a preliminary total target achievement rate. In March 2019, a payment from the 2016 tranche was made on the basis of the achievement of the long-term targets that were defined in 2016 at the start of the performance period.

The total carrying amount for liabilities in connection with share-based remuneration was €5,759 thousand as at 31 December 2019 (31 December 2018: €4,048 thousand). Of this amount, €1,817 thousand related to the 2017 tranche (31 December 2018: €1,306 thousand), €1,990 thousand to the 2018 tranche (31 December 2018: €645 thousand) and €1,952 thousand to the 2019 tranche. In 2018, there had also been an amount of €2,098 thousand relating to the 2016 tranche. In 2019, a pro-rata expense for twelve months of €511 thousand in respect of the 2017 tranche (2018: income of €273 thousand), a pro-rata expense for twelve months of €1,345 thousand for the 2018 tranche (2018: expense of €645 thousand) and a pro-rata expense for twelve months of €1,952 thousand for the 2019 tranche were recognised. Furthermore, income of €1,868 thousand for the 2016 tranche had been recognised in 2018.

## **[25] Membership of a corporate group**

KION GROUP AG, Frankfurt am Main, prepares consolidated financial statements that are published in the German Federal Gazette.

Shandong Heavy Industry Group Co., Ltd., Jinan, People's Republic of China, is the company that prepares the global consolidated financial statements for the largest number of affiliated companies. These consolidated financial statements are not publicly available.

Weichai Power Co., Ltd., Weifang, People's Republic of China, is the company that prepares the global consolidated financial statements for the smallest number of affiliated companies. These are available in English on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the company ([www.weichai.com](http://www.weichai.com)).

## **[26] Total fees paid to the auditors**

The total fees paid to the auditors engaged by the Company are not disclosed pursuant to section 285 no. 17 HGB because they are disclosed in the consolidated financial statements of KION GROUP AG, Frankfurt am Main.

The fees recognised as an expense and paid to the auditors of the consolidated financial statements in 2019 amounted to €2.2 million (2018: €2.3 million) for the audit of the financial statements, €0.1 million (2018: €0.1 million) for other advisory services, €0.0 million (2018: €0.0 million) for tax consultancy services and €0.0 million (2018: €0.0 million) for other services.

## **[27] Events after the reporting date**

Since the start of the year, KION GROUP AG and BMZ Holding GmbH have been operating the joint venture KION Battery Systems GmbH with the aim of developing and manufacturing lithium-ion batteries. A capital contribution of €1,000 thousand was made and a shareholder loan of €5,000 thousand was granted in connection with the start of the joint activities.

In January 2020, KION GROUP AG repaid the remaining liability of €200,000 thousand under the acquisition facilities agreement (AFA) earlier than planned.

## **[28] Affiliated companies and equity investments**

Pursuant to section 285 no. 11 HGB, shareholdings are disclosed in the list of shareholdings attached to these notes.

## **[29] Declaration of conformity regarding the German Corporate Governance Code (DCGK)**

In December 2019, the Executive Board and Supervisory Board of KION GROUP AG submitted their declaration of conformity for 2019 relating to the recommendations of the German Corporate Governance Code government commission pursuant to section 161 AktG.

The declaration of conformity has been made permanently available to shareholders on the website of KION GROUP AG at [https://www.kiongroup.com/en/About-us/Management/#text\\_picture\\_corporate\\_governance](https://www.kiongroup.com/en/About-us/Management/#text_picture_corporate_governance).

### [30] Notifications of voting rights pursuant to section 33 (1) WpHG

Section 160 (1) no. 8 AktG requires disclosures to be made about the existence of equity investments of which the Company has been notified pursuant to section 33 (1) or (1a) of the German Securities Trading Act (WpHG).

The following table shows the notifiable equity investments of which the Company had been notified by 21 February 2020. The disclosures are taken from the notifications that the Company has received.

All notifications about equity investments published by the Company in the reporting year and up to 21 February 2020 are available on the website of KION GROUP AG at <https://www.kiongroup.com/en/Investor-Relations/Financial-News/>. Please note that the disclosures about the percentages and voting rights relating to equity investments may no longer be up to date.

#### Notifications of voting rights received in 2019/2020

	Details of the party subject to the notification requirement	Reason for notification	Names of shareholders with 3 per cent or more of the voting rights (if different to the party subject to the notification requirement)	Date on which threshold was crossed	Voting share according to previous notification	New voting share; whether shareholding is higher or lower	Total number of voting rights of issuer	Of which held directly pursuant to section 33 WpHG (voting share and voting rights)	Of which attributable pursuant to section 34 WpHG (voting share and voting rights)	Complete chain of subsidiaries, starting with the highest-level controlling company (and details of voting rights (%), if disclosed)
1	Allianz Global Investors GmbH	Purchase/sale of shares with voting rights	—	18 April 2019	3.002%	2.95%; lower	118,090,000	—	2.95% (3,481,759 voting rights)	FN 1
2	DWS Investment GmbH	Purchase/sale of shares with voting rights	—	4 September 2019	2.77%	3.33%; higher	118,090,000	—	3.33% (3,933,569 voting rights)	—

