KNORR-BREMSE

Interim Report
January 1 to June 30, 2026



Half-year financial report

JANUARY 1 TO JUNE 30, 2026
KNORR-BREMSE AG

Knorr-Bremse Group Key Indicators

		1st half of 2026	1st half of 2025
Revenues	**€ million**	**4,080**	**3,957**
EBIT	€ million	525	432
EBIT margin	%	12.9	10.9
Operating EBIT	€ million	566	498
Operating EBIT margin	%	13.9	12.6
Net income	€ million	343	294
Return on sales after taxes	%	8.4	7.4
Earnings per share	€	2.03	1.70
Order intake	**€ million**	**4,431**	**4,484**
Order book (June 30)	€ million	7,887	7,326
Free cash flow	**€ million**	**294**	**160**
Cash flow from operating activities	€ million	399	274
Capital expenditure	€ million	132	115
Capital expenditure as % of revenues	%	3.2	2.9
R&D costs	€ million	277	272
R&D costs as % of revenues	%	6.8	6.9

		June 30, 2026	Dec. 31, 2025
Total assets	**€ million**	**9,468**	**8,883**
Equity	€ million	3,296	3,180
Equity ratio	%	34.8	35.8
Operating ROCE (annualized)*	%	23.8	23.4
Net working capital	Days' sales	63.1	51.6

* The ratio of operating EBIT to adjusted capital employed; the latter being the recognized capital employed of € 5,527 million (December 31, 2025: € 4,656 million) less the KB Signaling and duagon assets of € 781 million identified in the purchase price allocation (December 31, 2025: KB Signaling assets of € 313 million).

First Half of 2026

- Order intake, at € 4,431 million, a slight 1.2% down year over year; solid increase in commercial vehicle demand could not fully offset the moderate decrease in rail vehicle business
- Order book at € 7,887 million a solid € 561 million above prior year, buoyed by the acquisition of the duagon Group
- Revenues of € 4,080 million slightly up on the previous year (€ 3,957 million); slight increase in both divisions
- Profitability: operating EBIT of € 566 million up significantly on the previous year by 13.7% with a solid increase in the operating EBIT margin to 13.9% (previous year: 12.6%)
- Free cash flow of € 294 million very significant above prior-year period (€ 160 million), mainly driven by higher net income
- Knorr-Bremse is raising its full-year operating guidance for 2026 based on a strong first half of 2026 and a positive outlook for the remainder of the year:
  - Revenue: € 8,100 million to € 8,300 million (2025: € 7,817 million), previously € 8,000 million to € 8,300 million
  - Operating EBIT margin: 14.0% to 14.5% (2025: 13.0%), previously ~14%
  - Free cash flow: € 750 million to € 850 million (2025: € 790 million)

Interim Group Management Report

BUSINESS REPORT[1]

General economic and industry-related conditions

Economic activity and industry environment

Global economy

The global economy proved to be stronger than expected in early 2026 on the back of persistently strong investment, particularly in the area of artificial intelligence, as well as relatively favorable financing terms and a momentary relaxation in trade policy. However, the global economy again came under pressure as the conflict in the Middle East escalated, with the disruption of key trade routes and significant adverse impacts on energy supply causing a significant increase in energy and commodity prices. This triggered an increase in inflation, which in turn weighed on business and household confidence. The recent developments among the major economies were mixed: China's economic momentum remained solid overall while the eurozone saw overall subdued and inconsistent performance alongside varying growth trends in the major economies, with Germany showing relatively strong development in the first quarter. The US economy continued to perform solidly, particularly with the support of strong investment activity. In contrast to the previous year, the US dollar appreciated against the euro during the first half of 2026. (Source: OECD June 2026).

Rail vehicle market

Performance in the rail vehicle market was as expected in the first half of 2026 and in line with the statements in the combined management report in the 2025 Annual Report. The rail vehicle market remains a growth market that is supported by private and public investment programs.

Commercial vehicle market

The global commercial vehicle market in the first half of 2026 grew year over year. Positive momentum is expected primarily from China. This is similarly reflected in the full-year market forecast for 2026.

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 2026	1st half of 2025
Revenues (€ million)	4,080	3,957
EBIT (€ million)	525	432
EBIT margin (as % of revenues)	12.9	10.9
Operating EBIT (€ million)	566	498
Operating EBIT margin (as % of revenues)	13.9	12.6
Free cash flow (in € million)	294	160
Operating ROCE (annualized, in %)*	23.8	21.3

* The ratio of operating EBIT to adjusted capital employed; the latter being the recognized capital employed of € 5,527 million (June 30, 2025: € 4,998 million) less the KB Signaling and duagon assets of € 781 million identified in the purchase price allocation (June 30, 2025: KB Signaling assets of € 323 million).

[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 2026	1st half of 2025
Rail Vehicle Systems		
Revenues (€ million)	2,245	2,169
EBIT margin (as % of revenues)	15.7	14.2
Operating EBIT margin (as % of revenues)	17.1	16.0
Commercial Vehicle Systems		
Revenues (€ million)	1,837	1,789
EBIT margin (as % of revenues)	11.4	8.7
Operating EBIT margin (as % of revenues)	11.7	9.9

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.

Special Events during the Reporting Period:

Acquisition of the duagon Group

Knorr-Bremse Systeme für Schienenfahrzeuge GmbH acquired duagon Holding AG, Dietikon, Switzerland, comprising 13 subsidiaries, upon signing the purchase agreement on September 25, 2025, and closing the transaction on January 5, 2026. The purchase price for the duagon Group amounts to € 490 million and was paid in full in cash on January 5, 2026. In connection with the business combination, contingent consideration has been agreed, the amount of which is contingent on achievement of a defined consolidated adjusted EBITDA figure by the duagon Group for the 2025 fiscal year. As the relevant threshold was not reached, the contingent consideration was measured at € 0. The acquisition will enable Knorr-Bremse to strengthen its global rail business and invest in the fast-growing electronics, communications, and software solution segments of the rail transportation market.

Acquisition of TRAVIS Road Services International B.V.

Through a purchase agreement dated October 20, 2025, and the subsequent closing of the transaction on April 30, 2026, Knorr-Bremse Systeme für Nutzfahrzeuge GmbH acquired TRAVIS Road Services International B.V., Tilburg, Netherlands. The purchase price for the 92.5% of shares in TRAVIS amounted to € 33 million and was paid in full in cash on April 30, 2026. In connection with the business combination, contingent consideration has been agreed. It is tied to the achievement of set EBIT and revenue targets in the 2026 and 2027 fiscal years and has been measured at a fair value of € 9 million. The fair value measurement is regularly reviewed. For the 7.5% interest retained by management, reciprocal option rights exist. Management has a put option exercisable during the period of January 1, 2028, to December 31, 2030, while Knorr-Bremse has a corresponding call option exercisable from the 2030 fiscal year onwards. In connection with the put option, a financial liability of € 4 million has been recognized. The acquisition will enable Knorr-Bremse to expand a digital aftermarket ecosystem for commercial vehicles and invest in the fast-growing market for data-driven services.

Renewal of the Contract of Frank Markus Weber

The Supervisory Board of Knorr-Bremse AG unanimously renewed the contract of Frank Markus Weber, member of the Executive Board and Chief Financial Officer (CFO) of Knorr-Bremse AG, ahead of time by five years as of April 1, 2027.

