



# KION GROUP AG

## Q1 2023 Update Call

Rob Smith (CEO)  
Marcus Wassenberg (CFO)  
Frankfurt, 27 April 2023



# Agenda



1. **Summary Q1 2023**
2. Financial Update
3. Outlook 2023

## Q1 2023 Key Financial Figures

KION Group off to a strong start in fiscal year 2023 thanks to ITS segment



Order intake	Revenue	Adj. EBIT <sup>1</sup>	Free cash flow	EPS	DPS <sup>2</sup>
<b>€2.4bn</b> -16% yoy -4% qoq	<b>€2.8bn</b> +2% yoy -4% qoq	<b>€156m</b> -8% yoy +91% qoq <b>Margin of 5.6%</b>	<b>€105m</b> +538m yoy -151m qoq	<b>€0.55</b> -9% yoy >100% qoq	<b>€0.19</b> ~25% payout ratio ~€25m payout

- ➔ **ITS: improving supply chains and pull-forward benefits from commercial and operational agility measures led to stronger than expected Q1**
- FY 2023 outlook raised for all major KPIs for KION Group**

1. Adjusted for PPA items and non-recurring items    2. Dividend proposal for the fiscal year FY 2022, subject to approval at the AGM on 17 May 2023

## Q1 2023 Highlights

### Combining our strengths across the group for our customers

- 1 Agreement with Li-Cycle to form strategic Li-ion battery recycling partnership focused on circular economy (95% recovery rate)
- 2 Own fuel cell systems production in Hamburg to start in 2023 giving KION a competitive edge vs other European player, capex €11m in 2023
- 3 KION global value platform going global – approx. 30 multi-brand model launches in 2023 of which more than 25 for export markets from China



# Sustainability Report 2022 Published

## Progressing on our sustainability journey



### GHG emission targets for 2027

**already achieved** in 2022:

CO<sub>2</sub> emissions -30% vs 2017



### Annual emission<sup>1</sup> targets

**overachieved** in 2022:

**Scope 1+2:** -5.7% (target -4.2% p.a.)

**Scope 3:** -6.5% (target -2.5% p.a.)



### Share of **electrified new trucks**

**reached 88% in 2022**

target to exceed 90% in 2025



### ISO 14001 & 45001 certification

**increased** from ~70% in 2021 to ~80%



**LTIFR<sup>2</sup> decreased ~25%** compared to 2021 (target -5.0% p.a.)



Updated climate strategy derived **targets** which are **fully in line with SBTi** in advance of a formal commitment



STILL received **Ecovadis Platinum** Sustainability rating



1. Scope 2 market based, Scope 1 and 3 site based.

2. Lost time injury frequency rate: Occupational accidents of active employees with one or more working days lost per million hours worked

# Agenda

1. Summary Q1 2023
- 2. Financial Update**
3. Outlook 2023

## ITS – Key Financials

### Better-than-expected supply chains drive revenue and margin development



(in €m)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023 <sup>1</sup>	Change yoy	Change qoq
<b>Order intake (in '000 units)</b>	87.4	86.3	53.5	41.0	<b>59.4</b>	-32%	+45%
<b>Order intake</b>	2,082	2,745	1,905	1,694	<b>1,957</b>	-6%	+16%
<b>Order book</b>	3,193	4,220	4,258	3,818	<b>3,757</b>	+18%	-2%
<b>Revenue</b>	1,718	1,731	1,839	2,068	<b>2,005</b>	+17%	-3%
<b>Of which service (%)</b>	52%	52%	51%	48%	<b>49%</b>		
<b>Adj. EBIT</b>	114	84	103	120	<b>177</b>	+55%	+47%
<b>Adj. EBIT margin</b>	6.6%	4.8%	5.6%	5.8%	<b>8.8%</b>	+220bp	+300bp

#### Comments on Q1 results

**Order intake** in € declined by a lower rate yoy than in units due to positive effects from the 2022 price increases and growth in services; sequentially the € increase was lower than the increase in units due to flattish service and slightly higher share of WH-equipment

**Order book** increased substantially yoy and supports approx. one year of new business revenue. Backlog margin resilience improved further, due to price increases in 2022 as well as price adjustment clauses that are now included in nearly three-quarters of the backlog