3	BlackRock, Inc.	Purchase/sale of shares with voting rights; other reason: voluntary group notification with crossing of threshold only at subsidiary level	—	9 January 2020	3.01%	3.15%; higher	118,090,000	—	3.15% (3,719,892 voting rights)	FN 2
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FN 1	Allianz SE; Allianz Asset Management AG; Allianz Global Investors GmbH
FN 2	<p>BlackRock, Inc. (n/a); Trident Merger, LLC (n/a); BlackRock Investment Management, LLC (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock Capital Holdings, Inc. (n/a); BlackRock Advisors, LLC (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock (Singapore) Holdco Pte. Ltd. (n/a); Blackrock (Singapore) Limited (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock Holdco 4, LLC (n/a); BlackRock Holdco 6, LLC (n/a); BlackRock Delaware Holdings Inc. (n/a); Blackrock Fund Advisor (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock Holdco 4, LLC (n/a); BlackRock Holdco 6, LLC (n/a); BlackRock Delaware Holdings Inc. (n/a); BlackRock Institutional Trust Company, National Association (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Australia Holdco Pty. Ltd. (n/a); BlackRock Investment Management (Australia) Limited (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock (Singapore) Holdco Pte. Ltd. (n/a); BlackRock HK Holdco Limited (n/a); BlackRock Asset Management North Asia Limited (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Canada Holdings LP (n/a); BlackRock Canada Holdings ULC (n/a); BlackRock Asset Management Canada Limited (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock (Singapore) Holdco Pte. Ltd. (n/a); BlackRock HK Holdco Limited (n/a); BlackRock Lux Finco S.à.r.l. (n/a); BlackRock Japan Holdings GK (n/a); BlackRock Japan Co., Ltd. (n/a) ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock International Limited (n/a)</p>



<p>***                  BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock (Netherlands) B.V. (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Advisors (UK) Limited                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Luxembourg Holdco S.à.r.l. (n/a); BlackRock (Luxembourg) S.A. (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock International Limited (n/a); BlackRock Life Limited (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Investment Management (UK) Limited (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Luxembourg Holdco S.à.r.l. (n/a); BlackRock Investment Management Ireland Holdings Limited (n/a); BlackRock Asset Management Ireland Limited (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Luxembourg Holdco S.à.r.l. (n/a); BlackRock UK Holdco Limited (n/a); BlackRock Asset Management Schweiz AG (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Investment Management (UK) Limited (n/a); BlackRock Fund Managers Limited (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Investment Management (UK) Limited (n/a); BlackRock Asset Management Deutschland AG (n/a)                  ***</p> <p>BlackRock, Inc. (n/a); BlackRock Holdco 2, Inc. (n/a); BlackRock Financial Management, Inc. (n/a); BlackRock International Holdings, Inc. (n/a); BR Jersey International Holdings L.P. (n/a); BlackRock Holdco 3, LLC (n/a); BlackRock Cayman 1 LP (n/a); BlackRock Cayman West Bay Finco Limited (n/a); BlackRock Cayman West Bay IV Limited (n/a); BlackRock Group Limited (n/a); BlackRock Finance Europe Limited (n/a); BlackRock Investment Management (UK) Limited (n/a); BlackRock Asset Management Deutschland AG (n/a); iShares (DE) I Investmentaktiengesellschaft mit Teilgesellschaftsvermögen (n/a)</p>
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In addition to the aforementioned notifications, we have received other notifications in previous years in accordance with section 21 (1) and (1a) WpHG old and section 133 (1) and (1a) WpHG new, in respect of which we did not receive new notifications up to the reporting date.

### Notifications of voting rights received in 2015/2016

	Party subject to notification requirement	Date on which shareholding reached, exceeded or fell below the threshold	Notification threshold; whether shareholding was higher or lower	Share and number of voting rights	Of which attributable pursuant to section 22 (1) sentence 1 no. 1 WpHG old	Of which attributable pursuant to section 22 (1) sentence 1 no. 6 WpHG old (if applic. in conjunction with sentence 2)	Of which attributable pursuant to section 22 (2) WpHG old
1	Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	–	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
2	Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
3	Weichai Power Co., Ltd., Weifang, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
4	Weichai Group Holdings Limited, Weifang, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
5	Shandong Heavy Industry Group Co., Ltd., Jinan, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.
6	People's Republic of China, acting through the State-owned Assets Supervision and Administration Commission (SASAC) of Shandong People's Government of the People's Republic of China, Jinan, Shandong Province, People's Republic of China	16 February 2015	50%; lower	47.23% (46,712,186 voting rights)	33.30% (32,933,700 voting rights) via individual or all of the controlled entities in FN 1	–	13.93% (13,778,486 voting rights) held by Superlift Holding S.à r.l.