Financial Performance

GROUP AND SEGMENT METRICS

in € million	Rail Vehicle Systems	Commercial Vehicle Systems	Other segments and consolidation	Group
				1st half of 2026
Key Figures				
Order intake	2,399	2,026	6	4,431
Order book (June 30)	5,910	1,979	(2)	7,887
Capital expenditure (before IFRS 16 and acquisitions)	55	74	3	132
R&D costs	149	128	(0)	277
Condensed Statement of Income				
Revenues	2,245	1,837	(2)	4,080
Changes in inventory and own work capitalized	68	51	0	119
Cost of materials	(934)	(991)	(2)	(1,927)
Personnel expenses	(633)	(358)	(97)	(1,088)
Other operating income and expenses	(297)	(230)	76	(451)
Depreciation, amortization, and impairment	(97)	(99)	(12)	(208)
Earnings before interest and taxes (EBIT)	**352**	**210**	**(37)**	**525**
M&A activities	24	–	–	24
Restructuring expenses	7	4	6	17
Expenses and income from one-off effects, for example in connection with litigation	–	–	–	–
Operating EBIT	**383**	**214**	**(31)**	**566**
Operating EBIT margin (as % of revenues)	17.1	11.7	–	13.9
				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
Expenses and income from one-off effects, for example in connection with litigation	–	3	–	3
Operating EBIT	**347**	**176**	**(25)**	**498**
Operating EBIT margin (as % of revenues)	16.0	9.9	–	12.6

The Knorr-Bremse Group's order intake in the first half of 2026 saw a slight decline of € 53 million, or 1.2%, from the comparable period of the previous year. This development is due to the solid increase in commercial vehicle demand not being able to fully offset the moderate decline in rail vehicle business. The Commercial Vehicle Systems segment benefited from increased demand in all regions. In the Rail Vehicle Systems segment, the significantly increased order intake in North America was unable to fully offset the decline in demand in Asia and Europe. Despite the slight downward movement in order intake, the Knorr-Bremse Group's order book as at June 30, 2026, had solidly increased from € 7,326 million to € 7,887 million. The Rail Vehicle Systems order book saw a solid 6.4% increase to € 5,910 million (previous year: € 5,555 million), including € 117 million for duagon which was consolidated for the first time in January. The order book of the Commercial Vehicle Systems division increased significantly by 11.7% to € 1,979 million (previous year:

€ 1,772 million). 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 1.09 in the first half of 2026 (previous year: 1.13).

Consolidated revenues in the first half of the fiscal year came to € 4,080 million, a slight increase of 3.1% year over year. Both divisions posted a slight increase in revenues, with the increase in the Rail Vehicle Systems division in particular being attributable to the initial consolidation of duagon. Currency-adjusted (to actual rates in 2025), revenues would have been increased by 5.8%. Consolidated revenues in Europe increased solidly across all divisions, compensating for the slight decline in North America and the slight revenue fall in Asia.

Regional revenues developed as follows:

CONSOLIDATED REVENUES BY GROUP COMPANY LOCATION

in € million	1st half of 2026	%	1st half of 2025	%
Europe/Africa	2,075	50.9	1,913	48.4
North America	936	22.9	962	24.3
South America	92	2.3	92	2.3
Asia–Pacific	977	23.9	990	25.0
	4,080	**100.0**	**3,957**	**100.0**

The cost of materials in the first half of 2026 increased slightly from € 1,853 million to € 1,927 million. This increase is due to the higher cost of materials in both divisions, and, in the Rail Vehicle Systems division, is in particular due to the acquisition of duagon. The material cost ratio increased by a slight 40 basis points altogether, making up 47.2% of revenues (previous year: 46.8%). The personnel costs decreased a slight 1.0% to € 1,088 million (previous year: € 1,099 million). Accordingly, personnel costs ratio fell by a solid 110 basis points to 26.7% of revenues (previous year: 27.8%). This was attributable to lower personnel-related restructuring expenses than in the previous year. The net balance of other operating income and expenses declined slightly by € 8 million to € -451 million (previous year: € -443 million).

In the first half of 2026, the Knorr-Bremse Group generated operating EBIT of € 566 million, up by significant 13.7% on the prior-year figure. The operating EBIT margin of 13.9% was solidly above the prior-year level of 12.6%. This positive development was primarily due to a very significant improvement in the EBIT of the Commercial Vehicle Systems division as well as to a significant increase in the EBIT of the Rail Vehicle Systems division. To calculate operating EBIT, the reported EBIT of € 525 million was adjusted primarily for expenses of € 24 million related to M&A activities. These expenses mainly concerned depreciation and amortization arising from the purchase price allocations for the KB Signaling and duagon acquisitions in the Rail Vehicle Systems division. Adjustments were also made for restructuring expenses of € 7 million in the Rail Vehicle Systems division, € 4 million in the Commercial Vehicle Systems division, and € 6 million in other segments, which mostly comprise employee termination benefits. The figure for the prior-year period mainly comprised adjustments for restructuring expenses of € 27 million in the Rail Vehicle Systems division, € 17 million in the Commercial Vehicle Systems division, and € 7 million in other segments, which mostly comprised employee termination benefits. Furthermore, adjustments were made in the prior year for M&A-related expenses of € 12 million which concerned depreciation and amortization arising from the purchase price allocation for the KB Signaling acquisition 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.

The negative financial result deteriorated by a total of € 27 million to € 59 million in the first half of 2026 (previous year: € 32 million). The main factor in this development was the increase in the loss from entities accounted for using the equity method from € 17 million to € 41 million. This resulted primarily from an impairment of the shares in Nexxiot AG, Zürich/Switzerland, in the amount of € 36 million, as well as the share in the net income of Nexxiot AG. Furthermore, the positive other financial result decreased from € 24 million to € 11 million, in particular due to lower positive currency translation effects in connection with the valuation of foreign currency holdings. In addition, interest income fell by € 11 million due to a lower asset base. This was partially offset by reversals of impairment of other financial assets in the amount of € 12 million, after impairment losses of € 4 million had been recognized in the previous year.

Tax expenses in the first half of 2026 increased significantly to € 123 million (previous year: € 106 million). The tax rate, at 26.3%, was slightly below the previous year's level of 26.6%. The slightly lower tax rate in the first half of 2026 was primarily

attributable to lower non-creditable withholding taxes. This effect was partially offset by negative results from investments accounted for using the equity method.

At € 343 million, net income for the period was up significantly by 16.8% on the prior-year figure (€ 294 million). The return on sales after taxes, at 8.4%, was a solid 1.0 percentage point above the prior-year level (previous year: 7.4%). After deduction of non-controlling interests, earnings per share were € 2.03 (previous year: € 1.70).

Rail Vehicle Systems division

Order intake in the Rail Vehicle Systems division decreased year over year by a moderate € 201 million to € 2,399 million (previous year: € 2,600 million). The significantly increased order intake in North America partially offset the decline in order intake in Asia and Europe. Despite the weaker demand environment, the order backlog increased by a solid 6.4% to € 5,910 million (previous year: € 5,555 million).

Capital expenditure in the Rail Vehicle Systems division was € 55 million in the first half of 2026, a significant 12.1% increase on the previous year (€ 49 million). This capital expenditure was focused on capacity-expanding automation projects, site optimizations, and replacement investments. At € 97 million, depreciation and amortization were significantly up on the previous year's level of € 85 million.

The R&D costs increased moderately in the first half of 2026 to € 149 million (previous year: € 138 million). This resulted in a slight increase in the R&D ratio to 6.6% of revenues in the first half of 2026 (previous year: 6.4%). A key focus was placed on development projects aligned with industry trends emerging from global megatrends. Core areas include future-oriented concepts aimed at maximizing transportation capacity, enhancing environmental sustainability, increasing operational availability, as well as lifecycle management and digital transformation.

In the first half of 2026, the revenues in the Rail Vehicle Systems division were € 2,245 million and slightly up on the previous year (€ 2,169 million). The significant increase in the OE business compensated in full for the moderate decrease in revenues from the aftermarket business. The growth in the OE business was primarily attributable to higher revenues in the European market, where the division particularly benefited from increased sales in the Regional & Commuter business, the signalling business, as well as revenues generated by the newly consolidated duagon. The division also recorded a significant increase in OE revenues in the North American region, while OE revenues in South America remained largely stable compared to the corresponding prior-year period. In Asia, higher OE revenues from the metro business were unable to fully offset the decline in revenues from the Chinese high-speed rail business. Because of declining aftermarket revenues in America and Asia with significantly increased OE revenues at the same time, their share of total revenues fell to 52.7% (previous year: 57.4%).