**Revenue** remained close to quarterly record levels

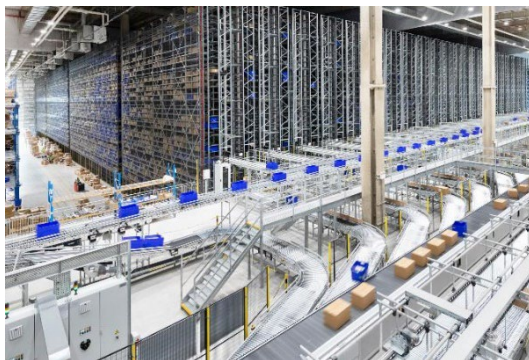
**Adj. EBIT** and **adj. EBIT margin** improved strongly, both sequentially and yoy supported by improving supply chain situation and pull-forward benefits from operational and commercial agility measures

1. FX translation effects in Q1 2023: order intake: -€9m; revenue: -€8m; adj. EBIT: €0m



## SCS – Key Financials

### Adj. EBIT back in the black while order intake impacted by postponements



(in €m)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023 <sup>1</sup>	Change yoy	Change qoq
<b>Order intake</b>	843	1,022	614	882	<b>497</b>	-41%	-44%
<b>Of which E-Commerce (%)<sup>2</sup></b>	16%	21%	1%	4%	<b>29%</b>		
<b>Order book</b>	3,695	3,762	3,477	3,327	<b>3,000</b>	-19%	-10%
<b>Revenue</b>	1,020	1,076	874	836	<b>783</b>	-23%	-6%
<b>Of which service (%)</b>	20%	22%	30%	31%	<b>32%</b>		
<b>Adj. EBIT</b>	74	76	-182	-13	<b>7</b>	-90%	+€21m
<b>Adj. EBIT margin</b>	7.3%	7.0%	-20.8%	-1.6%	<b>0.9%</b>	-630bp	+250bp

#### Comments on Q1 results

**Order intake** impacted by continued order postponements, reflecting overall macroeconomic uncertainty and higher interest rates, leading to slower decisions on new orders. Share of pureplay e-commerce increased to 29%

**Order book** continues to provide visibility for the next quarters

**Revenue** down as strong growth in service business (+20% yoy) did not compensate for the decline in project business (-35% yoy) due to lower orders of pureplay e-commerce customers in past quarters

**Adj. EBIT** and **adj. EBIT margin** continue to be impacted by the execution of lower margin “legacy” projects

1. FX translation effects in Q1 2023: order intake: +€9m; revenue: +€14m; adj. EBIT: +€2m 2. Calculation based on total order intake less service business



## KION Group – Key Financials

### KION Group off to a strong start in fiscal year 2023 thanks to ITS segment



(in €m)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023 <sup>1</sup>	Change yoy	Change qoq
<b>Order intake</b>	2,900	3,755	2,517	2,536	<b>2,444</b>	-16%	-4%
<b>Order book</b>	6,855	7,941	7,697	7,078	<b>6,687</b>	-2%	-6%
<b>Revenue</b>	2,734	2,802	2,706	2,893	<b>2,781</b>	+2%	-4%
<b>Of which service (%)</b>	40%	41%	44%	43%	<b>44%</b>		
<b>Adj. EBIT</b>	170	141	-101	82	<b>156</b>	-8%	+91%
<b>Corp. services     ./c.consolidation</b>	-18	-18	-22	-25	<b>-28</b>	-55%	-11%
<b>Adj. EBIT margin</b>	6.2%	5.0%	-3.7%	2.8%	<b>5.6%</b>	-60bp	+280bp

#### Comments on Q1 results

**Order intake** reflecting sequential rebound of demand in ITS and continued postponements on new order decisions in SCS

**Order book** continues to be at high levels, providing good workload for the next quarters

**Revenue** benefited from strong ITS performance and resilient service business in both segments

**Adj. EBIT** and **adj. EBIT margin** improved due to good performance in ITS and continues to be impacted by lower margin legacy projects in SCS