FN 1	Shandong Heavy Industry Group Co., Ltd., Jinan, Shandong Province, People's Republic of China; Weichai Group Holdings Limited, Weifang, Shandong Province, People's Republic of China; Weichai Power Co., Ltd., Weifang, Shandong Province, People's Republic of China; Weichai Power Hong Kong International Development Co., Ltd., Hong Kong, People's Republic of China; Weichai Power (Luxembourg) Holding S.à r.l., Luxembourg, Grand Duchy of Luxembourg
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**[31] Proposal for the appropriation of profit**

The Supervisory Board and the Executive Board propose to the Annual General Meeting to be held on 12 May 2020 that an amount of €153,357 thousand be appropriated from the distributable profit of KION GROUP AG for the 2019 financial year of €153,522 thousand for the payment of a dividend of €1.30 per dividend-bearing share. It is also proposed that €166 thousand be carried forward to the next accounting period.

Frankfurt am Main, 21 February 2020

The Executive Board



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Gordon Riske



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Anke Groth



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Dr Eike Böhm



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Ching Pong Quek

**Statement of changes in non-current assets for 2019 (annex to the notes to the financial statements)**

€ thousand	Gross carrying amount				Balance as at 31.12.2019
	Balance as at 01.01.2019	Additions	Disposals	Reclassifications	
<b>Intangible assets</b>					
Purchased industrial and similar rights and assets, and licences in such rights and assets	2	0	0	0	2
<b>Total intangible assets</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
<b>Property, plant and equipment</b>					
Land, land rights and buildings, including buildings on third-party land	1,309	22	0	0	1,330
Office furniture and equipment	2,877	37	20	13	2,907
Advances paid and assets under construction	13	0	0	-13	0
<b>Total property, plant and equipment</b>	<b>4,199</b>	<b>59</b>	<b>20</b>	<b>0</b>	<b>4,237</b>
<b>Financial assets</b>					
Investments in affiliated companies	4,231,227	0	0	0	4,231,227
<b>Total financial assets</b>	<b>4,231,227</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,231,227</b>
<b>Total non-current assets</b>	<b>4,235,427</b>	<b>59</b>	<b>20</b>	<b>0</b>	<b>4,235,466</b>

€ thousand	Accumulated amortisation				Carrying amount	
	Balance as at 01.01.2019	Additions	Disposals	Reclassifications	Balance as at 31.12.2019	Balance as at 31.12.2018
<b>Intangible assets</b>						
Purchased industrial and similar rights and assets, and licences in such rights and assets	1	1	0	0	1	1
<b>Total intangible assets</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
<b>Property, plant and equipment</b>						
Land, land rights and buildings, including buildings on third-party land	70	142	0	0	211	1,119
Office furniture and equipment	811	381	0	0	1,192	2,065
Advances paid and assets under construction	0	0	0	0	0	13
<b>Total property, plant and equipment</b>	<b>881</b>	<b>522</b>	<b>0</b>	<b>0</b>	<b>1,403</b>	<b>2,834</b>
<b>Financial assets</b>						
Investments in affiliated companies	0	0	0	0	0	4,231,227
<b>Total financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,231,227</b>
<b>Total non-current assets</b>	<b>882</b>	<b>523</b>	<b>0</b>	<b>0</b>	<b>1,405</b>	<b>4,234,061</b>

### List of shareholdings as at 31 December 2019 (annex to the notes to the financial statements)

The companies' equity and net profit (loss) are reported as at 31 December 2019 and for the 2019 financial year respectively in accordance with IFRS, unless otherwise indicated.

Name	Registered office	Country	Shareholding	Equity (€thousand)	Net profit (loss) (€thousand)	Note
<b>Investments in affiliated companies</b>						
<b>Domestic:</b>						
BlackForxx GmbH	Stuhr	Germany	100.00%	-1,413	72	[E]
Comnovo GmbH	Dortmund	Germany	100.00%	475	330	[1], [5]
Dematic GmbH	Heusenstamm	Germany	100.00%	11,131	-9,980	
Dematic Holdings GmbH	Frankfurt am Main	Germany	100.00%	3,543,544	2,440,357	
Dematic Logistics GmbH	Bielefeld	Germany	100.00%	3,057	-1,081	
Dematic Services GmbH	Heusenstamm	Germany	100.00%	53,596	734	[B]
Eisengiesserei Dinklage GmbH	Dinklage	Germany	100.00%	5,879	363	[E]
Eisenwerk Weilbach GmbH	Frankfurt am Main	Germany	100.00%	287	1,516	[D]
Fahrzeugbau GmbH Geisa	Geisa	Germany	100.00%	7,298	-29	[E]
Klaus Pahlke Betriebsführungs-GmbH	Haan	Germany	100.00%	53	1	[1], [5]
Klaus Pahlke GmbH & Co. Fördertechnik KG	Haan	Germany	100.00%	15,902	694	
KION Financial Services GmbH	Frankfurt am Main	Germany	100.00%	1,307	70	[D]
KION Information Management Services GmbH	Frankfurt am Main	Germany	100.00%	-6,850	1,746	[A]
KION IoT Systems GmbH	Frankfurt am Main	Germany	100.00%	25	6	[1], [5], [A]
KION Warehouse Systems GmbH	Reutlingen	Germany	100.00%	20,453	2,714	[E]

