Interim Report
January 1 to June 30, 2025

KNORR-BREMSE

Half-year financial report

JANUARY 1 TO JUNE 30, 2025
KNORR-BREMSE AG

Knorr-Bremse Group Key Indicators

		1st half of 2025	1st half of 2024
Revenues	€ million	3,957	3,987
EBIT	€ million	432	475
EBIT margin	%	10.9	11.9
Operating EBIT	€ million	498	490
Operating EBIT margin	%	12.6	12.3
Net income	€ million	294	313
Return on sales after taxes	%	7.4	7.8
Earnings per share	€	1.70	1.85
Order intake	€ million	4,484	4,239
Order book (June 30)	€ million	7,326	6,848
Free cash flow	€ million	160	64
Cash flow from operating activities	€ million	274	171
Capital expenditure	€ million	115	136
Capital expenditure as % of revenues	%	2.9	3.4
R&D costs	€ million	272	286
R & D as % of revenues	%	6.9	7.2

		June 30, 2025	Dec. 31, 2024
Total assets	€ million	8,593	9,614
Equity	€ million	2,968	3,127
Equity ratio	%	34.5	32.5
Operating ROCE (annualized)*	%	21.3	20.8
Net working capital	Days' sales	67.6	59.2

* The ratio of operating EBIT to adjusted capital employed; the latter being the recognized capital employed of € 4,998 million (Dec. 31, 2024: € 5,011 million) less the KB Signaling assets of € 323 million (Dec. 31, 2024: € 356 million) identified in the purchase price allocation.

First Half of 2025

- Order intake of € 4,484 million up by a solid 5.8% year on year thanks to a substantial increase in the rail vehicle business and the acquisition of KB Signaling
- Order book at € 7,326 million a solid € 478 million above prior year, supported by KB Signaling
- Revenues of € 3,957 million slightly below the previous year (€ 3,987million); rail vehicle business increases by a solid 9.5% to € 2,169 million while commercial vehicle business decreases significantly by 10.9% to € 1,789 million due to market-related factors
- Aftermarket revenues up significantly year on year to € 1,835 million; very significant increase in aftermarket share of the Group's total revenues from 41.7% to 46.4%
- Profitability: operating EBIT of € 498 million up slightly on the previous year by 1.6% with a slightly increased operating EBIT margin of 12.6% (previous year: 12.3%)
- Free cash flow of € 160 million up € 96 million on the prior-year period (€ 64 million), largely as a result of the significant improvement in working capital
- Knorr-Bremse confirms its full-year EBIT and cash flow guidance for 2025 and has adjusted the revenue range due to exchange rate effects only:
  - Revenue: € 7,800 million to € 8,100 million (2024: € 7,883 million), previously € 8,100 million to € 8,400 million
  - Operating EBIT margin: 12.5% to 13.5% (2024: 12.3%)
  - Free cash flow: € 700 million to € 800 million (2024: € 730 million)

Interim Group Management Report

BUSINESS REPORT[1]

General economic and industry-related conditions

Economic activity and industry environment

Global economy

The global economy slowed at the beginning of 2025, with the persistent uncertainty in trade and economic policy and new protectionist measures being the main factors affecting growth. Asia's emerging markets – primarily China and India – remain the key growth drivers, while momentum in the advanced economies continues to level out. There has been a moderate slowdown in the US following the strong growth of 2024, while the eurozone is experiencing a slight recovery after a period of weakness. The decline in global inflation continues, although it could rise again temporarily in some countries, including the USA, which would necessitate an extended period of restrictive monetary policy and could also hamper the recovery. (source: OECD, June 2025) This is also reflected in the development of the US dollar exchange rate, which weakened by approximately 11% against the euro in the first half of 2025 compared to the end of 2024.

Rail vehicle market

Performance in the rail vehicle market was as expected in the first half of 2025 and in line with the statements in the combined management report for the 2024 fiscal year. The rail vehicle market remains a growth market that is supported almost entirely by public investment programs.

Commercial vehicle market

The global market for commercial vehicles declined in 2025 year over year. Negative momentum is primarily coming from North America. This is also reflected in the full-year market forecast for 2025.

Corporate Management Indicators

Unless otherwise indicated, all figures in the interim Group management report are commercially rounded. For this reason, rounding differences may occur in absolute values or percentage data in individual cases.

MANAGEMENT INDICATORS

	1st half of 2025	1st half of 2024
Revenues (€ million)	3,957	3,987
EBIT (€ million)	432	475
EBIT margin (as % of revenues)	10.9	11.9
Operating EBIT (€ million)	498	490
Operating EBIT margin (as % of revenues)	12.6	12.3
Free cash flow (in € million)	160	64
Operating ROCE (annualized, in %)*	21.3	20.2

* The ratio of operating EBIT to adjusted capital employed in the first half of 2025; the latter being the recognized capital employed of € 4,998 million less the KB Signaling assets of € 323 million identified in the purchase price allocation.

[1] None of the disclosures in the Interim Group Management Report regarding the categorization of revenues as OE or aftermarket or regarding order intake, order books, and book-to-bill ratios are subject to the auditor's review.

DIVISIONAL REVENUES AND (OPERATING) EBIT MARGIN

	1st half of 2025	1st half of 2024
Rail Vehicle Systems		
Revenues (€ million)	2,169	1,981
EBIT margin (as % of revenues)	14.2	15.3
Operating EBIT margin (as % of revenues)	16.0	15.3
Commercial Vehicle Systems		
Revenues (€ million)	1,789	2,007
EBIT margin (as % of revenues)	8.7	10.4
Operating EBIT margin (as % of revenues)	9.9	11.1

Significant Events in and after the Reporting Period

The significant events after the reporting period can be found in the notes to the interim condensed financial statements. They are presented in the *Events after the reporting date* chapter. Material changes in related parties are explained in the "*Related party disclosures*" section.

Significant Events during the Reporting Period:

Disposal of GT Emissions Systems

The sale of GT Emissions Systems, which was presented under assets held for sale and corresponding liabilities in the 2024 fiscal year, closed on January 22, 2025. GT Emissions Systems comprises G.T. Group Ltd., Peterlee, United Kingdom and its subsidiary G T Emissions Systems Ltd., Peterlee, United Kingdom. The sale price was € 5 million, which was paid in full in cash as of June 30, 2025. Taking cumulative historical currency translation into account, there was a € 2 million loss on deconsolidation that was recognized in the other financial result. GT Emissions Systems was bought by UK-based private equity fund Rcapital Partners.

Marc Llistosella's Contract Renewed

The Supervisory Board of Knorr-Bremse AG renewed the contract with the Chief Executive Officer of Knorr-Bremse AG, Mr. Marc Llistosella, ahead of time by five years until December 2030.

US Tariff Policy

US President Trump issued an executive order in April 2025 imposing extensive tariff increases on a large number of goods, with specific tariffs for more than 50 countries (or regions). Bilateral negotiations followed, with outcomes as yet unknown, along with frequent public discussions regarding amendments, exceptions, deadlines and explanations. This has fueled uncertainty in terms of the future development of tariffs and their direct and indirect impact on global trade.