1. FX translation effects in Q1 2023: order intake: €0m; revenue: +€7m; adj. EBIT: +€2m

## Adjusted EBITDA to Net Income

### Higher net financial expenses impact net income

(in €m)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Change yoy	Change qoq
<b>Adj. EBITDA</b>	<b>391</b>	<b>368</b>	<b>135</b>	<b>325</b>	<b>390</b>	-0%	20%
D&A	-221	-227	-236	-243	-234	+6%	-4%
<b>Adj. EBIT</b>	<b>170</b>	<b>141</b>	<b>-101</b>	<b>82</b>	<b>156</b>	-8%	+91%
Non-recurring items	-31	-2	-6	7	-1		
PPA items	-22	-23	-24	-24	-25		
<b>Reported EBIT</b>	<b>118</b>	<b>117</b>	<b>-131</b>	<b>65</b>	<b>129</b>	+10%	+99%
Net financial expenses	-3	-7	-2	-18	<b>1</b> -36	<-100%	-97%
<b>EBT</b>	<b>115</b>	<b>109</b>	<b>-133</b>	<b>47</b>	<b>94</b>	-19%	+100%
Taxes	-35	-30	40	-8	-20	+42%	<-100%
<b>Net income / loss</b>	<b>80</b>	<b>80</b>	<b>-93</b>	<b>39</b>	<b>74</b>	-8%	+89%
<b>Net income / loss to shareholders</b>	<b>80</b>	<b>79</b>	<b>-95</b>	<b>35</b>	<b>72</b>	-9%	>100%
<b>Reported EPS<sup>1</sup></b>	<b>€0.61</b>	<b>€0.60</b>	<b>-€0.73</b>	<b>€0.27</b>	<b>€0.55</b>	-9%	>100%

### Comments

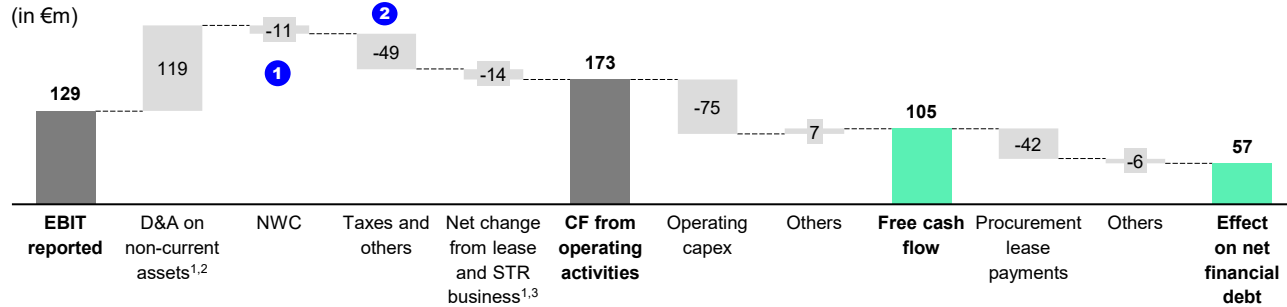
- Net financial expenses** substantially higher due to higher interest rates, lower net interest result from leasing and change in derivatives

1. EPS calculation is based on average number of shares of 131.1m

# Cash Flow Statement

## FCF swing mainly due to almost no NWC build-up

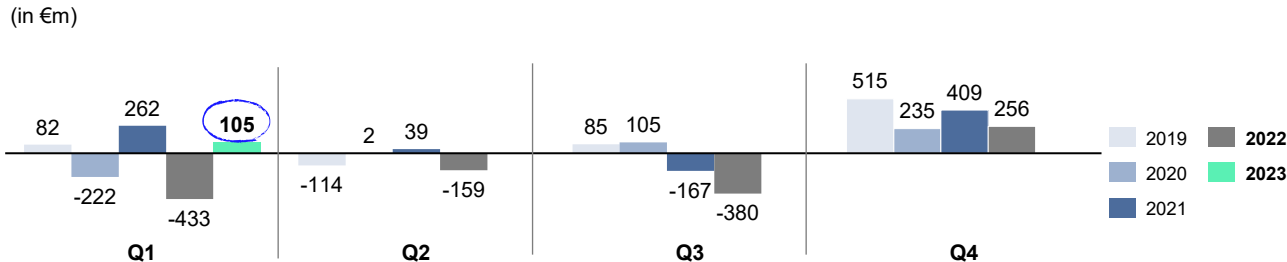
### Free cash flow Q1 2023



### Comments

- ① Lower NWC build-up enabled by improved supply chain in Q1 23. **Semi-finished trucks in ITS were further reduced to <3k units**
- ② Includes **cash taxes** of -€36m