Linde Material Handling GmbH	Aschaffenburg	Germany	100.00%	265,939	115,985 [A]
Linde Material Handling Rental Services GmbH	Aschaffenburg	Germany	100.00%	23	0 [D]
LMH Immobilien GmbH & Co. KG	Aschaffenburg	Germany	99.64%	29,403	351
LMH Immobilien Holding GmbH & Co. KG	Aschaffenburg	Germany	94.00%	1,818	54
LMH Immobilien Holding Verwaltungs-GmbH	Aschaffenburg	Germany	100.00%	36	1
LMH Immobilien Verwaltungs-GmbH	Aschaffenburg	Germany	100.00%	34	0
LR Intralogistik GmbH	Wörth a. d. Isar	Germany	100.00%	13,714	94 [E]
OM Deutschland GmbH	Neuhausen a. d. Fildern	Germany	100.00%	-2,840	-35 [R]
proplan Transport- und Lagersysteme GmbH	Aschaffenburg	Germany	100.00%	573	-157 [5], [A]
Schrader Industriefahrzeuge GmbH & Co. KG	Essen	Germany	100.00%	863	154
Schrader Industriefahrzeuge Verwaltung GmbH	Essen	Germany	100.00%	101	4 [1], [5]
STILL Financial Services GmbH	Hamburg	Germany	100.00%	5,844	2,043 [C]
STILL Gesellschaft mit beschränkter Haftung	Hamburg	Germany	100.00%	160,279	25,540 [D]
Trainingscenter für Sicherheit und Transport GmbH	Bremen	Germany	74.00%	25	0 [1], [5], [F]
Urban-Transporte Gesellschaft mit beschränkter Haftung	Unterschleissheim	Germany	100.00%	2,612	210 [D]
Willenbrock Fördertechnik Beteiligungs-GmbH	Bremen	Germany	74.00%	45	0 [1], [5]
Willenbrock Fördertechnik Beteiligungs-GmbH	Hannover	Germany	74.00%	36	1 [1], [5]
Willenbrock Fördertechnik GmbH & Co. KG	Bremen	Germany	74.00%	-	- [6]
Willenbrock Fördertechnik GmbH & Co. KG	Hannover	Germany	74.00%	-	- [6]
Willenbrock Fördertechnik Holding GmbH	Bremen	Germany	74.00%	29,453	6,673
<b>Foreign:</b>					
Dematic Holdings Pty. Ltd.	Belrose	Australia	100.00%	2,445	414
Dematic Pty. Ltd.	Belrose	Australia	100.00%	48,077	-1,253

Lansing Bagnall (Aust.) Pty. Ltd.	Huntingwood	Australia	100.00%	1,585	0 [1], [5], [R]
Linde Material Handling Pty. Ltd.	Huntingwood	Australia	100.00%	31,241	3,741
NDC Automation Pty. Ltd.	Belrose	Australia	100.00%	12	0 [1], [5], [R]
NDC Manage Pty. Ltd.	Belrose	Australia	100.00%	1	0 [1], [5], [R]
Dematic NV	Zwijndrecht	Belgium	100.00%	102,080	-5,579
STILL NV	Wijnegem	Belgium	100.00%	7,788	2,183
Dematic Sistemas e Equipamentos de Movimentação de Materiais Ltda.	Indaiatuba / São Paulo	Brazil	100.00%	-2,890	-750
KION South America Fabricação de Equipamentos para Armazenagem Ltda.	Indaiatuba / São Paulo	Brazil	100.00%	25,803	4,341
STILL DANMARK A/S	Kolding	Denmark	100.00%	12,638	996
BARTHELEMY MANUTENTION SAS	Vitrolles	France	80.00%	4,093	2,805
Bastide Manutention SAS	Bruguières	France	100.00%	6,479	2,216
Bretagne Manutention SAS	Pacé	France	100.00%	8,472	6,639
Dematic SAS	Bussy-Saint-Georges	France	100.00%	1,333	-2,634
FENWICK FINANCIAL SERVICES SAS	Elancourt	France	100.00%	4,540	786
FENWICK-LINDE OPERATIONS SAS	Cenon-sur-Vienne	France	100.00%	8,645	-19,232
FENWICK-LINDE SAS	Elancourt	France	100.00%	244,219	47,279
KION France SERVICES SAS	Elancourt	France	100.00%	342,401	58,515
LOIRE OCEAN MANUTENTION SAS	Saint-Herblain	France	71.18%	5,150	2,905
Manuchar SAS	Gond-Pontouvre	France	100.00%	2,926	1,462
Société Angoumoisine de Manutention (SAMA) SAS	Champniers	France	100.00%	13,879	470
SCI Champ Lagarde	Elancourt	France	100.00%	105	0 [1], [5]
SM Rental SAS	Roissy-Charles-de-Gaulle	France	100.00%	1,438	904