The division posted a significant increase in operating EBIT to € 383 million, up 10.3% on the prior-year level (€ 347 million). This gives an operating EBIT margin of 17.1%, a solid improvement on the previous year (16.0%). This encouraging growth is in particular attributable to achievements in the BOOST performance program and a higher profitable volume.

Commercial Vehicle Systems division

Order intake in the Commercial Vehicle Systems division in the first half of 2026 was € 2,026 million, a solid 7.5% increase on the previous year's period (€ 1,884 million). In this context, all regions recorded positive order intake development. The truck production rate saw a significant year-over-year increase as well, especially resulting in higher production levels in Europe and China. The order book also grew a significant 11.7% to € 1,979 million as at June 30, 2026 (previous year: € 1,772 million).

The Commercial Vehicle Systems division's capital expenditure increased significantly by 19.6% year over year to € 74 million in the first half of 2026 (previous year: € 62 million). Capital expenditure went toward the global provision of supplier tools as well as equipment for the manufacture of new generations of products and footprint projects. Depreciation, amortization, and impairment in the Commercial Vehicles Systems division was € 99 million and thus slightly higher than the previous year's level (€ 96 million).

The division's R&D costs in the first half of 2026 decreased slightly to € 128 million (previous year: € 134 million), which resulted in the R&D ratio reducing solidly to 7.0% of revenues (previous year: 7.5%). R&D activities continued to

concentrate on the future-related fields of traffic safety, emission reduction, electromobility and automated driving. In addition, connectivity, digital services and the optimization of total cost of ownership (TCO) were key focus areas.

Revenues in the Commercial Vehicle Systems division in the first half of 2026 were € 1,837 million, a slight 2.7% increase on the previous year (€ 1,789 million). This increase is attributable to both slight growth in the OE business and slight growth in the aftermarket business. The share of aftermarket revenues in the total revenues of the Commercial Vehicle Systems division in the first half of 2026 increased slightly to 33.4% compared with the previous year (33.0%).

Operating EBIT in the first half of 2026 increased significantly by 21.5% to € 214 million (previous year: € 176 million), which resulted in a significant improvement of the operating EBIT margin to 11.7% (previous year: 9.9%). The encouraging development is mostly attributable to the positive effect of higher volumes combined with an improved cost structure resulting from the BOOST performance program as well as a higher share of the more profitable aftermarket business.

Assets and financial position

Financing structure of the Knorr-Bremse Group

FINANCIAL LIABILITIES

in € million	June 30, 2026	Dec. 31, 2025
Bonds and debt instruments	1,831	1,801
Lease liabilities	503	502
Liabilities from options on minority interests	130	122
Liabilities towards credit institutions	116	61
Derivative financial instruments	8	2
Purchase price liabilities	37	34
Other financial liabilities	565	562
	3,190	**3,084**
Current	729	605
Non-current	2,461	2,479

CONDENSED CASH FLOW STATEMENT

in € million	1st half of 2026	1st half of 2025
Cash flow from operating activities	399	274
Cash flow from investing activities	(607)	(99)
Cash flow from financing activities	(335)	(1,061)
Cash flow changes	(543)	(886)
Change in cash funds resulting from exchange rate and valuation-related movements	23	(64)
Change in cash funds	(520)	(950)
Free cash flow	294	160

Cash flow from Operating Activities

The cash flow from operating activities improved by a very significant € 125 million, from € 274 million in the first half of 2025 to € 399 million in the first six months of 2026. This was mainly attributable to the higher net income for the period of € 343 million (previous year: € 294 million). In addition, the development of non-cash changes in the measurement of derivatives as well as the development of the investment result had a positive impact. Furthermore, refunds of € 20 million received in the United States during the first half of the year under the International Emergency Economic Powers Act (IEEPA) had a positive impact on operating cash flow. This effect was partially offset by income tax payments, which increased to € 112 million (prior year: € 66 million) and had a negative impact on cash flow from operating activities.

Cash Flow from Investing Activities

The cash outflow for investing activities increased a very significant € 508 million in the first half of 2026, from € 99 million to € 607 million, which was mainly due to larger payments for the acquisition of consolidated companies and other business units, less cash and cash equivalents gained with the acquisitions of duagon and TRAVIS.

Cash Flow from Financing Activities

The cash outflows for financing activities in the first half of 2026 fell very significantly year over year, from € 1,061 million to € 335 million. This decrease mainly resulted from the previous year's loan repayments of € 771 million, including in particular the repayment of the € 750 million bond issued on June 14, 2018, while loan repayments in the first half of 2026 were € 22 million.

Free Cash Flow

Free cash flow in the first half of 2026 amounted to € 294 million and was therefore a very significant € 134 million higher than the previous year's level of € 160 million. This development is mainly attributable to the € 125 million improvement in the cash flow from operating activities, which resulted mainly from improved net income. In addition, cash-effective changes relating to intangible assets and property, plant and equipment amounted to € -105 million, moderately below the prior-year level of € -114 million.

Liquidity

The decline in cash and cash equivalents from € 1,712 million as at December 31, 2025, to € 1,192 million as at June 30, 2026, was mainly comprised of the cash outflow for investing activities (€ 607 million), the cash outflow for financing activities (€ 335 million), and, in contrast, the cash inflow from operating activities (€ 399 million). Net debt consequently rose from € 627 million as at December 31, 2025, to € 1,218 million as at June 30, 2026.

Assets and capital structure

The Group's total assets have increased solidly to € 9,468 million since December 31, 2025 (€ 8,883 million). The increase is in particular due to the initial consolidation of duagon.

BALANCE SHEET RATIOS

in € million	June 30, 2026	Dec. 31, 2025
Net working capital (NWC)	1,431	1,121
Net working capital in days' sales*	63.1	51.6
Equity ratio (%)	34.8	35.8
Total assets	**9,468**	**8,883**

* annualized

The net working capital as at June 30, 2026, was € 1,431 million (December 31, 2025: € 1,121 million). Measured in terms of days' sales, this corresponded to a commitment of 63.1 days (December 31, 2025: 51.6 days). This increase was due primarily to seasonal effects. Compared with the first half of 2025, net working capital improved by a slight € 54 million or 4.4 days' sales (June 30, 2025: € 1,485 million or 67.6 days' sales), due mainly to the reclassification of the net working capital of the HVAC systems disposal group to assets held for sale and corresponding liabilities.

The equity ratio, at 34.8% as at June 30, 2026, was moderately down on the level as at December 31, 2025 (35.8%).

CURRENT AND NON-CURRENT ASSETS

in € million	June 30, 2026	Dec. 31, 2025
Intangible assets	1,112	868
Goodwill	1,137	852
Property, plant, and equipment	1,848	1,815
Other non-current assets	438	451
Non-current assets	**4,535**	**3,986**
Inventories	1,217	1,057
Trade accounts receivable	1,680	1,308
Contract assets	124	119
Cash and cash equivalents	1,223	1,738
Other current assets	689	675
Current assets	**4,933**	**4,897**

The increase in assets is mainly attributable to the acquisition of duagon. Cash and cash equivalents decreased by a corresponding amount. The first half of 2026 also saw a seasonal increase in trade accounts receivable compared with December 31, 2025.

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 2025 combined management report.

Compared with year-end 2025, the risk portfolio has decreased. Risk in the "procurement" category in particular has reduced to within the medium risk corridor, which was driven chiefly by the decline in risk related to US tariffs, price increases for materials and supplies, and the semiconductor crisis as well as geopolitical supply chain risk related to Chinese export controls on rare earths. These risks were largely carried over to the current planning in 2026. No material risks have been identified that could jeopardize our company's continued existence.