Restructuring

On February 20, 2025, Knorr-Bremse announced extensive efficiency measures and plans to increase profitability as part of the group-wide BOOST program, which runs until 2026 and also affects the period beyond that. Restructuring expenses of around € 75 million are planned for the full year. As of June 30, 2025, € 51 million of this amount had already been recognized as an expense. The provision formed in this context amounts to € 27 million as of the reporting date. Of this amount, € 14 million is attributable to the Rail Vehicle Systems division, € 6 million to the Commercial Vehicle Systems division, and € 7 million to the other segments. The estimated restructuring costs mainly include employee benefits in connection with the termination of employment. They are based on a detailed plan that was developed in consultation with the respective employee representatives and taking into account local legal requirements. The measures affect all regions worldwide. Currently, around 700-900 employees are affected by restructuring measures. The restructuring measures are expected to be completed by 2026.

Financial Performance

GROUP AND DIVISIONAL KEY INDICATORS

in € million	Rail Vehicle Systems	Commercial Vehicle Systems	Other segments and consolidation	Group
				1st half of 2025
Key Figures				
Order intake	2,600	1,884	(0)	4,484
Order book (June 30)	5,555	1,772	(1)	7,326
Capital expenditure (before IFRS 16 and acquisitions)	49	62	4	115
R&D costs	138	134	–	272
Condensed Statement of Income				
Revenues	2,169	1,789	(1)	3,957
Changes in inventory and own work capitalized	24	37	3	64
Cost of materials	(880)	(971)	(2)	(1,853)
Personnel expenses	(626)	(392)	(81)	(1,099)
Other operating income and expenses	(294)	(211)	62	(443)
Depreciation, amortization, and impairment	(85)	(96)	(13)	(194)
Earnings before interest and taxes (EBIT)	**308**	**156**	**(32)**	**432**
M&A activities	12	0	–	12
Restructuring expenses	27	17	7	51
Other expenses and income from one-off effects, e.g. in connection with litigation	–	3	–	3
Operating EBIT	**347**	**176**	**(25)**	**498**
Operating EBIT margin (as % of revenues)	16.0	9.9	–	12.6
				1st half of 2024
Key Figures				
Order intake	2,202	2,038	(1)	4,239
Order book (June 30)	4,881	1,969	(2)	6,848
Capital expenditure (before IFRS 16 and acquisitions)	53	78	5	136
R&D costs	138	148	0	286
Condensed Statement of Income				
Revenues	1,981	2,007	(1)	3,987
Changes in inventory and own work capitalized	39	74	1	114
Cost of materials	(831)	(1,139)	(3)	(1,973)
Personnel expenses	(538)	(438)	(62)	(1,038)
Other operating income and expenses	(265)	(197)	42	(420)
Depreciation, amortization, and impairment	(83)	(98)	(14)	(195)
Earnings before interest and taxes (EBIT)	**303**	**209**	**(37)**	**475**
M&A activities	–	12	–	12
Restructuring expenses	1	1	–	2
Other expenses and income from one-off effects, e.g. in connection with litigation	–	1	–	1
Operating EBIT	**304**	**223**	**(37)**	**490**
Operating EBIT margin (as % of revenues)	15.3	11.1	–	12.3

The Group's order intake increased solidly in the first half of 2025 to € 4,484 million (previous year: € 4,239 million). This positive development was chiefly due to significantly increased demand in the rail vehicle market, buoyed by significant growth in Asia and North America as well as by orders from KB Signaling, which was acquired as of August 30, 2024. However, there was a moderate decline in commercial vehicle order intake, as positive performance in Europe failed to fully offset the drop in demand in North America. Moreover, the disposals in the Commercial Vehicle Systems division impacted on absolute revenue development. As a result the Group reported an order book of € 7,326 million as of June 30, 2025, a solid year-on-year increase of € 478 million (previous year: € 6,848 million). The order backlog in the rail vehicle business significantly increased by 13.8% to € 5,555 million (previous year: €4,881 million), including € 272 million from KB Signaling, while it declined significantly by 10.0% to € 1,772 million (previous year: € 1,969 million) in the

Commercial Vehicle Systems division. This forms a solid base for revenue development over the coming quarters. The book-to-bill ratio – the ratio of order intake to revenues – was 1.13 in the first half of 2025 (previous year: 1.06).

Consolidated revenues in the first half of the fiscal year came to € 3,957 million, a slight decrease of 0.8% year over year. Currency-adjusted (at actual rates in 2024), revenue would have been 1.0% higher. The solid increase in revenues in the rail vehicle business almost fully offset the sharp decline in sales in the commercial vehicle business. Whereas consolidated revenues increased slightly in Asia, revenues decreased slightly across all divisions in Europe and North America.

While the revenues of OE business decreased moderately, the share of aftermarket revenues in the total revenues of the Knorr-Bremse Group expanded further from 41.7% in the previous year to 46.4% as a result of a significant 10.3% increase in the aftermarket business.

Regional revenues developed as follows:

CONSOLIDATED REVENUES BY GROUP COMPANY LOCATION

in € million	1st half of 2025	%	1st half of 2024	%
Europe/Africa	1,913	48.4	1,957	49.1
North America	962	24.3	976	24.5
South America	92	2.3	89	2.2
Asia–Pacific	990	25.0	965	24.2
	3,957	**100.0**	**3,987**	**100.0**

The cost of materials decreased in the first half of 2025 by a moderate € 120 million year on year to € 1,853 million (previous year: € 1,973 million). With a less-strong decline in revenues, the material cost ratio shrank very significantly by a total of 270 basis points to 46.8% of revenues (previous year: 49.5%). The decline was primarily attributable to lower expenses in the Commercial Vehicle Systems division in Europe and North America, partly due to the divestment of GT Emissions Systems and R.H. Sheppard in these regions. A counteracting increase in cost of materials in the Rail Vehicle Systems division, particularly in connection with the acquisition of KB Signaling, was less pronounced. Personnel costs, however, saw a moderate increase of € 61 million to € 1,099 million (previous year: € 1,038 million). The personnel costs ratio in the Commercial Vehicle Systems division remained at the prior-year level, while it increased significantly in the Rail Vehicle Systems division. It therefore increased significantly throughout the Group by 180 basis points versus the previous year (26.0%) to 27.8% of revenues. The increase is due in particular to personnel-related restructuring expenses. The sum of other operating income and expenses decreased moderately by € 22 million to € -442 million (previous year: € -420 million).

Operating EBIT in the first half of 2025 was € 498 million and therefore increased slightly by 1.6% versus the prior-year period (€ 490 million). This positive performance was largely due to the increase in operating EBIT in the Rail Vehicle Systems division, which more than offset the declining performance of the Commercial Vehicle Systems division attributable in particular to market factors. The operating EBIT margin stood at 12.6%, also a slight increase on the same period of the previous year (12.3%). Operating EBIT was calculated by adjusting the recognized EBIT of € 432 million, primarily by expenses associated with restructuring in the amount of € 27 million in the Rail Vehicle Systems division, € 17 million in the Commercial Vehicle Systems division and € 7 million in other segments, the majority of which related to the termination of employment relationships. Furthermore, adjustments were made to M&A-related expenses of € 12 million concerning mainly amortization of the purchase price allocation connected to the acquisition of KB Signaling in the Rail Vehicle Systems division. Adjustments were also made for expenses of € 3 million in the Commercial Vehicle Systems division in connection with a recall campaign in the North American market in fiscal year 2024. EBIT of € 475 million recognized in the first half of the previous year was adjusted in particular for expenses relating to M&A activities in the Commercial Vehicle Systems segment of € 12 million, which largely comprised write-downs of € 11 million for the planned disposal of GT Emissions Systems.