STILL Location Services SAS	Marne-la-Vallée	France	100.00%	2,865	681
STILL SAS	Marne-la-Vallée	France	100.00%	21,994	5,814
URBAN LOGISTIQUE SAS	Elancourt	France	100.00%	2,669	491
Castle Lift Trucks Ltd.	Basingstoke	United Kingdom	100.00%	835	0 [5], [R]
Creighton Materials Handling Ltd.	Basingstoke	United Kingdom	100.00%	536	0 [5], [R]
D.B.S. Brand Factors Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
Dematic Ltd.	Banbury	United Kingdom	100.00%	22,099	3,036
Dematic Group Ltd.	Banbury	United Kingdom	100.00%	40,071	-7,055
Dematic Holdings UK Ltd.	Banbury	United Kingdom	100.00%	884,139	-109,547
Fork Truck Rentals Ltd.	Basingstoke	United Kingdom	100.00%	222	0 [1], [5], [R]
Fork Truck Training Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
KION FINANCIAL SERVICES Ltd.	Basingstoke	United Kingdom	100.00%	10,307	1,809
Lancashire (Fork Truck) Services Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
Lansing Linde Ltd.	Basingstoke	United Kingdom	100.00%	111	0 [1], [5], [R]
Lansing Linde Trifik Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
Linde Castle Ltd. (formerly: Trifik Services Ltd.)	Basingstoke	United Kingdom	100.00%	11	0 [1], [5], [R]
Linde Creighton Ltd.	Basingstoke	United Kingdom	100.00%	36,198	821
Linde Heavy Truck Division Ltd.	Basingstoke	United Kingdom	100.00%	6,817	-157 [5]
Linde Holdings Ltd.	Basingstoke	United Kingdom	100.00%	172,667	3,195
Linde Jewsbury's Ltd.	Basingstoke	United Kingdom	100.00%	5	1,691
Linde Material Handling (UK) Ltd.	Basingstoke	United Kingdom	100.00%	64,748	8,780
Linde Material Handling East Ltd.	Basingstoke	United Kingdom	100.00%	4,105	482
Linde Material Handling Scotland Ltd.	Basingstoke	United Kingdom	100.00%	12,032	932
Linde Material Handling South East Ltd.	Basingstoke	United Kingdom	100.00%	5,255	1,066

Linde MH UK Ltd. (formerly: Linde Castle Ltd.)	Basingstoke	United Kingdom	100.00%	28,582	1,932
Linde Severnside Ltd.	Basingstoke	United Kingdom	100.00%	14,626	636
Linde Sterling Ltd.	Basingstoke	United Kingdom	100.00%	25,737	956
McLEMAN FORK LIFT SERVICES LTD.	Basingstoke	United Kingdom	100.00%	2,226	-19 [5]
Mirror Bidco Ltd.	Banbury	United Kingdom	100.00%	442,461	101,359
Regentruck Ltd.	Basingstoke	United Kingdom	100.00%	1	0 [1], [5], [R]
Stephensons Enterprise Fork Trucks Ltd.	Basingstoke	United Kingdom	100.00%	0	0 [1], [5], [R]
Sterling Mechanical Handling Ltd.	Basingstoke	United Kingdom	100.00%	1,222	0 [5], [R]
STILL Materials Handling Ltd.	Exeter	United Kingdom	100.00%	-22,658	-715
Superlift UK Ltd.	Basingstoke	United Kingdom	100.00%	29,533	-489
Urban Logistics (UK) Ltd.	Basingstoke	United Kingdom	100.00%	448	-971 [1], [5]
KION India Pvt. Ltd.	Pune	India	100.00%	23,820	538
Handling & Storage Equipment (Ireland) Ltd.	Ballymount (Dublin)	Ireland	100.00%	0	0 [3], [5], [R]
Linde Material Handling (Ireland) Ltd.	Ballymount (Dublin)	Ireland	100.00%	-1,164	-1,894
Baoli EMEA S.p.A.	Lainate	Italy	100.00%	7,298	1,362
Dematic S.r.l.	Cernusco sul Naviglio	Italy	100.00%	32,175	12,624
Emhilia Material Handling S.p.A.	Modena	Italy	100.00%	7,689	-206
KION Rental Services S.p.A.	Milan	Italy	100.00%	37,137	8,909
Linde Material Handling Italia S.p.A.	Buguggiate	Italy	100.00%	14,550	3,019
QUALIFT S.p.A.	Verona	Italy	100.00%	1,341	301 [5]
STILL S.p.A.	Lainate	Italy	100.00%	92,583	19,478
URBAN LOGISTICA S.R.L.	Lainate	Italy	100.00%	3,782	1,271 [1], [5]
Dematic Ltd.	Mississauga	Canada	100.00%	12,045	3,983
WHO Real Estate UAB	Vilnius	Lithuania	74.00%	-30	4 [1], [5]