Report on Expected Developments

Global economy

In their June 2026 Economic Outlook report, the OECD analysts emphasized that global economic developments are increasingly being influenced by geopolitical tension and associated energy supply disruptions, which is having a dampening effect on growth and confidence. They expect weaker, although still positive, global growth of about 2.8% for 2026 and a slight recovery to roughly 3.1% for 2027. In the eurozone, growth in 2026 should be approximately 0.8% while the US is expected to see growth of about 2.0% in 2026; China is forecast to have growth of roughly 4.5% in 2026. The rate of inflation in the G20 countries is expected to rise again temporarily as a result of the increased energy prices and go from 3.4% in 2025 to approximately 4.0% in 2026 before falling back down to around 3.1% in 2027. For the US, the OECD expects inflation of roughly 3.7% for 2026 and for it to go down to about 2% by 2027. The eurozone is expected to record 2.8% inflation for 2026 and 2.4% for 2027. The OECD cautions that the development of inflation is subject to significant uncertainty and to a critical extent dependent on how long the geopolitical tensions last. In particular, persistent energy supply disruptions, rising commodity prices, and bleaker financing terms could weigh on growth more strongly and generate additional inflationary pressures.

Global rail vehicle market

The assessment of the global rail vehicle market's prospects through to the end of 2026 has not changed since the description in the 2025 management report. 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 2025 annual report. The Chinese market is expected to see a decline with developments balanced between new procurement and the aftermarket. Despite the global uncertainty caused by geopolitical tensions and heightened protectionist tendencies, the passenger business and freight market are expected to see lasting long-term growth.

Global commercial vehicle production

There are currently no changes to the assessment of market developments in global commercial vehicle production in 2026. Compared against 2025, Knorr-Bremse continues to expect moderate development in worldwide commercial vehicle production for full-year 2026, albeit with regional differences.

For western Europe, we continue to expect stable market developments at a level of about 415 thousand units, with slight upside potential. In eastern Europe, the political situation means that we no longer expect an increase in commercial vehicle production and instead expect a 13% decline compared with full-year 2025.

For the North America region, we reaffirm our expectation of a modest market recovery based on the good performance in the first half of the year. A slight 3% year-over-year increase to approximately 340 thousand units is currently predicted. In South America, on the other hand, commercial vehicle production is stagnating at a level of roughly 120 thousand units.

The Asia region will be influenced greatly by the further developments in the Chinese market. After increasing in 2025, Knorr-Bremse expects that commercial vehicle production in China will develop solidly at a level of approximately 1,100 thousand units. In India, Knorr-Bremse expects a small increase in vehicle production. For Japan, the performance in the first half of the year confirms our assumption that commercial vehicle production will remain at the previous year's level.

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

Guidance

The guidance for full-year 2026 is as follows:

FULL-YEAR GUIDANCE FOR THE GROUP

Most significant performance indicators	2026 target	2025 actual
Revenues (€ million)	8,100–8,300	7,817
Operating EBIT margin (as % of revenues)	14.0–14.5	13.0
Free cash flow (in € million)	750–850	790

Based on a strong first half of 2026 and a positive outlook for the remainder of the year, Knorr-Bremse is raising its operating guidance for fiscal 2026. The assumption remains that the crisis in the Middle East will not escalate or persist, particularly with regard to supply chain disruptions. In addition to the effects of the acquisition of duagon, the guidance is based on the company's current portfolio. The company now expects revenues of between € 8,100 million and € 8,300 million (previously: € 8,000 million to € 8,300 million), an operating EBIT margin of 14.0% to 14.5% (previously: around 14%), and free cash flow of € 750 million to € 850 million.

Condensed Interim Consolidated Financial Statements

CONSOLIDATED STATEMENT OF INCOME

CONSOLIDATED STATEMENT OF INCOME

in € million	1st half of 2026	1st half of 2025
Revenues	4,080	3,957
Change in inventory of unfinished/finished products	73	19
Own work capitalized	46	45
Total operating performance	**4,199**	**4,021**
Other operating income	62	51
Cost of materials	(1,927)	(1,853)
Personnel expenses	(1,088)	(1,099)
Other operating expenses	(513)	(494)
Earnings before interest, tax, depreciation, and amortization (EBITDA)	**733**	**626**
Depreciation, amortization, and impairment	(208)	(194)
Earnings before interest and taxes (EBIT)	**525**	**432**
Interest income	19	30
Interest expenses	(60)	(65)
Result from financial investments using the equity method	(41)	(17)
Impairment/reversals of impairment of other financial assets	12	(4)
Other financial result	11	24
Income before taxes	**466**	**400**
Taxes on income	(123)	(106)
Net income	**343**	**294**
Of which attributable to:		
Profit (loss) attributable to non-controlling interests	17	19
Profit (loss) attributable to the shareholders of Knorr-Bremse AG	326	275
Earnings per share in €		
Basic	2.03	1.70
Diluted	2.03	1.70

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in € million	1st half of 2026	1st half of 2025
Net income	**343**	**294**
Actuarial gains and losses	(0)	14
Deferred taxes	0	(4)
Items that will not be reclassified to profit or loss	**(0)**	**10**
Currency translation	72	(204)
Hedging transactions reserve	8	44
Reserve for costs of hedging	7	(8)
Deferred taxes	(5)	(11)
Items that may be reclassified to profit or loss	**82**	**(179)**
Other comprehensive income after taxes	**82**	**(169)**
Comprehensive income	**425**	**125**
Total comprehensive income attributable to non-controlling interests	22	10
Total comprehensive income attributable to the shareholders of Knorr-Bremse AG	403	115

CONSOLIDATED BALANCE SHEET

ASSETS

in € million	June 30, 2026	Dec. 31, 2025
Assets		
Intangible assets	1,112	868
Goodwill	1,137	852
Property, plant, and equipment	1,848	1,815
Investments accounted for using the equity method	8	46
Other financial assets	69	76
Other assets	117	105
Income tax receivables	2	2
Assets from employee benefits	21	24
Deferred tax assets	221	198
Non-current assets	**4,535**	**3,986**
Inventories	1,217	1,057
Trade accounts receivable	1,680	1,308
Other financial assets	116	144
Other assets	246	236
Contract assets	124	119
Income tax receivables	39	44
Cash and cash equivalents	1,223	1,738
Assets held for sale and disposal groups	288	251
Current assets	**4,933**	**4,897**
Total assets	**9,468**	**8,883**

EQUITY AND LIABILITIES

in € million	June 30, 2026	Dec. 31, 2025
Equity		
Subscribed capital	161	161
Capital reserves	14	14
Retained earnings	3,262	3,242
Other components of equity	(237)	(313)
Equity attributable to the shareholders of Knorr-Bremse AG	**3,200**	**3,104**
Equity attributable to non-controlling interests	96	76
Equity	**3,296**	**3,180**
Liabilities		
Provisions for pensions	220	224
Provisions for other employee benefits	44	43
Other provisions	197	191
Financial liabilities	2,461	2,479
Other liabilities	19	17
Income tax liabilities	13	6
Deferred tax liabilities	192	121
Non-current liabilities	**3,146**	**3,081**
Provisions for other employee benefits	33	17
Other provisions	177	174
Trade accounts payable	1,259	1,092
Financial liabilities	729	605
Other liabilities	172	148
Contract liabilities	332	314
Income tax liabilities	134	120
Liabilities directly associated with assets held for sale	190	152
Current liabilities	**3,026**	**2,622**
Liabilities	**6,172**	**5,703**
Total equity and liabilities	**9,468**	**8,883**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