### Historical quarterly free cash flow seasonality



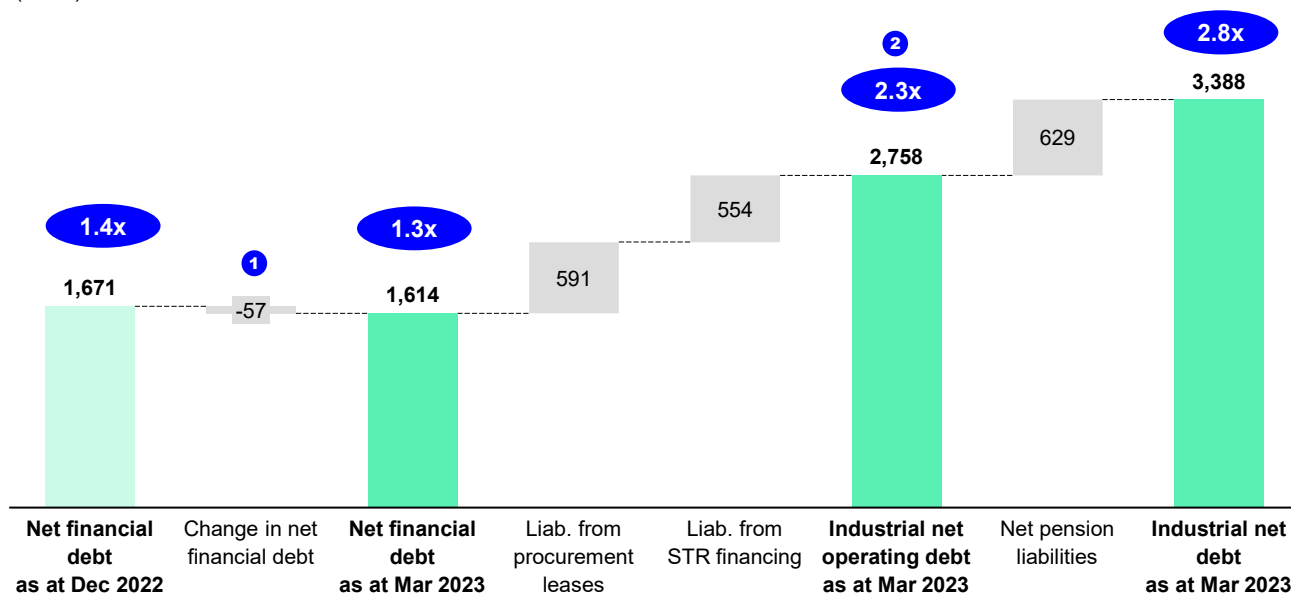
1. Including impairment and reversals of impairment    2. Excluding lease and short-term rental assets  
 3. Including D&A and release of deferred income, depreciation on rental assets +€54m; depreciation on leased assets +€85m

# Net Debt

## Leverage ratios stabilized sequentially

### Indebtedness and leverage<sup>1</sup> ratios as at 31 March 2023

(in €m)



### Comments

- 1 Positive free cash flow in Q1 23 **reduced net financial debt** by €57m
- 2 **RCF-relevant** leverage ratio stabilized vs Q4 and Q3 22, leaving sufficient headroom under the covenant