The negative financial result improved very significantly by a total of € 31 million to € 32 million in the first half of 2025 (previous year: € 63 million). Interest expenses increased by € 16 million, mainly because of the interest accrued for the new bond issued in September 2024. The loss from entities accounted for using the equity method amounted to € 17 million (previous year: € 0 million), due largely to the share in the result of Nexxiot AG, based in Zurich, Switzerland. In contrast, the other financial result increased year on year by € 57 million, primarily due to the improved currency translation result in connection with the valuation of foreign currency holdings.

Despite lower pretax earnings, tax expense increased in absolute terms by € 7 million to € 106 million in the first half of 2025 (previous year: € 99 million). The tax rate, at 26.6%, was significantly above the previous year's level of 24.1%. The lower tax rate in the previous year was primarily influenced by a corporate tax rate reduction in the United Kingdom, which related to deferred taxes associated with plan assets. The higher tax rate in the first half of 2025 reflects increased non-deductible operating expenses resulting from deconsolidations, as well as a rise in non-creditable withholding taxes during the same period.

The € 294 million of net income for the period decreased moderately by € 19 million from the previous year (€ 313 million). The return on sales after taxes, at 7.4%, was a moderate 0.4 percentage points below the prior-year level (7.8%). After deduction of non-controlling interests, earnings per share was € 1.70 (previous year: €1,85).

Rail Vehicle Systems division

Order intake in the Rail Vehicle Systems division increased year over year by a significant € 398 million to € 2,600 million (previous year: € 2,202 million), with all regions recording a positive order trend. The order book also increased significantly, by 13.8% to € 5,555 million as of June 30, 2025 (previous year: € 4,881 million).

Capital expenditure in the Rail Vehicle Systems division amounted to € 49 million in the first half of 2025 (previous year: € 53 million) and therefore declined moderately by 8.5%. Investments continued to focus primarily on site optimization and the expansion of automation processes in growth-oriented product groups. At € 85 million, depreciation and amortization was up slightly on the previous year's figure of € 83 million.

The R&D costs came to € 138 million in the first half of 2025 and therefore did not change from the previous year (€ 138 million). This resulted in a moderate decrease in the R&D ratio to 6.4% of revenue in the first half of 2025 (previous year: 7.0%). The focus in the Rail Vehicle Systems division was on, among other things, the industry trends of digitalization, transit capacity, availability, life cycle management, and eco-friendliness.

In the first half of 2025, the Rail Vehicle Systems division achieved a solid 9.5% revenue increase, bringing it to €2,169 million (previous year: € 1,981 million). The positive revenue performance was attributable to a significant increase in the aftermarket business, while revenues in OE business reached previous year's level. The division increased aftermarket revenues in all regions. The consolidation of KB Signaling also had a positive effect on revenues compared with the previous year. In European OE business, increased revenue in the regional and commuter category was only partially able to offset declining revenues from freight and locomotive business. The year-on-year increase in OE revenues in North America profited in particular from KB Signaling. In the Asia region, the slightly declining OE revenues were in particular the result of decreasing metro and passenger business which was partially offset by significant growth in China's high-speed business. Due to the noticeable stronger increases in the aftermarket business, in all regions, the share of aftermarket revenues in the division's total revenues, at 57.4% in the first half of 2025, was very significantly above the previous year's level (53.5%).

Operating EBIT, at € 347 million, increased by a significant 14.4% from the same period of the previous year (€ 304 million) for volume and mix reasons and resulted in an operating EBIT margin of 16.0%, which was solidly above the previous year's level (15.3%). In addition to positive effects from the BOOST program, KB Signaling also contributed positively to the result.

Commercial Vehicle Systems division

Order intake in the Commercial Vehicle Systems division in the first half of 2025 was € 1,884 million, a moderate 7.5% decrease on the previous year (€ 2,038 million). The significantly improved order intake in Europe failed to fully offset the significant decline in the North American market, while Asia matched the prior-year level. Currency effects and disposals of businesses also had an adverse effect on order figures compared with the previous year. Year over year, the truck production rate is also showing a slight decrease, which is mainly due to decreasing production in Europe and North America. The order book as at June 30, 2025, decreased significantly to € 1,772 million, 10.0% down on the previous year (€ 1,969 million).

The Commercial Vehicle Systems division's capital expenditure decreased significantly by € 16 million year over year to € 62 million in the first half of 2025 (previous year: € 78 million). Besides supplier tools, investments were also allocated to automation projects in the production area as well as worldwide replacement and expansion investments for various generations of products. Depreciation, amortization, and impairment in the Commercial Vehicles Systems division was € 96 million and thus slightly lower than the previous year's level (€ 98 million).

R&D costs in the division were reduced moderately to € 134 million in the first half of 2025 (previous year: € 148 million), however due to the more pronounced decline in revenue, this led to an R&D ratio of 7.5% of revenue, which was slightly above that of the prior-year period (7.4%). R&D activities continued to focus on the megatrends of the business such as e-mobility, automated driving, transportation safety as well as improvement of emission reduction.

Revenues in the Commercial Vehicle Systems division declined significantly, by 10.9% to € 1,789 million in the first half of 2025 (previous year: € 2,007 million), due to market and currency factors following the loss of revenue from recently sold companies. While the aftermarket business saw only a slight decline, revenue in the OE business decreased significantly. As a result of this development, the share of aftermarket revenue in the total revenue of the Commercial Vehicle Systems division as at June 2025 increased significantly to 33.0% compared with the previous year (30.1%).

Operating EBIT saw a significant 20.8% decline to € 176 million in the first half of 2025. The operating EBIT margin also decreased moderately from the previous year (11.1%) to its current 9.9%. The decline in earnings performance was primarily driven by lower volumes and higher depreciation charges in the research and development area, while a more profitable aftermarket business and positive contributions from the BOOST program provided a compensating effect.

Assets and financial position

Financing structure of the Knorr-Bremse Group

The reduction in current financial liabilities was due to the repayment in June 2025 of the bond issued on June 14, 2018 in the amount of € 750 million.

FINANCIAL LIABILITIES

in € million	June 30, 2025	Dec. 31, 2024
Bonds and debt instruments	1,828	2,553
Lease liabilities	501	555
Liabilities from options on minority interests	117	115
Liabilities towards credit institutions	88	66
Derivative financial instruments	9	47
Purchase price liabilities	37	45
Other financial liabilities	524	565
	3,104	**3,946**
Current	636	1,391
Non-current	2,468	2,555

CONDENSED CASH FLOW STATEMENT

in € million	1st half of 2025	1st half of 2024
Cash flow from operating activities	274	171
Cash flow from investing activities	(99)	(85)
Cash flow from financing activities	(1,061)	(335)
Cash flow changes	(886)	(249)
Change in cash funds resulting from exchange rate and valuation-related movements	(64)	12
Change in cash funds	(950)	(237)
Free cash flow	160	64

Cash Flow from Operating Activities

The cash flow from operating activities improved by a very significant € 103 million, from € 171 million in the first half of 2024 to € 274 million in the first six months of 2025. This was primarily attributable to the significantly improved development of working capital. In addition the € 44 million reduction in tax payments to € 66 million in the first half of 2025 had a positive impact to the increase in cash flow from operating activities. Other non-cash expenses and income and non-cash changes in the measurement of derivatives made a negative contribution, largely as a result of foreign currency losses.