in € million	1st half of 2026	1st half of 2025
Net income (including minority interests)	343	294
Adjustments for		
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	208	194
(Gain)/loss on the sale of consolidated companies and other business units	–	0
(Gain)/loss on the disposal of fixed assets	4	0
Non-cash changes in the measurement of derivatives	(16)	(53)
Other non-cash expenses and income	(24)	(13)
Net Interest result	41	34
Investment result	41	17
Income tax expense	123	106
Income tax payments	(112)	(66)
Changes of		
Inventories, trade accounts receivable, and other assets that cannot be allocated to investing or financing activities, including write-downs on these assets	(388)	(343)
Trade accounts payable, provisions, and other liabilities that cannot be allocated to investing or financing activities	179	104
Cash flow from operating activities	**399**	**274**
Disbursements for investments in intangible assets	(47)	(47)
Proceeds from the sale of property, plant, and equipment	27	1
Disbursements for capital expenditure on property, plant, and equipment	(85)	(68)
Proceeds from financial investments and from the sale of investments	1	0
Disbursements for investments in financial assets	(3)	(10)
Proceeds from the sale of consolidated companies and other business units less cash and cash equivalents disposed of	–	9
Disbursements for the acquisition of consolidated companies and other business units less cash and cash equivalents acquired	(512)	(8)
Interest received	14	26
Other disbursements	(2)	(2)
Cash flow from investing activities	**(607)**	**(99)**
Proceeds from borrowings	42	41
Disbursements from the repayment of borrowings	(22)	(771)
Disbursements for lease liabilities	(39)	(36)
Interest paid	(11)	(21)
Dividends paid to parent company shareholders	(306)	(282)
Dividends paid to non-controlling interests	(1)	(1)
Proceeds from grants and subsidies	3	3
Payments from settlement of derivatives	(1)	6
Cash flow from financing activities	**(335)**	**(1,061)**
Cash flow changes	**(543)**	**(886)**
Change in cash funds resulting from exchange rate and valuation-related movements	23	(64)
Change in cash funds	**(520)**	**(950)**
Cash funds at the beginning of the period	1,712	2,230
Cash funds at the end of the period	**1,192**	**1,280**
Cash and cash equivalents	1,223	1,309
Reclassification as assets held for sale and disposal groups	29	–
Short-term bank debt (less than 3 months)	(60)	(29)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP STATEMENT OF CHANGES IN EQUITY

in € million	Subscribed capital	Capital reserves	Retained earnings
As of January 1, 2026	**161**	**14**	**3,242**
Dividends	–	–	(306)
Net income	**–**	**–**	**326**
Other comprehensive income after taxes	–	–	–
Comprehensive income	**–**	**–**	**326**
Gains and losses on hedging transactions and costs of hedging reclassified to inventories	–	–	–
As of June 30, 2026	**161**	**14**	**3,262**
As of Jan. 1, 2025	**161**	**14**	**3,014**
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**	**3,007**

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
(307)	**3**	**15**	**(24)**	**3,104**	**76**	**3,180**
–	–	–	–	(306)	(2)	(308)
–	**–**	**–**	**–**	**326**	**17**	**343**
67	1	9	(0)	77	5	82
67	**1**	**9**	**(0)**	**403**	**22**	**425**
–	0	(1)	–	(1)	–	(1)
(240)	**4**	**23**	**(24)**	**3,200**	**96**	**3,296**
(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**

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 braking systems, entrance systems, HVAC systems, sanitary systems, coupling systems, a portfolio of digital solutions and smart services for optimizing rail transport, power electrics, rail computing and communication systems, stationary and mobile testing equipment, wiper and wash systems, signaling technology (control, command, and signaling; CCS), 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, 2026 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, 2025. 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 2025.

The condensed interim consolidated financial statements and the interim Group management report were released for publication by the Executive Board on July 28, 2026.

Tariffs

In connection with the additional tariffs imposed in the USA on the basis of the "International Emergency Economic Powers Act" (IEEPA), the Group continuously assesses potential refund claims as well as any corresponding obligations toward customers. Refund claims are only recognized as an asset if their realization is almost certain. The assessment takes into account, in particular, legal evaluations regarding the enforceability of the claims as well as existing uncertainties regarding the amount and timing of potential refunds. Potential refund obligations toward customers are treated separately, taking into account the respective contractual and legal circumstances. The assessment is reviewed at each reporting date. As of June 30, 2026, the assessment of IEEPA-related tariff refunds did not have any material impact on the Group interim financial statements. Refunds amounting to €20 million were not recognized in profit or loss due to the legal uncertainty.

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.

Based on the Group's income tax expenses for the first six months of 2026, the Group's effective tax rate for the full fiscal year is 26.3% (previous year: 26.6%).

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. Standards issued by the IASB that have not yet been applied

IFRS 18: Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements* will supersede IAS 1 *Presentation of Financial Statements* and is applicable for reporting periods commencing on or after January 1, 2027. The Group did not adopt the new accounting standard early when preparing these condensed consolidated interim financial statements.

IFRS 18 demands a more structured presentation of the statement of income as well as clearer information aggregation and disaggregation. The Group is currently assessing the impacts that the initial application of IFRS 18 is expected to have on the consolidated financial statements.

The expected impacts at the time of initial application are outlined below. The actual impacts from applying IFRS 18 as of January 1, 2027, may differ as the Group has not yet finalized its assessment and implementation of necessary changes in its processes and controls.

Structure of statement of income

IFRS 18 demands that all income and expenses in the statement of income be classified into five categories: operating, investing, financing, income taxes, and discontinued operations, with this classification being based on the entity's main business activities. The Group has identified that there is no main business activity for the purposes of investing in certain assets or providing financing to customers.

The application of IFRS 18 will not change the net income for the period or net assets. However, the Group will need to report two newly defined subtotals, operating profit and profit before financing and income taxes. The IFRS 18 operating profit differs from the EBIT (earnings before interest and taxes) subtotal currently reported by the Group.

Based on the information currently available, the Group expects material changes to the structure of the statement of income, which arise in particular from the following matters:

- The current statement line items for interest income and interest expenses are reported beneath EBIT (earnings before interest and taxes). In future, interest income from certain financial assets, including in particular cash and cash equivalents and fixed-income investments, will be classified as the investing category while interest expenses from financial liabilities will be reported in the financing category. Other interest components will be classified into the operating, investing, or financing categories based on the matters underlying them.
- The result from financial investments using the equity method is currently reported below EBIT (earnings before interest and taxes) and will in future be put in the investing category.
- Other matters previously recorded under EBIT (earnings before interest and taxes) will in future be classified as the operating, investing, or financing categories according to their underlying cause. This in particular concerns currency translation differences, hedging relationships, gains/losses on deconsolidation, and other income and expense components, for example, in connection with intragroup financing structures, cash pooling matters, or derivatives. Currency translation differences will generally be apportioned to the category to which the underlying transactions are assigned.

The final classification system is currently being assessed and has not yet been completed.

Management-defined performance measures

Management-defined performance measures (MPMs) are subtotals of income and expenses that an entity uses in public communications outside financial statements to communicate to users of financial statements the management's view of an aspect of the financial performance of the entity as a whole. A management-defined performance indicator cannot be a subtotal listed in or required by IFRS 18 or another IFRS accounting standard.

The Group is required to present specific information on its MPMs in one single disclosure in the notes to the financial statements.

MPMs are based on the relevant reporting period. Accordingly, the MPMs that the Group will be required to disclose after the rollout of IFRS 18 will be determined based on the public communications that concern the interim reporting period in 2027.

As part of the rollout of IFRS 18, the Group is currently assessing the adjustments required to reconcile future performance measures to the next subtotal defined by IFRS.

Aggregation and disaggregation principles

IFRS 18 provides enhanced principles for aggregating and disaggregating information in the financial statements. Furthermore, it provides specific requirements for labelling and describing the line items presented in the primary financial statements or disclosed in the notes.