On 25 April 2023, **S&P affirmed IG rating (BBB-)** with negative outlook

1. Leverage based on adj. LTM EBITDA (i.e., including long-term lease business EBITDA) of €1,217m (Dec. 2022: €1,219m)



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3. **Outlook 2023**

## FY 2023 Outlook

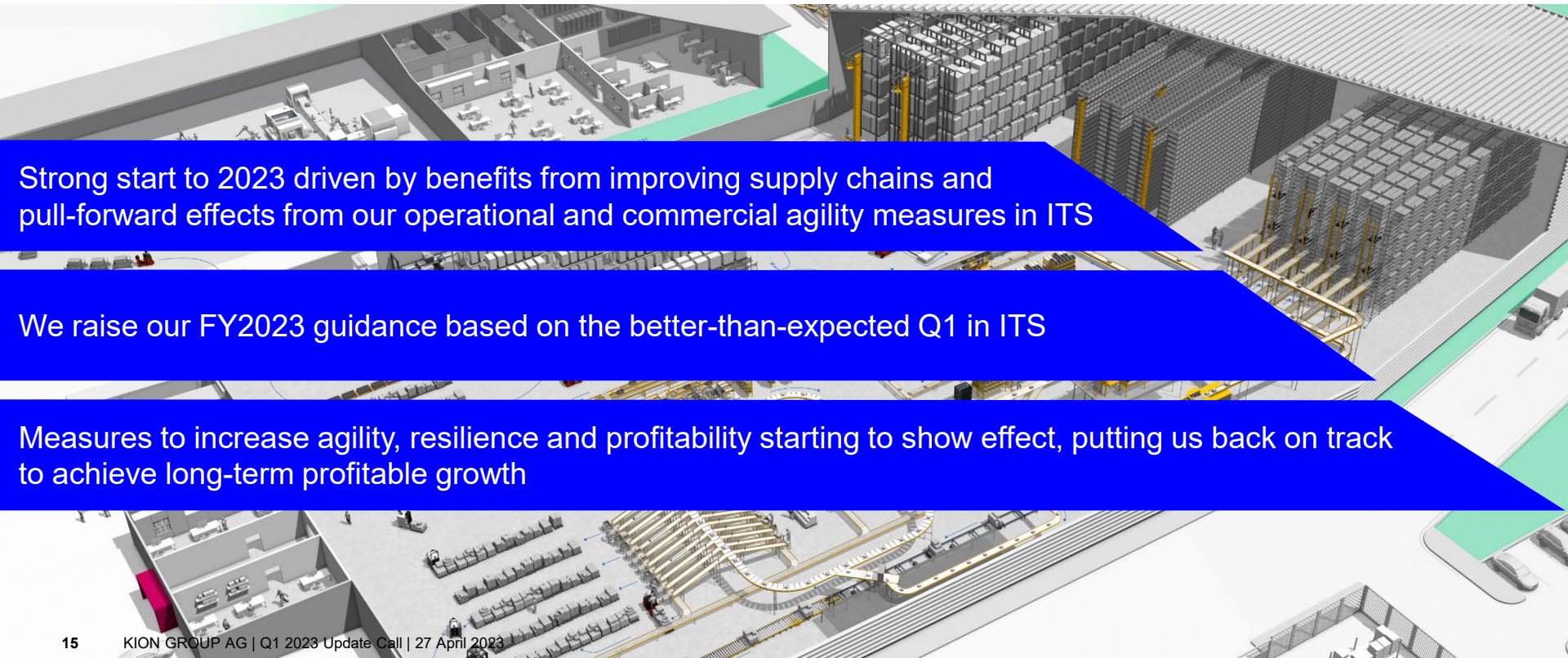
### Strong Q1 2023 development at ITS leads to raised guidance

	KION Group			Industrial Trucks & Services		Supply Chain Solutions	
	Old	Updated		Old	Updated	Old	Unchanged
<b>Revenue</b>	≥€11.0bn	≥€11.2bn	>	≥€7.8bn	≥€8.0bn	≥€3.2bn	≥€3.2bn
<b>Adj. EBIT</b>	≥€550m	≥€615m	>	≥€600m	≥€665m	≥€65m	≥€65m
<b>FCF</b>	≥€500m	≥€565m					
<b>ROCE</b>	≥5.0%	≥5.5%					

- **ITS: Now expecting more balanced development between H1 and H2 due to Q1 already seeing benefits of improving supply chains and pull-forward effects from agility measures**
- SCS: Continue to expect execution of “legacy” projects to weigh on margins primarily in H1 23**

All predictions for the business performance of the Group and the operating segments in the remainder of the year continue to be subject to significant uncertainty in view of the continued deterioration of the macroeconomic environment and lingering uncertainty in the sales markets, combined with the escalating energy crisis, persistent disruption in the supply chains, and risks associated with further rises in procurement costs.