Cash Flow from Investing Activities

In the first six months of 2025, the cash outflow for investing activities increased by a significant € 14 million from € 85 million in the previous year to € 99 million. The increase in cash outflow was primarily driven by a very significant € 84 million decline in proceeds from financial investments due to the dissolution of the special fund in the second half of 2024, and a € 24 million decrease in proceeds from the sale of property, plant and equipment compared to the previous year. Offsetting effects came from € 31 million lower disbursements for investments in financial assets.

Cash Flow from Financing Activities

The cash outflow from financing activities increased by a very significant € 726 million in the first half of 2025, from € 335 million in the prior-year period to € 1,061 million. This increase was primarily attributable to a repayment of financial loans of € 771 million, compared to repayments of € 21 million in the prior-year period. This is mainly related to the repayment of the bond issued in the amount of € 750 million on June 14, 2018. The increase of € 38 million in proceeds from borrowings of € 41 million in the first half of 2025 had an offsetting effect.

Free Cash Flow

Free cash flow in the first half of 2025 amounted to € 160 million and was therefore a very significant € 96 million higher than the previous year's level of € 64 million. This development is mainly attributable to the € 103 million improvement in the cash flow from operating activities due to improved working capital.

Liquidity

The decline in cash and cash equivalents from € 2,230 million as at December 31, 2024, to € 1,280 million as at June 30, 2025, was mainly comprised of the cash outflow for financing activities (€ 1.061 million), the cash outflow for investing activities (€ 99 million), and, in contrast, the cash inflow from operating activities (€ 274 million). Net debt consequently increased from € 912 million as at December 31, 2024, to € 1.109 million as at June 30, 2025.

Assets and capital structure

The Group's total assets decreased significantly as against December 31, 2024 (€ 9,614 million) to € 8,593 million. In addition to the negative effects resulting from the development of the US dollar exchange rate, which impacted the translation of the North American subsidiaries, this resulted largely from the repayment of the bond issued in the amount of € 750 million on June 14, 2018, leading to a decline in cash and cash equivalents.

BALANCE SHEET RATIOS

in € million	June 30, 2025	Dec. 31, 2024
Net working capital (NWC)	1,485	1,296
Net working capital in days' sales*	67.6	59.2
Equity ratio (%)	34.5	32.5
Total assets	**8,593**	**9,614**

* annualized

The net working capital as at June 30, 2025, was € 1,485 million (December 31, 2024: € 1,296 million). Measured in terms of days' sales, this corresponds to a commitment of 67.6 days (December 31, 2024: 59.2 days). This increase was due primarily to seasonal effects; a significant improvement in net working capital is therefore expected by the end of the year. Despite the positive effects from KB Signaling, which was not consolidated in the prior-year period, net working capital was a slight € 60 million or 2.2 days lower than in the first half of 2024 (June 30, 2024: € 1,546 million or 69.8 days).

The equity ratio, at 34.5% as at June 30, 2025, was significantly up on the level as at December 31, 2024 (32.5%).

CURRENT AND NON-CURRENT ASSETS

in € million	June 30, 2025	Dec. 31, 2024
Intangible assets and goodwill	1,755	1,816
Property, plant, and equipment	1,758	1,899
Other non-current assets	429	483
Non-current assets	**3,942**	**4,198**
Inventories	1,248	1,216
Trade accounts receivable	1,576	1,385
Contract assets	153	160
Cash and cash equivalents	1,309	2,263
Other current assets	365	392
Current assets	**4,651**	**5,416**

Significant capital expenditure on property, plant, and equipment went primarily toward expansion investments in production plant and equipment, automation projects, site optimization, and replacement investments. Moreover, capital expenditure on intangible assets was incurred for IT projects, among other things.

REPORT ON RISKS, OPPORTUNITIES AND EXPECTED DEVELOPMENTS

Report on Risks and Opportunities

Risks and opportunities specific to the Knorr-Bremse Group and its risk management system are described in detail in the report on risks and opportunities in the 2024 combined management report.

Compared to year-end 2024, the risk portfolio has decreased. In particular, risk in the “Procurement” category shifted from “high” to the medium risk corridor, mainly as a result of reduced risks with respect to US tariffs, price increases for raw materials, consumables, and supplies, and the insolvency risk of our suppliers. These risks were largely carried over into current planning in 2025. A further reduction in the risk portfolio was registered in the “Human Resources” risk category. Risks relating to restructuring for optimization of the company footprint were also carried over into the current plan and therefore no longer represent risks. Apart from that, no material risks have been identified since the combined management report for the 2024 fiscal year that could jeopardize our company’s continued existence.

Report on Expected Developments

Global economy

OECD analysts highlighted in their “Economic Outlook” edition of June 2025 that the persistent uncertainty regarding economic policy, increasing protectionist measures and heightened geopolitical tension are impacting global economic development. The OECD expects global growth to slow, but remain positive at 2.9% in both 2025 and 2026. Growth of 1.0% is forecast for the eurozone, 1.6% for the USA, and 4.7% for China in 2025. Inflation in G20 countries is expected to decline gradually from 6.2% in 2024 to 3.6% in 2025 and 3.2% in 2026. By contrast, inflation is expected to rise to just under 4% in the USA by the end of 2025 and might decline to just over 2% by the end of 2026. This development may require an extended period of tighter monetary policy there. The OECD warns that additional trade barriers and further fragmentation of global trade may further hamper growth and fuel inflation. It also emphasizes the importance of international cooperation and structural policy reforms to promote investment, productivity and sustainable growth.

Global rail vehicle market

The assessment of global rail vehicle market prospects until the end of 2025 has proved correct compared with the assessment in the 2024 combined management report. In addition to somewhat more positive performance in the Chinese market, the global rail vehicle market is supported by public and private investment in rail vehicles and infrastructure and will remain a growth market in this fiscal year and beyond, despite the uncertainties cited in the combined management report 2024. These include rising protectionist efforts in certain countries, Russia’s invasion of Ukraine, conflicts in the Middle East, supply chain instability, new project delays and caution in the freight business.

Global commercial vehicle production

The assessment of 2025 performance in the global commercial vehicle production market has deteriorated slightly in recent months. Knorr-Bremse continues to expect a slight year-on-year decline in worldwide commercial vehicle production for full year 2025, albeit with regional differences.

It originally predicted an 8% drop in commercial vehicle production in North America compared with full year 2024 but now assumes that production might diminish over twice the amount still given the tense geopolitical situation and the uncertainty due to tariffs.

A further decline was originally projected for Europe, but Knorr-Bremse now expects a slight increase versus 2024.