The Group is currently reviewing its aggregation of line items based on similar and dissimilar attributes. On this basis, the Group will present the line items in the primary financial statements in such a way that they provide a structured summary and will disclose supplementary material information in the notes.

Moreover, the Group is reviewing line items that were previously labelled "other."

Consequential amendments

IFRS 18 will produce consequential amendments, particularly in IAS 7 *Statement of Cash Flows*. With these amendments, the newly defined operating profit subtotal will in future be used as the basis for the statement of cash flows when the indirect method is applied.

The Group currently uses the net income for the period as its basis for reconciling to cash flows from operating activities. The transition will cause changes in certain reconciliation items, particularly in relation to income/expense components that will not be included in the operating profit in the future.

3. Changes in the scope of consolidation

Acquisition of the duagon Group

Knorr-Bremse Systeme für Schienenfahrzeuge GmbH acquired 100% of duagon Holding AG, Dietikon, Switzerland upon signing the purchase agreement on September 25, 2025, and closing the transaction on January 5, 2026. duagon Holding AG comprises the following subsidiaries:

- duagon AG, Dietikon, Switzerland
- duagon International GmbH, Dietikon, Switzerland
- duagon India Private Ltd., New Delhi, India
- duagon Electronics (Shanghai) Co., Ltd., Shanghai, China
- duagon Deutschland GmbH, Nuremberg, Germany
- MEN Immobilien GmbH, Nuremberg, Germany
- duagon Germany GmbH, Nuremberg, Germany
- duagon USA, Inc., Blue Bell, Pennsylvania, USA
- duagon France SAS, Galliard, France
- duagon Holding Southwest Europe SL., Tres Cantos, Spain
- duagon Iberia SL., Tres Cantos, Spain
- duagon Holding Australia Pty Ltd., Artarmon, Australia
- duagon Australia Pty Ltd. Artarmon, Australia

The acquisition will enable Knorr-Bremse to strengthen its global rail business and invest in the fast-growing electronics, communications, and software solution segments of the rail transportation market.

In the first half of 2026, duagon added revenues of € 62 million and a loss of € 13 million to the net income for the period.

Consideration transferred

The purchase price for the duagon Group amounts to € 490 million and was paid in full in cash on January 5, 2026. In connection with the business combination, contingent consideration has been agreed, the amount of which is contingent on achievement of a defined consolidated adjusted EBITDA figure by the duagon Group for the 2025 fiscal year. As the relevant threshold was not reached, the contingent consideration was measured at € 0.

Acquisition-related costs

The Group has incurred € 4 million in costs associated with the business combination for due diligence, legal fees and notary fees to date. These costs were recognized in other operating expenses.

Identifiable assets and liabilities acquired

The provisionally determined fair values of the assets and liabilities acquired at the date of acquisition are summarized below:

FAIR VALUES OF THE ASSETS AND LIABILITIES ACQUIRED WITH THE DUAGON GROUP

in € million	
Customer relationships	181
Brands	10
Patented and unpatented technologies	37
Order book	20
Other intangible assets	0
Property, plant, and equipment	32
Deferred tax assets	4
Inventories	36
Trade accounts receivable	19
Other assets	5
Cash and cash equivalents	17
Provisions for other employee benefits	(3)
Other provisions	(2)
Trade accounts payable	(7)
Financial liabilities	(21)
Other liabilities	(8)
Deferred tax liabilities	(72)
Total identifiable net assets acquired	**248**
Gross trade accounts receivable	19
Expected irrecoverable portion	0
Net trade accounts receivable	**19**

The license analogy method was used to measure the value of patented and unpatented technologies. Here, hypothetical license fees were estimated that the company would have to pay to use the technologies if it did not own them. These license fees were projected over the estimated useful life of the technologies and discounted to the measurement date.

The residual value method was used to measure customer relationships. This considers the present value of the expected net cash flows generated by the customer relationships, with the exception of all cash flows associated with supporting assets.

The net realizable value calculated using the market comparison method was used to measure inventories. Net realizable value is defined as the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Fair values measured on a provisional basis

The initial accounting for the acquisition of duagon was determined on a provisional basis. In particular, the above fair values of the acquired assets and liabilities are still provisional, as the purchase price allocation is still being finalised within the one-year period following the acquisition date, as required by IFRS 3.

Goodwill

The goodwill resulting from the acquisition is calculated as follows:

DETERMINATION OF DUAGON GROUP GOODWILL

in € million	
Consideration transferred	490
Fair value of the identifiable net assets	248
Goodwill	**242**

The goodwill primarily results from the future development potential of the existing technologies, the anticipated expansion of the product and customer base and the know-how of the staff. This is allocated to the Rail Vehicle Systems segment. The goodwill recognized is not tax-deductible.

As described above, the purchase price allocation is still determined provisionally. The final figures will be determined within a one-year period through January 5, 2027.

Acquisition of TRAVIS

Through a purchase agreement dated October 20, 2025, and the subsequent closing of the transaction on April 30, 2026, Knorr-Bremse Systeme für Nutzfahrzeuge GmbH acquired 92.5% of TRAVIS Road Services International B.V., Tilburg, Netherlands.

For the 7.5% interest retained by management, reciprocal option rights exist. Management has a put option exercisable during the period of January 1, 2028, to December 31, 2030, while Knorr-Bremse has a corresponding call option exercisable from the 2030 fiscal year onwards. In connection with the put option, a financial liability must be recognized. This was provisionally recognized at the present value of the expected exercise price, amounting to € 4 million. Accordingly, no non-controlling interest is reported for the remaining 7.5% share.

The acquisition will enable Knorr-Bremse to expand a digital aftermarket ecosystem for commercial vehicles and invest in the fast-growing market for data-driven services.

In the first half of 2026, TRAVIS added revenues of € 1 million and a loss of € 0 million to the net income for the period.

Consideration transferred

The purchase price for the 92.5% of shares in TRAVIS amounted to € 33 million and was paid in full in cash on April 30, 2026. This purchase price depends on the agreed closing accounts, which have not yet been conclusively agreed by the contracting parties.

In connection with the business combination, contingent consideration has been agreed. It is tied to the achievement of set EBIT and revenue targets in the 2026 and 2027 fiscal years. The contingent consideration has been measured at a fair value of € 9 million at the time of acquisition and is part of the consideration transferred. The fair value measurement is regularly reviewed.

Acquisition-related costs

The Group has incurred € 1 million in costs associated with the business combination for due diligence, legal fees and notary fees to date. These costs are recognized in other operating expenses.

Identifiable assets and liabilities acquired

The provisionally determined fair values of the assets and liabilities acquired at the date of acquisition are summarized below:

FAIR VALUES OF THE ASSETS AND LIABILITIES ACQUIRED WITH TRAVIS

in € million	
Customer relationships	7
Brands	2
Patented and unpatented technologies	4
Other intangible assets	0
Property, plant, and equipment	0
Deferred tax assets	2
Trade accounts receivable	4
Other financial assets	4
Other assets	1
Cash and cash equivalents	2
Other provisions	(0)
Trade accounts payable	(7)
Financial liabilities	(1)
Other liabilities	(2)
Deferred tax liabilities	(3)
Total identifiable net assets acquired	**13**
Gross trade accounts receivable	4
Expected irrecoverable portion	0
Net trade accounts receivable	**4**

The license analogy method was used to measure the value of patented and unpatented technologies. Here, hypothetical license fees were estimated that the company would have to pay to use the technologies if it did not own them. These license fees were projected over the estimated useful life of the technologies and discounted to the measurement date.

The residual value method was used to measure customer relationships. This considers the present value of the expected net cash flows generated by the customer relationships, with the exception of all cash flows associated with supporting assets.