Dematic Group S.à r.l.	Senningerberg	Luxembourg	100.00%	1,315,503	155,333
Dematic (Malaysia) Sdn. Bhd.	Petaling Jaya	Malaysia	100.00%	3,254	100
Linde Material Handling (Malaysia) Sdn. Bhd.	Petaling Jaya	Malaysia	100.00%	2,487	-1,523 [5]
Dematic Logistics de Mexico S. de R.L. de C.V.	Monterrey	Mexico	100.00%	158	36
DMTC Technology Services, S. de R.L. de C.V.	Monterrey	Mexico	100.00%	-3,130	631
Dematic Trading de Mexico S. de R.L. de C.V.	Monterrey	Mexico	100.00%	-15,694	-3,607
Dematic B.V.	s'Hertogenbosch	Netherlands	100.00%	693	-361
STILL Intern Transport B.V.	Hendrik-Ido-Ambacht	Netherlands	100.00%	22,768	6,165
STILL Norge AS	Heimdal	Norway	100.00%	-1,223	-1,479
AUSTRO OM PIMESPO Fördertechnik GmbH	Linz	Austria	100.00%	13,312	1,539
Linde Material Handling Austria GmbH	Linz	Austria	100.00%	8,707	3,066
STILL Gesellschaft m.b.H.	Wiener Neudorf	Austria	100.00%	4,532	691
Dematic Poland Sp. z o.o.	Poznań	Poland	100.00%	61	27
KION Polska Sp. z o.o.	Szczecin	Poland	100.00%	16,648	1,375 [4]
Linde Material Handling Polska Sp. z o.o.	Warsaw	Poland	100.00%	20,869	2,546
STILL POLSKA Sp. z o.o.	Gądk	Poland	100.00%	26,562	4,782
STILL MATERIAL HANDLING ROMANIA SRL	Giurgiu	Romania	100.00%	4,973	1,864
OOO "Linde Material Handling Rus"	Moscow	Russian Federation	100.00%	91	-1,188
OOO "STILL Forkliftrucks"	Moscow	Russian Federation	100.00%	-423	-1,789
Linde Material Handling AB	Örebro	Sweden	100.00%	23,762	8,839
Linde Material Handling Financial Services AB	Örebro	Sweden	100.00%	2,164	967
Nordtruck AB	Örnsköldsvik	Sweden	100.00%	7,560	988
STILL Sverige AB	Malmö	Sweden	100.00%	4,033	548
Dematic Suisse Sagl	Lugano	Switzerland	100.00%	-62	-27

Linde Material Handling Schweiz AG	Dietlikon	Switzerland	100.00%	-1,261	274
STILL AG	Otelfingen	Switzerland	100.00%	7,239	1,918
Linde Viljuškari d.o.o.	Vrčin	Serbia	100.00%	199	15 [5]
Dematic S.E.A. Pte. Ltd.	Singapore	Singapore	100.00%	7,179	1,421
KION South Asia Pte. Ltd.	Singapore	Singapore	100.00%	1,016	397
Linde Material Handling Asia Pacific Pte. Ltd.	Singapore	Singapore	100.00%	40,431	1,099
Linde Material Handling Slovenská republika s.r.o.	Trenčín	Slovakia	100.00%	3,587	613
STILL SR, spol. s.r.o.	Nitra	Slovakia	100.00%	2,319	741
Linde Viličar d.o.o.	Celje	Slovenia	100.00%	1,899	368
Dematic Logistic Systems S.A.U.	Coslada	Spain	100.00%	25,510	2,328
IBER-MICAR S.L.U.	Gavà	Spain	100.00%	4,836	273 [5]
Islavista Spain S.A.U.	L'Hospitalet de Llobregat	Spain	100.00%	36,681	2,696
KION Rental Services S.A.U.	Barcelona	Spain	100.00%	9,193	1,304
Linde Material Handling Ibérica, S.A.U.	Pallejá	Spain	100.00%	90,073	3,123
STILL, S.A.U.	L'Hospitalet de Llobregat	Spain	100.00%	20,916	911
Linde Material Handling (Pty) Ltd.	Linbro Park	South Africa	100.00%	10,759	250
Dematic Thailand Co., Ltd.	Bangkok	Thailand	73.89%	60	0 [5]
Linde Material Handling (Thailand) Co., Ltd.	Pathum Thani	Thailand	100.00%	1,128	-345
Baoli Material Handling Europe s.r.o.	Prague	Czech Republic	100.00%	12	3 [1], [5]
KION Supply Chain Solutions Czech, s.r.o.	Český Krumlov	Czech Republic	100.00%	-13,787	-7,957
Linde Material Handling Česká republika s.r.o.	Prague	Czech Republic	100.00%	7,544	3,788
Linde Material Handling Parts Distribution CZ s.r.o.	Český Krumlov	Czech Republic	100.00%	5,676	4,090
Linde Pohony s.r.o.	Český Krumlov	Czech Republic	100.00%	33,103	16,501
Použitý Vozík CZ, s.r.o.	Prague	Czech Republic	100.00%	-72	1 [5]