Further developments in the Chinese market are key for the Asia region. Knorr-Bremse predicts a further slight decline in commercial vehicle production following a decrease in 2024, based on declining economic growth in China.

The market data relates to the truck production rate in each region as published by various organizations, such as GlobalData.

Guidance

The guidance for full year 2025 is as follows:

FULL-YEAR GUIDANCE FOR THE GROUP

Most significant performance indicators	2025 target	2024 actual
Revenues (€ million)	7.800–8.100	7,883
Operating EBIT margin (as % of revenues)	12.5–13.5	12.3
Free cash flow (in € million)	700–800	730

Knorr-Bremse confirms its EBIT and free cash flow guidance for the 2025 fiscal year. The expected revenue range has been adjusted due to expected translation exchange rate effects only, with the July 2025 level now assumed (previously February 2025). The guidance continues to be based on the assumption of stable geopolitical and macroeconomic environments and no major impacts from possible tariffs. In a number of regions there is unchanged potential for restructuring which results in expenses of approximately € 75 million in 2025. As a result, the company now expects revenues between € 7,800 million and € 8,100 million (previously € 8,100 million and € 8,400 million) as well as an unchanged operating EBIT margin between 12.5% and 13.5% and unchanged free cash flow between € 700 million and € 800 million.

Interim Consolidated Financial Statements

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME

in € million	1st half of 2025	1st half of 2024
Revenues	3,957	3,987
Change in inventory of unfinished/finished products	19	56
Own work capitalized	45	58
Total operating performance	**4,021**	**4,101**
Other operating income	51	46
Cost of materials	(1,853)	(1,973)
Personnel expenses	(1,099)	(1,038)
Other operating expenses	(494)	(466)
Earnings before interest, tax, depreciation, and amortization (EBITDA)	**626**	**670**
Depreciation, amortization, and impairment	(194)	(195)
Earnings before interest and taxes (EBIT)	**432**	**475**
Interest income	30	26
Interest expenses	(65)	(49)
Result from financial investments using the equity method	(17)	0
Impairment of other financial assets	(4)	(8)
Other financial result	24	(32)
Income before taxes	**400**	**412**
Taxes on income	(106)	(99)
Net income	**294**	**313**
of which attributable to:		
Profit (loss) attributable to non-controlling interests	19	15
Profit (loss) attributable to the shareholders of Knorr-Bremse AG	275	298
Earnings per share in €		
Undiluted	1.70	1.85
Diluted	1.70	1.85

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € million	1st half of 2025	1st half of 2024
Net income	**294**	**313**
Actuarial gains and losses	14	12
Deferred taxes	(4)	(5)
Items that will not be reclassified to profit or loss	**10**	**7**
Currency translation	(204)	9
Hedging transactions reserve	44	(14)
Reserve for costs of hedging	(8)	(2)
Deferred taxes	(11)	5
Items that may be reclassified to profit or loss	**(179)**	**(2)**
Other comprehensive income after taxes	**(169)**	**5**
Comprehensive income	**125**	**318**
Total comprehensive income attributable to non-controlling interests	10	16
Total comprehensive income attributable to the shareholders of Knorr-Bremse AG	115	302

CONSOLIDATED BALANCE SHEET

ASSETS

in € million	June 30, 2025	Dec. 31, 2024
Assets		
Intangible assets	885	933
Goodwill	870	883
Property, plant, and equipment	1,758	1,899
Investments accounted for using the equity method	30	36
Other financial assets	96	83
Other assets	98	102
Income tax receivables	2	1
Assets from employee benefits	22	24
Deferred tax assets	181	237
Non-current assets	**3,942**	**4,198**
Inventories	1,248	1,216
Trade accounts receivable	1,576	1,385
Other financial assets	119	89
Other assets	208	206
Contract assets	153	160
Income tax receivables	38	81
Cash and cash equivalents	1,309	2,263
Assets held for sale and disposal groups	–	16
Current assets	**4,651**	**5,416**
Total assets	**8,593**	**9,614**

EQUITY AND LIABILITIES

in € million	June 30, 2025	Dec. 31, 2024
Equity		
Subscribed capital	161	161
Capital reserves	14	14
Retained earnings	309	309
Other components of equity	(304)	(144)
Group earnings	2,698	2,705
Equity attributable to the shareholders of Knorr-Bremse AG	**2,878**	**3,045**
Equity attributable to non-controlling interests	90	82
Equity	**2,968**	**3,127**
Liabilities		
Provisions for pensions	219	239
Provisions for other employee benefits	32	32
Other provisions	209	228
Trade accounts payable	7	11
Financial liabilities	2,468	2,555
Other liabilities	11	13
Income tax liabilities	14	6
Deferred tax liabilities	63	90
Non-current liabilities	**3,023**	**3,174**
Provisions for other employee benefits	21	19
Other provisions	185	170
Trade accounts payable	1,165	1,128
Financial liabilities	636	1,391
Other liabilities	148	139
Contract liabilities	340	343
Income tax liabilities	107	113
Liabilities directly associated with assets held for sale	–	10
Current liabilities	**2,602**	**3,313**
Liabilities	**5,625**	**6,487**
Total equity and liabilities	**8,593**	**9,614**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

in € million	1st half of 2025	1st half of 2024
Net income (including minority interests)	294	313
Adjustments for		
Depreciation, amortization, and impairment losses on intangible assets and property, plant, and equipment	194	195
(Gain)/loss on the sale of consolidated companies and other business units	0	4
(Gain)/loss on the disposal of fixed assets	0	0
Non-cash changes in the measurement of derivatives	(53)	9
Other non-cash expenses and income	(13)	28
Interest result	34	23
Investment result	17	(0)
Income tax expense	106	99
Income tax payments	(66)	(110)
Changes of		
Inventories, trade accounts receivable, and other assets that cannot be allocated to investing or financing activities, including write-downs on these assets	(343)	(399)
Trade accounts payable, provisions, and other liabilities that cannot be allocated to investing or financing activities	104	9
Cash flow from operating activities	**274**	**171**
Proceeds from the sale of intangible assets	-	4
Disbursements for investments in intangible assets	(47)	(56)
Proceeds from the sale of property, plant, and equipment	1	25
Disbursements for investments in property, plant, and equipment	(68)	(80)
Proceeds from financial investments and from the sale of investments	0	84
Disbursements for investments in financial assets	(10)	(41)
Proceeds from the sale of consolidated companies and other business units less cash and cash equivalents disposed of	9	(17)
Disbursements for the acquisition of consolidated companies and other business units less cash and cash equivalents acquired	(8)	(22)
Interest received	26	20
Other disbursements	(2)	(2)
Cash flow from investing activities	**(99)**	**(85)**
Proceeds from borrowings	41	3
Disbursements from the repayment of borrowings	(771)	(21)
Disbursements for lease liabilities	(36)	(34)
Interest paid	(21)	(22)
Dividends paid to parent company shareholders	(282)	(264)
Dividends paid to non-controlling interests	(1)	(1)
Proceeds from grants and subsidies	3	3
Payments from settlement of derivatives	6	1
Cash flow from financing activities	**(1,061)**	**(335)**
Cash flow changes	**(886)**	**(249)**
Change in cash funds resulting from exchange rate and valuation-related movements	(64)	12
Change in cash funds	**(950)**	**(237)**
Cash funds at the beginning of the period	2,230	1,283
Cash funds at the end of the period	**1,280**	**1,046**
Cash and cash equivalents	1,309	1,076
Reclassification as assets held for sale and disposal groups	0	3
Short-term bank debt (less than 3 months)	(29)	(33)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP STATEMENT OF CHANGES IN EQUITY