Fair values measured on a provisional basis

The initial accounting for the acquisition of TRAVIS was determined on a provisional basis. In particular, the fair values of the assets acquired assets and liabilities, as set out above, have been determined on a provisional basis, as the purchase price allocation is still being finalised within the one-year period following the acquisition date, as required by IFRS 3.

Goodwill

The goodwill resulting from the acquisition is calculated as follows:

DETERMINATION OF TRAVIS GOODWILL

in € million	
Consideration transferred	46
Fair value of the identifiable net assets	13
Goodwill	**33**

The goodwill primarily results from the future development potential of the existing technologies, the anticipated expansion of the product and customer base and the know-how of the staff. This is allocated to the Commercial Vehicle Systems segment. The goodwill recognized is not tax-deductible.

If the acquisition had occurred at the start of the fiscal year, consolidated revenue would have increased by a further € 2 million and the net income for the period would have fallen by € 3 million. The calculation of these amounts is based

on the assumption that the fair values from the purchase price allocation at the date of acquisition would also have been valid had the acquisition taken place on January 1, 2026.

As described above, the purchase price allocation and the contingent consideration are still determined provisionally. The final figures will be determined within a one-year period through April 30, 2027.

4. Assets held for sale and corresponding liabilities

The assets held for sale and corresponding liabilities include assets of € 288 million (December 31, 2025: € 251 million) and liabilities of € 190 million (December 31, 2025: € 152 million). These assets and liabilities pertain to the HVAC systems disposal group which is held for sale and allocated to the Rail Vehicle Systems division. Knorr-Bremse is currently in negotiations with potential buyers.

The HVAC systems disposal group is to be sold in connection with the streamlining of the portfolio. The planned disposal encompasses all regions with the exception of South America.

A fair value measurement taking existing purchase price offers into account did not indicate a need for impairment.

The HVAC systems disposal group comprised the following assets and liabilities as of June 30, 2026.

OVERVIEW OF ASSETS HELD FOR SALE AND CORRESPONDING LIABILITIES FROM THE HVAC SYSTEMS DISPOSAL GROUP

in € million	June 30, 2026	Dec. 31, 2025
Assets		
Intangible assets	1	1
Goodwill	6	8
Property, plant, and equipment	25	25
Other financial assets	2	2
Other assets	0	1
Deferred tax assets	13	8
Non-current assets	**47**	**45**
Inventories	94	83
Trade accounts receivable	97	76
Other financial assets	3	7
Other assets	6	5
Contract assets	12	13
Income tax receivables	–	2
Cash and cash equivalents	29	20
Current assets	**241**	**206**
Assets held for sale and disposal groups	**288**	**251**
Liabilities		
Provisions for pensions	0	0
Provisions for other employee benefits	1	1
Other provisions	15	15
Financial liabilities	13	5
Non-current liabilities	**29**	**21**
Other provisions	7	6
Trade accounts payable	70	58
Financial liabilities	31	23
Other liabilities	3	3
Contract liabilities	35	41
Income tax liabilities	15	0
Current liabilities	**161**	**131**
Liabilities directly associated with assets held for sale	**190**	**152**
Assets and liabilities held for sale	**98**	**99**

5. Revenues

The table below breaks down consolidated revenues in the first half of 2026 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 consolidation	Total
				1st half of 2026
Disaggregation of segments				
a) Region (by registered office of the Group company)				
Europe/Africa	1,255	822	(2)	2,075
North America	337	599	(0)	936
South America	17	75	(0)	92
Asia–Pacific	636	341	(0)	977
	2,245	**1,837**	**(2)**	**4,080**
b) Type of time recording				
Recognition at a point in time	1,665	1,803	(2)	3,466
Recognition over time	580	34	–	614
	2,245	**1,837**	**(2)**	**4,080**
				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**

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

6. Cost of Materials

The cost of materials in the first half of 2026 increased from € 1,853 million to € 1,927 million. This increase is due to the higher cost of materials in both divisions, and, in the Rail Vehicle Systems division, is in particular due to the acquisition of duagon.

7. Other Operating Income

Other operating income was € 62 million in the first half of 2026 (previous year: € 51 million). The increase is mainly attributable to the increase of € 14 million in income from currency translation.

8. Other Operating Expenses

Other operating expenses increased to € 513 million in the first half of 2026 (previous year: € 494 million). The € 23 million increase in order-related expenses stood mainly against a € 9 million decrease in currency translation expenses.

9. Financial result

The negative financial result deteriorated by a total of € 27 million to € 59 million in the first half of 2026 (previous year: € 32 million). The main factor in this development was the increase in the loss from entities accounted for using the equity method from € 17 million to € 41 million. This resulted primarily from an impairment of the shares in Nexxiot AG, Zürich/Switzerland, in the amount of € 36 million, as well as the share in the net income of Nexxiot AG. Furthermore, the positive other financial result decreased from € 24 million to € 11 million, in particular due to lower positive currency translation effects in connection with the valuation of foreign currency holdings. In addition, interest income fell by € 11 million due to a lower asset base. This was partially offset by reversals of impairment of other financial assets in the amount of € 12 million, after impairment losses of € 4 million had been recognized in the previous year.

10. 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, 2025.

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, 2026								
	Carrying Amount					Fair value			
Category	FVTPL	FVOCI	Other	At amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets	**23**	**49**	**53**	**2,963**	**3,088**	**6**	**94**	**25**	**125**
Derivative financial instruments to which hedge accounting is applied	–	–	53	–	53	–	53	–	53
Derivative financial instruments to which hedge accounting is not applied	13	–	–	–	13	–	13	–	13
Equity instruments	10	21	–	–	31	6	0	25	31
Trade accounts receivable*	–	28	–	1,652	1,680	–	28	–	28
Purchase price receivables from disposal of land*	–	–	–	2	2	–	–	–	–
Other financial receivables*	–	–	–	86	86	–	–	–	–
Cash and cash equivalents*	–	–	–	1,223	1,223	–	–	–	–
Financial liabilities	**32**	**–**	**508**	**3,909**	**4,449**	**1,801**	**254**	**29**	**2,084**
Derivative financial instruments to which hedge accounting is applied	–	–	5	–	5	–	5	–	5
Derivative financial instruments to which hedge accounting is not applied	3	–	–	–	3	–	3	–	3
Liabilities towards credit institutions	–	–	–	116	116	–	116	–	116
Liabilities from options on minority interests	–	–	–	130	130	–	130	–	130
Bonds and debt instruments	–	–	–	1,831	1,831	1,801	–	–	1,801
Lease liabilities	–	–	503	–	503	–	–	–	–
Purchase price liabilities*	29	–	–	8	37	–	–	29	29
Other financial liabilities*	–	–	–	565	565	–	–	–	–
Trade accounts payable*	–	–	–	1,259	1,259	–	–	–	–

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

in € million	Dec. 31, 2025								
	Carrying Amount					Fair value			
Category	FVTPL	FVOCI	Other	At amortized cost	Total	Level 1	Level 2	Level 3	Total
Financial assets	**22**	**44**	**40**	**3,160**	**3,266**	**9**	**76**	**21**	**106**
Derivative financial instruments to which hedge accounting is applied	–	–	40	–	40	–	40	–	40
Derivative financial instruments to which hedge accounting is not applied	13	–	–	–	13	–	13	–	13
Equity instruments	9	21	–	–	30	9	0	21	30
Trade accounts receivable*	–	23	–	1,285	1,308	–	23	–	23
Purchase price receivables from disposal of land*	–	–	–	14	14	–	–	–	–
Other financial receivables*	–	–	–	123	123	–	–	–	–
Cash and cash equivalents*	–	–	–	1,738	1,738	–	–	–	–
Financial liabilities	**19**	**–**	**503**	**3,654**	**4,176**	**1,810**	**185**	**18**	**2,013**
Derivative financial instruments to which hedge accounting is applied	–	–	1	–	1	–	1	–	1
Derivative financial instruments to which hedge accounting is not applied	1	–	–	–	1	–	1	–	1
Liabilities towards credit institutions	–	–	–	61	61	–	61	–	61
Liabilities from options on minority interests	–	–	–	122	122	–	122	–	122
Bonds and debt instruments	–	–	–	1,801	1,801	1,810	–	–	1,810
Lease liabilities	–	–	502	–	502	–	–	–	–
Purchase price liabilities*	18	–	–	16	34	–	–	18	18
Other financial liabilities*	–	–	–	562	562	–	–	–	–
Trade accounts payable*	–	–	–	1,092	1,092	–	–	–	–

* 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

Under the purchase price liabilities measured at fair value (FVTPL) in accordance with IFRS 9, earn-out liabilities from the purchase of Cojali S.L. as well as TRAVIS are reported. This disclosure is made under Level 3 of the fair value hierarchy. The liabilities are discounted using standard market interest rates with matching maturities.