STILL ČR spol. s.r.o.	Prague	Czech Republic	100.00%	5,966	2,156
STILL Regional Service Center, s.r.o.	Prague	Czech Republic	100.00%	874	221
Urban Transporte spol. s.r.o.	Moravany	Czech Republic	100.00%	1,343	367
STILL ARSER İş Makineleri Servis ve Ticaret A.Ş.	Izmir	Turkey	51.00%	-25,338	-26,828
TOV "Linde Material Handling Ukraine"	Kiev	Ukraine	100.00%	916	281 [5]
Linde Magyarország Anyagmozgatási Kft.	Dunaharaszti	Hungary	100.00%	1,280	-1,030
STILL Kft.	Környe	Hungary	100.00%	2,771	1,239
Dematic Corp.	Grand Rapids	United States	100.00%	-224,922	156,159
KION North America Corp.	Summerville	United States	100.00%	10,750	3,391
Dematic International Trading Ltd.	Shanghai	People's Republic of China	100.00%	-20,307	-678
Dematic Logistics Systems Ltd.	Suzhou	People's Republic of China	100.00%	10,283	966
Egemin Asia Pacific Automation Ltd.	Causeway Bay - Hong Kong	People's Republic of China	100.00%	-48	-20
KION ASIA (HONG KONG) Ltd.	Kwai Chung - Hong Kong	People's Republic of China	100.00%	17,620	-6
KION Baoli (Jiangsu) Forklift Co., Ltd.	Jiangjiang	People's Republic of China	100.00%	13,731	-2,811
Linde Material Handling Hong Kong Ltd.	Kwai Chung - Hong Kong	People's Republic of China	100.00%	2,438	1,021
Linde (China) Forklift Truck Corporation Ltd.	Xiamen	People's Republic of China	100.00%	246,638	45,857

## Equity investments

### Domestic:

Carl Beuthauser Kommunal- und Fördertechnik GmbH & Co. KG	Hagelstadt	Germany	25.00%	21,419	3,555 [1], [5]
Hans Joachim Jetschke Industriefahrzeuge (GmbH & Co.) KG	Hamburg	Germany	21.00%	5,496	3,396 [1], [5]
JETSCHKE GmbH	Hamburg	Germany	21.00%	90	3 [1], [5]
Linde Leasing GmbH	Wiesbaden	Germany	45.00%	56,096	4,849 [1], [5]
Linde Hydraulics GmbH & Co. KG	Aschaffenburg	Germany	10.00%	163,999	-23,055 [1], [5]
Linde Hydraulics Verwaltungs GmbH	Aschaffenburg	Germany	10.00%	34	1 [1], [5]
MV Fördertechnik GmbH	Blankenhain	Germany	25.00%	2,531	374 [1], [5]
Pelzer Fördertechnik GmbH	Kerpen	Germany	24.96%	26,772	2,902 [1], [5]
Supralift Beteiligungs- und Kommunikationsgesellschaft mbH	Frankfurt am Main	Germany	50.00%	19	0 [1], [5]
Supralift GmbH & Co. KG	Hofheim am Taunus	Germany	50.00%	619	16 [1], [5]

### Foreign:

Linde High Lift Chile S.A.	Santiago de Chile	Chile	45.00%	29,293	1,361 [1], [5]
Balyo SA	Ivry-sur-Seine	France	6.35%	30,355	-6,786 [1], [5]
Labrosse Equipement SAS	Saint-Péray	France	34.00%	9,695	2,899 [2], [5]
Normandie Manutention SAS	Saint-Etienne-du-Rouvray	France	34.00%	31,039	7,611 [1], [5]
Chadwick Materials Handling Ltd.	Corsham	United Kingdom	48.00%	1,120	33 [1], [5]
Bari Servizi Industriali S.c.a.r.l.	Modugno	Italy	25.00%	23	0 [1], [5]
TPZ Linde Viličari Hrvatska d.o.o.	Zagreb	Croatia	20.00%	1,440	283 [1], [5]
Carretillas Elevadoras Sudeste S.A.	Murcia	Spain	38.54%	7,298	905 [5]
Dematic Holding (Thailand) Co., Ltd.	Bangkok	Thailand	48.90%	3	0 [5]

JULI Motorenwerk s.r.o.	Moravany	Czech Republic	50.00%	30,942	6,361 [1], [5]
Motorové závody JULI CZ s.r.o.	Moravany	Czech Republic	50.00%	0	0 [1], [5]
DEMATIC ELECTROMECHANICAL SYSTEMS MIDDLE EAST L.L.C.	Dubai	United Arab Emirates	49.00%	145	-18 [5]
Zhejiang EP Equipment Co., Ltd.	Hangzhou	People's Republic of China	4.99%	43,014	22,180 [1], [4], [5]

[1] Financial data as at 31 December 2018

[2] Financial data as at 30 June 2019

[3] Most recently submitted annual financial statements

[4] New in 2019

[5] Financial data in accordance with local financial reporting standards

[6] Preliminary consolidation in Willenbrock Fördertechnik Holding GmbH

[A] Profit-and-loss transfer agreement with KION GROUP AG

[B] Profit-and-loss transfer agreement with Dematic GmbH

[C] Profit-and-loss transfer agreement with KION Financial Services GmbH

[D] Profit-and-loss transfer agreement with Linde Material Handling GmbH

[E] Profit-and-loss transfer agreement with STILL Gesellschaft mit beschränkter Haftung