## Key Takeaways

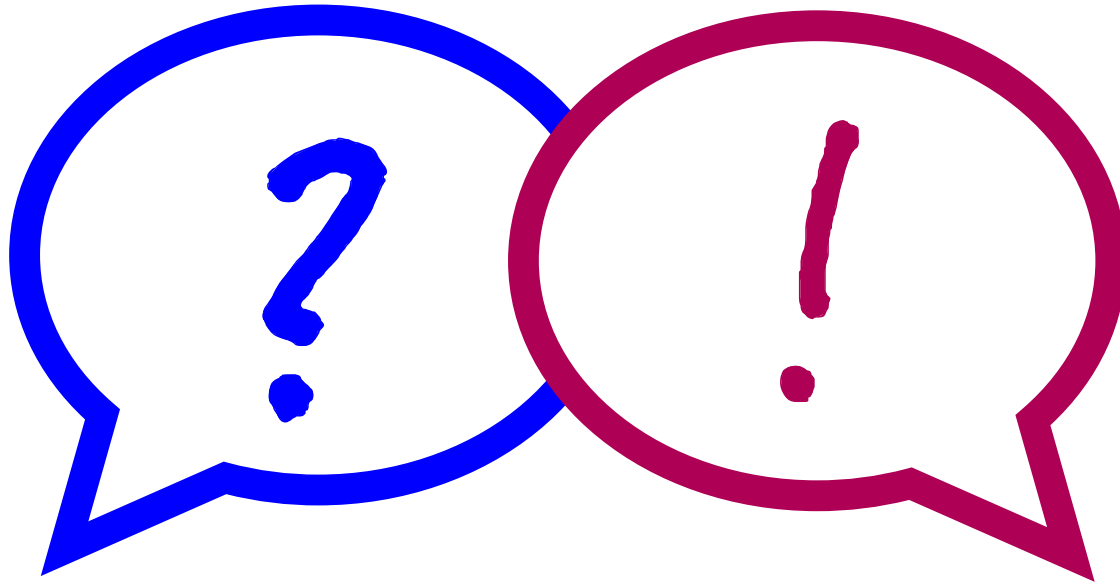


Strong start to 2023 driven by benefits from improving supply chains and pull-forward effects from our operational and commercial agility measures in ITS

We raise our FY2023 guidance based on the better-than-expected Q1 in ITS

Measures to increase agility, resilience and profitability starting to show effect, putting us back on track to achieve long-term profitable growth





# Appendix

# FY 2023 Expectation – Housekeeping Items

## Non-recurring items<sup>1</sup>

... between **-€5m to -€15m**

## PPA

... around **-€93m to -€96m**

## Net financial expenses

... between **-€90m to -€120m**

## Tax rate

... effective tax to be between **26% and 31%**

## Operating Capex<sup>2</sup>

... between **-€450m to -€500m**

## R&D spending<sup>3</sup>

... around **3%** of group revenue

## Dividend policy

... **25% to 40%** of consolidated net income,  
subject to availability of distributable profit

1. Refers to NRIs on EBIT 2. Includes capitalized development costs and spending on property, plant, and equipment and on intangible assets (excluding right-of-use assets)  
3. includes R&D expenditure and capitalized development costs Please see disclaimer on last page regarding forward-looking statements

# Key Financials

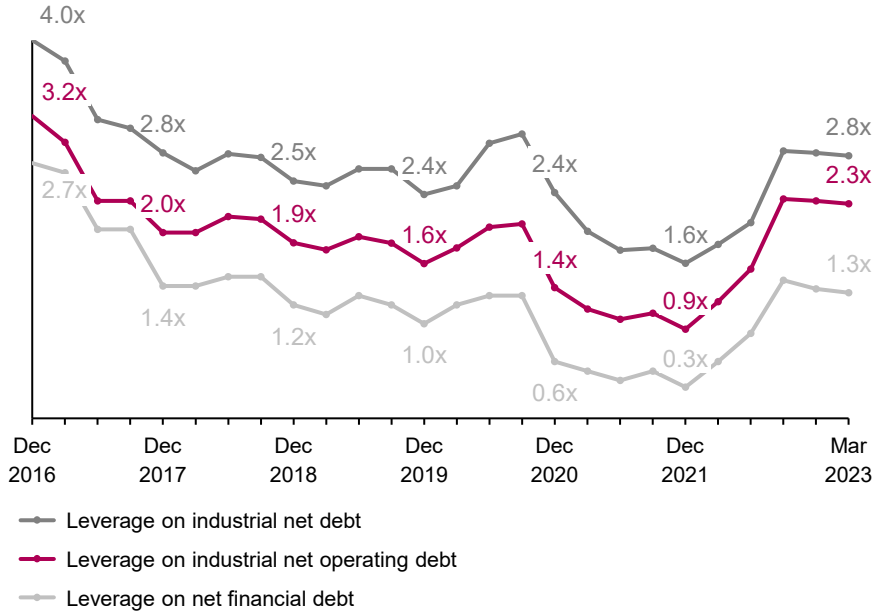
Group figures								Industrial Trucks & Services							Supply Chain Solutions						
(in €m)	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	FY 2021	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	FY 2021	Q1 2023	FY 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022	FY 2021
Order intake	2,444	<b>11,708</b>	2,536	2,517	3,755	2,900	<b>12,482</b>	1,957	<b>8,426</b>	1,694	1,905	2,745	2,082	<b>8,166</b>	497	<b>3,362</b>	882	614	1,022	843	<b>4,329</b>
Revenue	2,781	<b>11,136</b>	2,893	2,706	2,802	2,735	<b>10,294</b>	2,005	<b>7,356</b>	2,068	1,839	1,731	1,718	<b>6,514</b>	783	<b>3,807</b>	836	874	1,076	1,020	<b>3,796</b>
Adj. EBITDA <sup>1</sup>	390	<b>1,219</b>	325	135	368	391	<b>1,697</b>	383	<b>1,242</b>	337	310	285	310	<b>1,298</b>	28	<b>32</b>	7	-162	95	93	<b>477</b>
Adj. EBITDA margin in % <sup>1</sup>	14.0	<b>10.9</b>	11.2	5.0	13.1	14.3	<b>16.5</b>	19.1	<b>16.9</b>	16.3	16.8	16.5	18.0	<b>19.9</b>	3.5	<b>0.8</b>	0.8	-18.5	8.8	9.1	<b>12.6</b>
Adj. EBIT <sup>1</sup>	156	<b>292</b>	82	-101	141	170	<b>842</b>	177	<b>420</b>	120	103	84	114	<b>536</b>	7	<b>-46</b>	-13	-182	76	74	<b>410</b>
Adj. EBIT margin in % <sup>1</sup>	5.6	<b>2.6</b>	2.8	-3.7	5.0	6.2	<b>8.2</b>	8.8	<b>5.7</b>	5.8	5.6	4.8	6.6	<b>8.2</b>	0.9	<b>-1.2</b>	-1.6	-20.8	7.0	7.3	<b>10.8</b>