in € million	Subscribed capital	Capital reserve	Retained earnings	Group earnings
As of Jan. 1, 2025	**161**	**14**	**309**	**2,705**
Dividends	–	–	–	(282)
Net income	**–**	**–**	**–**	**275**
Other comprehensive income after taxes	–	–	–	–
Comprehensive income	**–**	**–**	**–**	**275**
Gains and losses on hedging transactions and costs of hedging reclassified to inventories	–	–	–	–
As of June 30, 2025	**161**	**14**	**309**	**2,698**
As of Jan. 1, 2024	**161**	**14**	**9**	**2,821**
Dividends	–	–	–	(264)
Net income	**–**	**–**	**–**	**298**
Other comprehensive income after taxes	–	–	–	–
Comprehensive income	**–**	**–**	**–**	**298**
Allocation to retained earnings	–	–	300	(300)
Reclassification of components of OCI to Group earnings	–	–	–	2
Gains and losses on hedging transactions and costs of hedging reclassified to inventories	–	–	–	–
Other	–	–	–	–
As of June 31, 2024	**161**	**14**	**309**	**2,557**

Other components of equity						
Currency translation	**Reserve for costs of hedging**	**Hedging transactions reserve**	**Revaluations from defined pension benefits (IAS 19)**	**Equity attributable to the shareholders of Knorr-Bremse AG**	**Equity attributable to non-controlling interests**	**Total equity**
(103)	**10**	**(20)**	**(31)**	**3,045**	**82**	**3,127**
–	–	–	–	(282)	(2)	(284)
–	**–**	**–**	**–**	**275**	**19**	**294**
(195)	(6)	31	10	(160)	(9)	(169)
(195)	**(6)**	**31**	**10**	**115**	**10**	**125**
–	0	0	–	0	–	0
(298)	**4**	**11**	**(21)**	**2,878**	**90**	**2,968**
(155)	**9**	**1**	**(24)**	**2,836**	**68**	**2,904**
–	–	–	–	(264)	(2)	(266)
–	**–**	**–**	**–**	**298**	**15**	**313**
8	(2)	(9)	7	4	1	5
8	**(2)**	**(9)**	**7**	**302**	**16**	**318**
–	–	–	–	–	–	–
–	–	–	(2)	–	–	–
–	0	1	–	1	–	1
–	–	–	–	–	(2)	(2)
(147)	**7**	**(7)**	**(19)**	**2,875**	**80**	**2,955**

Notes to the Condensed Interim Consolidated Financial Statements of Knorr-Bremse AG

1. Accounting principles

The Company

Knorr-Bremse AG (the “company”) is a joint stock company domiciled in Germany. The company’s registered office and headquarters are located in Moosacher Str. 80, 80809 Munich, Germany. The company is registered in the City of Munich commercial register under HRB 42031. The interim consolidated financial statements include the Company and its subsidiaries (jointly referred to as the “Group” or “Knorr-Bremse”). The Group is a global manufacturer of braking systems and other safety-critical systems for rail and commercial vehicles.

The product portfolio of the Rail Vehicle Systems division includes, among other things, braking systems, entrance systems, HVAC systems, sanitary systems, coupling systems, a portfolio of digital solutions and smart services for optimizing rail transportation, power electric, rail computing and communication systems, signaling technologies (control, command, and signaling [CCS]), stationary and mobile testing equipment, wiper and wash systems, and extensive aftermarket solutions (RailServices).

The product portfolio of the Commercial Vehicles Systems division includes, among other things, pneumatic braking systems (i.e., brake control systems, disk brakes, drum brakes, brake cylinders, valves and pedal units) and steering systems, vehicle dynamics solutions (i.e., anti-lock braking systems and electronic stability programs), driver assistance systems (e.g., emergency braking systems), electronic leveling control, energy supply and distribution systems, including compressors and air treatment, products for boosting fuel efficiency and transmission control systems (i.e., vibration dampers, engine air management, transmission control, and gear/clutch actuation) and trailer and aftermarket solutions.

Accounting and measurement methods

The interim consolidated financial statements for the period from January 1 to June 30, 2025 are condensed and have been prepared in accordance with IAS 34 Interim Financial Reporting and hence in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The interim consolidated financial statements are based on and should be read in conjunction with the consolidated financial statements for the period ended December 31, 2024. The accounting and measurement methods that the Group has applied in these interim financial statements are generally in line with those applied in the consolidated financial statements for 2024.

The condensed interim consolidated financial statements and the interim Group management report were released for publication by the Executive Board on July 30, 2025.

Restructuring provisions

On February 20, 2025, Knorr-Bremse announced extensive efficiency measures and plans to increase profitability as part of the group-wide BOOST program, which runs until 2026 and also affects the period beyond that. Restructuring expenses of around € 75 million are planned for the full year. As of June 30, 2025, € 51 million of this amount had already been recognized as an expense. The provision formed in this context amounts to € 27 million as of the reporting date. Of this amount, € 14 million is attributable to the Rail Vehicle Systems division, € 6 million to the Commercial Vehicle Systems division, and € 7 million to the other segments. The estimated restructuring costs mainly include employee benefits in connection with the termination of employment. They are based on a detailed plan that was developed in consultation with the respective employee representatives and taking into account local legal requirements. The measures affect all regions worldwide. Currently, around 700-900 employees are affected by restructuring measures. The restructuring measures are expected to be completed by 2026.

Additional disclosures

Knorr-Bremse AG’s half-year financial report meets the requirements of the applicable provisions of the German Securities Trading Act (WpHG) and, in accordance with Section 115 WpHG, includes condensed interim consolidated financial statements, an interim Group management report and a responsibility statement.

When calculating the Group's income tax expense for the first six months of 2025 the effective Group tax rate for the full fiscal year amounts to 26.6% (prior period: 24.1%).

The interim consolidated financial statements are presented in euro, the company’s functional currency. All financial information presented in euros is rounded to million of euros (in € million), unless otherwise indicated. This may result in rounding differences.

2. Changes in the Scope of Consolidation

Disposal of GT Emissions Systems

The GT Emissions Systems companies allocated to the Commercial Vehicle Systems division were sold as part of a portfolio adjustment, with the transaction closing on January 22, 2025. GT Emissions Systems comprises G.T. Group Ltd., Peterlee, United Kingdom and its subsidiary G T Emissions Systems Ltd., Peterlee, United Kingdom. GT Emissions Systems was bought by UK-based private equity fund Rcapital Partners.

The GT Emission Systems assets and corresponding liabilities were recognized as assets held for sale and corresponding liabilities as of December 31, 2024.