[F] Profit-and-loss transfer agreement with Willenbrock Fördertechnik Holding GmbH

[R] Dormant company

## **INDEPENDENT AUDITOR'S REPORT**

To KION GROUP AG, Frankfurt am Main/Germany

### ***REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT***

#### **Audit Opinions**

We have audited the annual financial statements of KION GROUP AG, Frankfurt am Main/Germany, which comprise the balance sheet as at 31 December 2019, and the statement of profit and loss for the financial year from 1 January to 31 December 2019, and the notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report of KION GROUP AG, Frankfurt am Main/Germany, for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of the corporate governance statement pursuant to Section 289f, Section 315d German Commercial Code (HGB) included in the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the corporate governance statement pursuant to Sections 289f, 315d HGB included in the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

#### **Basis for the Audit Opinions**

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other



German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

### **Key Audit Matters in the Audit of the Annual Financial Statements**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the issue of recoverability of the shares in affiliated companies, which we have identified in the course of our audit to be a key audit matter.

Our presentation of this key audit matter has been structured as follows:

- a) description (including reference to corresponding information in the annual financial statements)
- b) auditor's response

### **Recoverability of the Shares in Affiliated Companies**

a) As at 31 December 2019, the book value of the shares in affiliated companies in the annual financial statements amounts to mEUR 4,231.2 (55.1% of total assets) and relates to the shares in Dematic Holdings GmbH, Frankfurt am Main/Germany, in proplan Transport- und Lagersysteme GmbH, Aschaffenburg/Germany, in KION IoT Systems GmbH, Frankfurt am Main/Germany, as well as the shares in Linde Material Handling GmbH, Aschaffenburg/Germany, and in KION Information Management Services GmbH, Frankfurt am Main/Germany. Once a year, the shares in affiliated companies are tested for expected permanent impairment and, thus, for any need for a write-down to the lower fair value.

Due to the major significance of the shares in affiliated companies within the annual financial statements and due to the executive directors' estimation of their recoverability, this matter was of particular significance in the scope of our audit.

For information about the shares in affiliated companies, please refer to note [2] to the financial statements.

b) As part of our audit of permanent impairment of the shares in affiliated companies, we obtained an understanding of the approach applied by the executive directors as part of their impairment test. To this end, we used the information obtained during our audit of the annual financial statements of these affiliated companies. In this context, we determined the expected future cash flows based on the operative budget (2020) adopted by the supervisory board and on the medium-term budget (2021 to 2022) approved by the executive directors, and audited the budget, including the projection until perpetuity that is based on the budget, as well as perpetuity itself

by using general and industry-specific market expectations. For this purpose, we have taken into account the adherence to the budget planning related to the individual affiliated companies. In addition, we audited the applied country-specific discount rates (weighted average cost of capital -WACC) based on the corresponding market situation and for this purpose also consulted internal valuation specialists.

Due to the great significance of the shares in affiliated companies within the annual financial statements, we finally conducted sensitivity analyses with regard to both the growth expectations of the future cash flows from the affiliated companies and the applied discount rates.

### **Other Information**

The executive directors or the supervisory board are responsible for the other information. The other information comprises

- the corporate governance statement included in the combined management report,
- the executive directors' confirmation regarding the annual financial statements and the combined management report pursuant to Section 264 (2) sentence 3 and Section 289 (1) sentence 5 HGB, respectively, and
- all the remaining parts of the annual report, with the exception of the audited annual financial statements and combined management report and our auditor's report.

The executive directors and supervisory board are responsible for the declaration related to the German Corporate Governance Code in accordance with Section 161 German Stock Corporation Act (AktG), which is part of the corporate governance statement included in the combined management report. In addition, the executive directors are responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### **Responsibilities of the Executive Directors and the Supervisory Board for the Annual Financial Statements and the Combined Management Report**

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such

internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

### **Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

## ***OTHER LEGAL AND REGULATORY REQUIREMENTS***

### **Further Information Pursuant to Art. 10 of the EU Audit Regulation**

We were elected as group auditor by the general meeting on 9 May 2019. We were engaged by the supervisory board on 14 May 2019 and 27 June/23 July 2019. We have been the group auditor of KION GROUP AG, Frankfurt am Main/Germany, which was named KION Holding 1 GmbH until 12 June 2013, without interruption since the financial year 2007. Since the financial year 2013, the Company is a public-interest entity within the meaning of Section 319a (1) sentence 1 HGB.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

### ***GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT***

The German Public Auditor responsible for the engagement is Kirsten Gräbner-Vogel.

Frankfurt am Main/Germany, 21 February 2020

#### **Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

Signed: Kirsten Gräbner-Vogel

Wirtschaftsprüferin

[German Public Auditor]

Signed: Stefan Dorissen

Wirtschaftsprüfer

[German Public Auditor]

## Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the annual financial statements give a true and fair view of the financial position and financial performance of the Company, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Frankfurt am Main, 21 February 2020

The Executive Board



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Gordon Riske



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Anke Groth



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Dr. Eike Böhm



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Ching Pong Quek