1. Adjusted for PPA items and non-recurring items

# Leverage Development and Maturity Profile

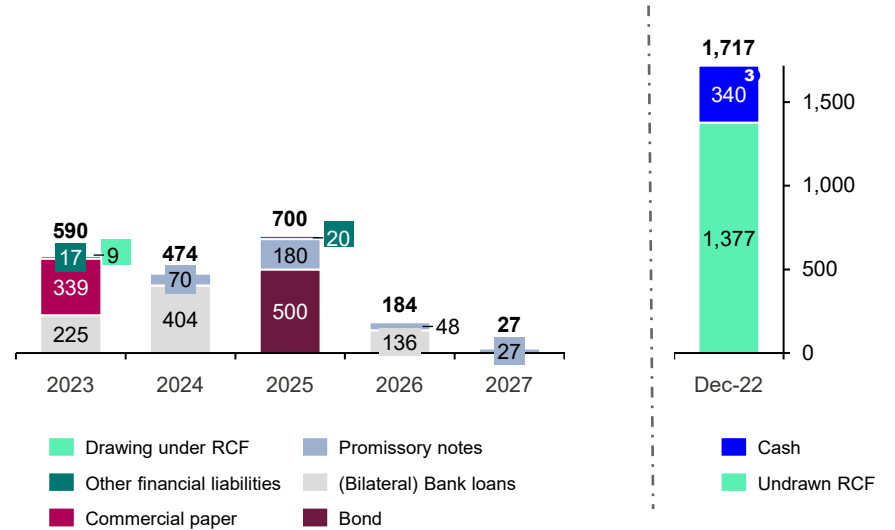
## Leverage ratios peaked in Q3 2022

### Leverage development<sup>1,2</sup>



### Maturity profile and free liquidity

as at 31 March 2023 (in €m)



1. Leverage ratios before Dec 2017 were not restated for IFRS 15 and IFRS 16; 2. Leverage based on adj. LTM EBITDA; 3. Total cash and cash equivalents amount to €353m

## ITS Order Intake

### Share of electrified products again at 91% in Q1 23

#### Development of KION ITS segment

Order intake	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Change yoy	Change qoq	FY 2020	FY 2021	FY 2022	Change yoy
<b>Order intake (in '000 units)</b>	<b>87.4</b>	<b>86.3</b>	<b>53.5</b>	<b>41.0</b>	<b>59.4</b>	<b>-32%</b>	<b>+45%</b>	<b>198.3</b>	<b>299.4</b>	<b>268.2</b>	<b>-10%</b>
<b>Thereof IC-trucks</b>	11.2	10.7	6.3	3.7	<b>5.5</b>	-51%	+51%	25.2	38.8	<b>31.9</b>	-18%
<b>Thereof E-trucks</b>	22.2	24.7	14.0	10.6	<b>14.4</b>	-35%	+36%	47.5	76.3	<b>71.4</b>	-6%
<b>Thereof WH-trucks</b>	54.0	50.9	33.2	26.7	<b>39.4</b>	-27%	+48%	125.6	184.3	<b>164.8</b>	-11%
<b>Share of electrified products</b>	<b>87%</b>	<b>88%</b>	<b>88%</b>	<b>91%</b>	<b>91%</b>			87%	<b>87%</b>	<b>88%</b>	