Key valuation parameters of the Cojali S.L. earn-out liability are the standard market interest rate with matching maturities and the valuation-relevant EBIT. Should the interest rate increase or decrease by one percentage point, the value of the recognized purchase price liability would decrease by 1% or increase by 1%. The EBIT valuation parameter refers to both the annual EBIT up to and including 2026 and the cumulative EBIT generated during this period. In this regard, the annual valuation-relevant EBIT is deemed to have been achieved if an agreed target EBIT is exceeded. The cumulative EBIT is remunerated up to a contractually determined maximum EBIT; earnings exceeding this threshold find no further consideration in the determination of the purchase price.

The liabilities increased from € 18 million as of December 31, 2025, to € 29 million as of June 30, 2026, which is attributable to the acquisition of TRAVIS and the compounding of interest of the Cojali S.L. earn-out liability.

11. Events after the Reporting Date

EU funding for energy-efficient future technologies

On July 2, 2026, Knorr-Bremse Systeme für Nutzfahrzeuge GmbH, Munich, Germany, announced the payment of a € 29 million grant from the EU Innovation Fund. This funding is connected to the "bicEPS" project for the development and scaling of an all-electric power steering (EPS) system for commercial vehicles at the Aldersbach location. In this regard, the granting of the funds is linked to the achievement of agreed project milestones. The announced subsidy is expected to be paid out during the third quarter of 2026. These will be deducted from non-current assets and the cash inflows will be shown in cash flow from financing activities upon receipt of payment according to IAS 20. The European Union funding program that it is part of is running until March 31, 2032, and has total funds of approximately € 71 million.

Agreement on the Sale of the HVAC Systems Disposal Group

On July 28, 2026, Knorr-Bremse signed an agreement with OpenGate Capital to sell its HVAC systems disposal group, which was classified as held for sale as of June 30, 2026. The disposal group, assigned to the Rail Vehicle Systems division, comprises the heating, ventilation and air conditioning (HVAC) systems business. The agreed purchase price is in the upper double-digit million euro range. Completion of the transaction is subject to customary closing conditions and regulatory approvals and is expected by the end of 2026. The transaction is not expected to have a material impact on earnings.

12. 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 2025 consolidated financial statements.

Changes in the Supervisory Board of Knorr-Bremse AG

The shareholder representatives of the Supervisory Board were elected again at the Annual General Meeting on April 30, 2026. Dr. Sigrid Evelyn Nikutta did not stand for re-election. Dr. Reinhard Ploss, Stephan Sturm, Kathrin Dahnke, Dr. Stefan Sommer, and Julia Thiele-Schürhoff were re-elected. Dr. Christian Schlögel was elected as a new member of the Supervisory Board. The term of office of the elected shareholder representatives begins with the 2026 Annual General Meeting and ends with the 2030 Annual General Meeting.

At the elections for the employee representatives in the Supervisory Board of Knorr-Bremse AG in April 2026, Werner Ratzisberger was re-elected as an employee representative and Wolfgang Nirschl as a trade union representative.

Karsten Arndt and Andrea Geiger were elected as new employee representatives, Rasso Böck as a representative of senior executives and Ines Beeck as a trade union representative. In this connection, the Supervisory Board appointments of Franz-Josef Birkeneder, Manuela Deseive, Thomas Mittmann, and Annemarie Sedlmair ended.

13. Legal Risks

As reported in the notes to the 2025 consolidated financial statements, a trucking company in the US filed a class action lawsuit at the US District Court in Illinois against the truck manufacturers Navistar and Paccar as well as the commercial vehicle component supplier Bendix, a subsidiary of Knorr-Bremse AG. Bendix distributes the Wingman Fusion driver assistance system (product) in the USA. The plaintiff claims that the product is defective and that this has caused damage to a large number of vehicle owners. The truck manufacturers and Bendix consider the lawsuit to be without merit because (i) the product is not defective and (ii) no class action can be brought in connection with the alleged defect. Bendix and the other defendants filed a statement of defense requesting that the lawsuit be dismissed as inadmissible or, in the alternative, as without merit. During the current reporting period, the District Court dismissed the class action but granted the plaintiff leave to file an amended complaint to remedy the deficiencies identified in the original complaint. The plaintiff consequently filed an amended complaint on June 19, 2026. This complaint is no longer a class action and instead alleges that product capabilities were misrepresented. The truck manufacturers and Bendix continue to regard the lawsuit, including the amended complaint, as unfounded. No reliable statement can be made at this time on the outcome of the proceedings. For this reason, no provision or contingent liability has yet been recognized.

For all other legal risks described in section H.9 of the 2025 notes to the consolidated financial statements, no significant new findings or information had arisen.

14. Segment Reporting

INFORMATION ON REPORTABLE SEGMENTS

in € million	Reportable Segments: Rail Vehicle Systems	Reportable Segments: Commercial Vehicle Systems	Reportable Segments: TOTAL	Other segments and consolidation	Group
					1st half of 2026
Condensed Statement of Income					
External revenues	2,244	1,836	4,080	0	4,080
Intersegment revenues	1	1	2	(2)	–
Segment revenues	**2,245**	**1,837**	**4,082**	**(2)**	**4,080**
Changes in inventory and own work capitalized	68	51	119	0	119
Cost of materials	(934)	(991)	(1,925)	(2)	(1,927)
Personnel expenses	(633)	(358)	(991)	(97)	(1,088)
Other operating income and expenses	(297)	(230)	(527)	76	(451)
Depreciation, amortization, and impairment	(97)	(99)	(196)	(12)	(208)
Earnings before interest and taxes (EBIT)	**352**	**210**	**562**	**(37)**	**525**
M&A activities	24	–	24	–	24
Restructuring expenses	7	4	11	6	17
Expenses and income from one-off effects, for example in connection with litigation	–	–	–	–	–
Operating EBIT	**383**	**214**	**597**	**(31)**	**566**
Share of profit or loss from companies accounted for using the equity method	(41)	(0)	(41)	(0)	(41)
Net working capital	1,010	407	1,417	14	1,431
Capital expenditure (before IFRS 16 and acquisitions)	55	74	129	3	132
					1st half of 2025
Condensed Statement of Income					
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**
Changes in inventory and own work capitalized	24	37	61	3	64
Cost of materials	(880)	(971)	(1,851)	(2)	(1,853)
Personnel expenses	(626)	(392)	(1,018)	(81)	(1,099)
Other operating income and expenses	(294)	(211)	(505)	62	(443)
Depreciation, amortization, and impairment	(85)	(96)	(181)	(13)	(194)
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
Expenses and income from one-off effects, for example 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

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 28, 2026

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, 2026 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 28, 2026

KPMG AG
Wirtschaftsprüfungsgesellschaft

Huber-Straßer
Wirtschaftsprüferin
[German Public Auditor]

Mokler
Wirtschaftsprüfer
[German Public Auditor]