As part of the deconsolidation, the Group disposed of the following assets and liabilities:

DISPOSAL OF GT EMISSIONS SYSTEMS

in € million	**Jan. 22, 2025**
Assets	
Deferred tax assets	1
Non-current assets	**1**
Inventories	2
Trade accounts receivable	11
Other assets	2
Income tax receivables	1
Cash and cash equivalents	0
Current assets	**16**
Liabilities	
Other provisions	0
Financial liabilities	1
Deferred tax liabilities	1
Non-current liabilities	**2**
Other provisions	0
Trade accounts payable	8
Financial liabilities	1
Other liabilities	0
Current liabilities	**9**
Total net assets disposed of	**5**

The sale price was € 5 million, which was paid in full in cash as of June 30, 2025. Taking cumulative historical currency translation into account, there was a € 2 million loss on deconsolidation that was recognized in the other financial result.

There were no other material changes to consolidated companies in the first half of 2025.

3. Revenues

The table below breaks down consolidated revenues in the first half of 2025 by region and timing and reconciles them to revenues in segment reporting.

CLASSIFICATION OF REVENUE AND RECONCILIATION WITH SEGMENT REVENUES

	Revenue according to segment reporting			
in € million	Rail Vehicle Systems	Commercial Vehicle Systems	Other segments and consolida-tion	Total
				1st half of 2025
Disaggregation of segments				
a) Region (by registered office of the Group company)				
Europe/Africa	1,140	774	(1)	1,913
North America	339	623	(0)	962
South America	19	73	(0)	92
Asia–Pacific	671	319	(0)	990
	2,169	**1,789**	**(1)**	**3,957**
b) Type of time recording				
Recognition at a point in time	1,619	1,760	(1)	3,378
Recognition over time	550	29	–	579
	2,169	**1,789**	**(1)**	**3,957**
				1st half of 2024
Disaggregation of segments				
a) Region (by registered office of the Group company)				
Europe/Africa	1,109	849	(1)	1,957
North America	217	759	(0)	976
South America	21	68	(0)	89
Asia–Pacific	634	331	0	965
	1,981	**2,007**	**(1)**	**3,987**
b) Type of time recording				
Recognition at a point in time	1,483	1,985	(1)	3,467
Recognition over time	498	22	–	520
	1,981	**2,007**	**(1)**	**3,987**

Knorr-Bremse's revenues are not subject to any material seasonal variations.

4. Cost of Materials

The cost of materials decreased from € 1,973 million to € 1,853 million in the first half of 2025, due primarily to lower expenses in the Commercial Vehicle Systems division in Europe and North America, partly due to the divestment of GT Emissions Systems and R.H. Sheppard in these regions. A counteracting increase in costs of materials in the Rail Vehicle Systems division, particularly in connection with the acquisition of KB Signaling, was less pronounced.

5. Other Operating Income

Other operating income was € 51 million in the first half of 2025 (previous year: € 46 million). The increase is mainly attributable to the € 10 million increase in income from currency translation.

6. Other Operating Expenses

Other operating expenses amounted to € 494 million in the first half of 2025 (previous year: € 466 million). The increase is mainly attributable to the increase of € 24 million in expenses from currency translation.

7. Financial result

The negative financial result improved by a total of € 31 million to € 32 million in the first half of 2025 (previous year: € 63 million). Interest expenses increased by € 16 million, mainly because of the interest accrued for the new bond issued in September 2024. The loss from entities accounted for using the equity method amounted to € 17 million (previous year: € 0 million), due largely to the share in the result of Nexxiot AG, based in Zurich, Switzerland. In contrast, the other financial result increased year on year by € 57 million, primarily due to the improved currency translation result in connection with the valuation of foreign currency holdings.

8. Financial Instruments

Classification and fair values

The table below shows the non-netted carrying amounts and the fair values of financial assets and liabilities for each category of financial instruments in accordance with IFRS 9. For the classification (hierarchy levels) of fair value in accordance with IFRS 13, please refer to the section on accounting and measurement methods in the consolidated financial statements for the period ended December 31, 2024.

The financial instruments can be classified as financial instruments at fair value through profit or loss (FVTPL), financial instruments at fair value through other comprehensive income (FVOCI) and financial instruments at amortized cost.

INFORMATION IN ACCORDANCE WITH IFRS 9

in € million									June 30, 2025
	Carrying Amount					Fair value			
Category	**FVTPL**	**FVOCI**	**Other**	**At amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**19**	**51**	**41**	**2,989**	**3,100**	**8**	**82**	**21**	**111**
Derivative financial instruments to which hedge accounting is applied	–	–	41	–	41	–	41	–	41
Derivative financial instruments to which hedge accounting is not applied	10	–	–	–	10	–	10	–	10
Equity instruments	9	21	–	–	30	8	1	21	30
Trade accounts receivable*	–	30	–	1,546	1,576	–	30	–	30
Purchase price receivables from disposal of land*	–	–	–	14	14	–	–	–	–
Other financial receivables*	–	–	–	120	120	–	–	–	–
Cash and cash equivalents*	–	–	–	1,309	1,309	–	–	–	–
Financial liabilities	**26**	**–**	**501**	**3,749**	**4,276**	**1,825**	**214**	**17**	**2,056**
Derivative financial instruments to which hedge accounting is applied	–	–	0	–	0	–	0	–	0
Derivative financial instruments to which hedge accounting is not applied	9	–	–	–	9	–	9	–	9
Liabilities towards credit institutions	–	–	–	88	88	–	88	–	88
Liabilities from options on minority interests	–	–	–	117	117	–	117	–	117
Bonds and debt instruments	–	–	–	1,828	1,828	1,825	–	–	1,825
Lease liabilities	–	–	501	–	501	–	–	–	–
Purchase price liabilities*	17	–	–	20	37	–	–	17	17
Other financial liabilities*	–	–	–	524	524	–	–	–	–
Trade accounts payable*	–	–	–	1,172	1,172	–	–	–	–

* No information on fair value as the carrying amount is approximately equal to the fair value.

in € million									Dec. 31, 2024
	Carrying Amount					Fair value			
Category	FVTPL	FVOCI	Other	At amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets	**11**	**45**	**4**	**3,759**	**3,820**	**7**	**32**	**21**	**60**
Derivative financial instruments to which hedge accounting is applied	–	–	4	–	4	–	4	–	4
Derivative financial instruments to which hedge accounting is not applied	1	–	–	–	1	–	1	–	1
Equity instruments	10	21	–	–	31	7	3	21	31
Trade accounts receivable*	–	24	–	1,361	1,385	–	24	–	24
Purchase price receivables from disposal of land*	–	–	–	15	15	–	–	–	–
Other financial receivables*	–	–	–	121	121	–	–	–	–
Cash and cash equivalents*	–	–	–	2,263	2,263	–	–	–	–
Financial liabilities	**35**	**–**	**591**	**4,459**	**5,085**	**2,559**	**228**	**24**	**2,811**
Derivative financial instruments to which hedge accounting is applied	–	–	36	–	36	–	36	–	36
Derivative financial instruments to which hedge accounting is not applied	11	–	–	–	11	–	11	–	11
Liabilities towards credit institutions	–	–	–	66	66	–	66	–	66
Liabilities from options on minority interests	–	–	–	115	115	–	115	–	115
Bonds and debt instruments	–	–	–	2,553	2,553	2,559	–	–	2,559
Lease liabilities	–	–	555	–	555	–	–	–	–
Purchase price liabilities*	24	–	–	21	45	–	–	24	24
Other financial liabilities*	–	–	–	565	565	–	–	–	–
Trade accounts payable*	–	–	–	1,139	1,139	–	–	–	–

* No information on fair value as the carrying amount is approximately equal to the fair value.