# Industrial Truck Market and ITS Order Intake

## Market normalization continues - KION Group improves OI sequentially in Q1 2023

Industrial Truck Market							Development of KION ITS segment						
Region (Change in units yoy)	Q1 2022	Q2 2022	Q3 2022 <sup>1</sup>	Q4 2022 <sup>2</sup>	FY 2022	Q1 2023 <sup>2</sup>	Regional growth (Change in units yoy)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023
EMEA	+9%	-10%	-17%	-27%	-11%	Substantial decrease yoy	EMEA	+29%	-1%	-21%	-60%	-15%	-39%
AMERICAS	+27%	+2%	-16%	-9%	+1%	Substantial decrease yoy	AMERICAS	+76%	+9%	-15%	-48%	+0%	-50%
APAC	+4%	-14%	-11%	-7%	-7%	Slight increase yoy	APAC	+20%	-9%	-1%	-6%	+0%	-3%
Global	+10%	-9%	-14%	-15%	-7%		Global	+29%	-2%	-15%	-49%	-10%	-32%

### KION vs. Market

- In Q4 22, KION Group unit order intake development (-49% yoy) fell behind global ITS market (-15% yoy) after very strong Q1-Q3
- ITS Market Q1 23 expected to have further stabilized in EMEA and Americas<sup>2</sup> compared to Q4 22
- KION Q1 23 order intake decreased with -32% yoy due to high base effect and further demand normalization; +45% increase qoq

1. Based on WITS unit order intake data as of December 2022. WITS data is published with a 3 months delay 2. Management estimate



# Financial Calendar

Date	Event
10 May 2023	KION @ UBS Pan European Small and Mid-Cap Conference, London, UK
10 May 2023	KION @ Berenberg Madrid Seminar, Madrid, Spain
12 May 2023	KION @ Stifel German Corporate Conference, Frankfurt, Germany
<b>17 May 2023</b>	<b>AGM, physically in Frankfurt</b>
23 – 24 May 2023	KION @ Berenberg European Conference, New York, USA
25 May 2023	KION @ Berenberg Canada Roadshow, Toronto, Canada
02 June 2023	KION @ Société Générale The Nice Conference, Nice, France
09 June 2023	KION@ JP Morgan Capital Goods Conference, London, UK
16 June 2023	KION @ Warburg Highlights, Hamburg, Germany
21 June 2023	KION @ dbAccess German Swiss Austrian Conference, Frankfurt, Germany
<b>27 July 2023</b>	<b>Interim report for the period ended 30 June 2023 (Q2 2023) and analyst call</b>
<b>26 October 2023</b>	<b>Quarterly statement for the period ended 30 September 2023 (Q3 2023) and analyst call</b>

Subject to change without notice

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Financial information of the Company or the KION Group as of and for the financial year ended 31 December included in the Presentation is based on the respective audited financial statements. Financial information of the Company or the KION Group as of and for a three-month period ended 31 March as well as a nine-month period ended 30 September included in this Presentation is based on the respective unaudited quarterly financial statements and a six-month period ended 30 June is based on the respective reviewed quarterly financial statements.

Certain information in the Presentation and statements regarding the possible or assumed future or other performance of the Company and its affiliates or its industry or other trend projections constitute forward-looking statements. These statements reflect the Company's current knowledge and, based on information available, the Company's expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate", "believe", "expect", "intend", "project" and "target". By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors include, but are not limited to, changes in economic conditions and industry-specific conditions, the competitive as well as the political situation, changes in national and international law, interest-rate or exchange-rate fluctuation, legal disputes and investigations, and the availability of funds. These factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements are correct, complete or accurate. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements.

IFRS financial information for any previous financial year figures is adjusted in the Presentation as necessary pursuant to changes to IFRS or other mandatory reclassifications. The addition of the totals presented may result in rounding differences. In addition to figures prepared in accordance with IFRS, the Presentation also includes certain non-GAAP financial performance measures (e.g., EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, industrial adjusted EBITDA, adjusted EBIT, adjusted EBIT margin, earnings before tax, free cash flow, net financial debt, leverage on net financial debt, industrial net operating debt, leverage on industrial net operating debt, industrial net debt, R&D spend, CAPEX and order intake, order book and ROCE). These non-GAAP measures have been included because we believe that investors may find them helpful to measure our performance as reported under the relevant IFRS measures. However, these non-GAAP measures should be considered only in addition to, but not in isolation or as a substitute for, the information prepared in accordance with IFRS. Non-GAAP financial performance measures are not subject to IFRS or any other generally accepted accounting principles, and other companies that report similarly named non-GAAP measures may define or calculate these financial performance measures in different ways.