Receivables at FVOCI relate to trade accounts receivable in connection with factoring.

Valuation techniques used to measure fair value

The market value of financial derivatives is the price at which a party would take over the rights and/or obligations from another party. The market values are calculated based on the market information available on the reporting date using recognized measurement methods:

Forward exchange contracts and interest rate hedging contracts are valued on the basis of reference rates taking into account forward premiums and discounts. Net present value calculations are performed using yield curves.

Commodity contracts are valued on the basis of quoted prices on active stock exchanges.

In addition, default risks are taken into account when measuring financial derivatives at fair value ("credit value adjustments"). The calculation basis for the probabilities of default is the credit default spreads per counterparty and for the company.

The Group measures long-term receivables/loans based on parameters such as interest rates, certain country-specific risk factors, creditworthiness of the individual customers, and the risk characteristics of the financed project.

The fair values of the Group's interest-bearing loans are measured using the discounted cash flow method. This is based on a discount rate, which reflects the issuer's borrowing rate at the end of the reporting period. The Company's own non-performance risk was classified as low over the entire period.

Further information about assets and liabilities classified as level 3

The purchase price liabilities accounted for at fair value through profit or loss in accordance with IFRS 9 recognize an earnout liability from the purchase of Cojali S.L. The liability is recognized at level 3 of the fair value hierarchy and is discounted using standard market rates with matching maturities.

The material measurement parameters for the earnout liability are the standard market discount rate with a matching maturity and the measurement-related earnings before interest and tax (EBIT). If the discount rate were to increase or decrease by one percentage point, the value of the purchase price liability recognized would decrease by 2% or increase by 2%, respectively. The EBIT measurement parameter refers both to annual EBIT up to and including 2026 and to the cumulative EBIT generated in this period. The annual measurement-related EBIT is considered reached when agreed target EBIT has been exceeded. The purchase price increases for cumulative EBIT until it reaches a contractually defined maximum level, with results beyond the maximum level not being accounted for in the purchase price calculation.

Liabilities of € 24 million as at December 31, 2024, decreased to € 17 million as at June 30, 2025. This resulted from the reclassification of a € 7 million purchase price installment, which is now secure.

9. Events after the Reporting Date

The Bundestag adopted a law for an immediate tax investment program to strengthen Germany as a business location on June 26, 2025. One aspect of the law is a reduction in corporation tax, from the current 15% to 10%. The plan is to reduce the corporation tax rate in stages, by one percentage point per year from 2028. There were no effects on measurement of deferred taxes as of June 30, 2025, given that the Bundesrat did not pass the law until July 11, 2025. The potential impact on deferred taxes and the tax rate are currently being assessed, but cannot yet be quantified.

On July 4, 2025, the One Big Beautiful Bill Act was signed into law by the US President. The potential accounting impacts are currently being analyzed but cannot yet be quantified.

In July 2025, additional restructuring measures were agreed on.

10. Related Party Disclosures

Related parties within the meaning of IAS 24 are natural persons or companies that can be influenced by Knorr-Bremse AG, that can exert an influence on Knorr-Bremse AG, or that are under the influence of another related party of Knorr-Bremse AG. Transactions with related parties were conducted at arm’s length.

Except for the events presented in the following, no material changes have arisen relative to the information about transactions and relationships disclosed in the 2024 consolidated financial statements.

Changes in the Supervisory Board

Ms. Sylvia Walter resigned from her position representing employee interests on the Supervisory Board of Knorr-Bremse AG with effect from December 31, 2024, and has left the Supervisory Board.

Ms. Manuela Deseive succeeded Sylvia Walter as a replacement member elected by employees with effect from January 1, 2025.

Dr. Theodor Weimer resigned from his position representing shareholder interests on the Supervisory Board of Knorr-Bremse AG and left the Supervisory Board with effect from the end of the Annual General Meeting on April 30, 2025.

Mr. Stephan Sturm was elected to the Supervisory Board to succeed him by the Annual General Meeting on April 30, 2025.

11. Legal Risks

For legal risks described in section H.9 of the 2024 notes to the consolidated financial statements, no new findings or information had arisen by June 30, 2025.

12. Segment Reporting

INFORMATION ON REPORTABLE SEGMENTS

in € million	Reportable Segments: Rail Vehicle Systems	Reportable Segments: Commercial Vehicle Systems	Reportable Segments: TOTAL	Other segments and consolida-tion	Group
					1st half of 2025
External revenues	2,168	1,788	3,956	1	3,957
Intersegment revenues	1	1	2	(2)	–
Segment revenues	**2,169**	**1,789**	**3,958**	**(1)**	**3,957**
Earnings before interest and taxes (EBIT)	**308**	**156**	**464**	**(32)**	**432**
M&A activities	12	0	12	–	12
Restructuring expenses	27	17	44	7	51
Other expenses and income from one-off effects, e.g. in connection with litigation	–	3	3	–	3
Operating EBIT	**347**	**176**	**523**	**(25)**	**498**
Share of profit or loss from companies accounted for using the equity method	(17)	(0)	(17)	(0)	(17)
Net working capital	1,052	426	1,478	7	1,485
Capital expenditure (before IFRS 16 and acquisitions)	49	62	111	4	115

in € million	Rail Vehicle Systems	Commercial Vehicle Systems	TOTAL	Other segments and consolida-tion	Group
					1st half of 2024
External revenues	1,981	2,006	3,987	0	3,987
Intersegment revenues	0	1	1	(1)	–
Segment revenues	**1,981**	**2,007**	**3,988**	**(1)**	**3,987**
Earnings before interest and taxes (EBIT)	**303**	**209**	**512**	**(37)**	**475**
M&A activities	–	12	12	–	12
Restructuring expenses	1	1	2	–	2
Other expenses and income from one-off effects, e.g. in connection with litigation	–	1	1	–	1
Operating EBIT	**304**	**223**	**527**	**(37)**	**490**
Share of profit or loss from companies accounted for using the equity method	(2)	2	0	–	0
Net working capital	1,047	497	1,544	2	1,546
Capital expenditure (before IFRS 16 and acquisitions)	53	78	131	5	136

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group's interim management report includes a fair view of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Munich, July 30, 2025

Knorr-Bremse AG
Executive Board

MARC LLISTOSELLA **DR. NICOLAS LANGE** **DR. CLAUDIA MAYFELD** **BERND SPIES** **FRANK MARKUS WEBER**

Review Engagement Certificate

To Knorr-Bremse Aktiengesellschaft, Munich

We have reviewed the condensed interim consolidated financial statements of the Knorr-Bremse AG – comprising consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the condensed interim consolidated financial statements – together with the interim group management report of the Knorr-Bremse AG, for the period from January 1 to June 30, 2025 that are part of the semi annual (or quarterly financial report) according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Munich, July 30, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

Huber-Straßer
Wirtschaftsprüferin
[German Public Auditor]

Mokler
Wirtschaftsprüfer
[German Public Auditor]